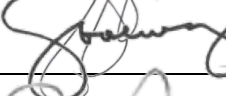




BUSINESS PROCESS BLUEPRINT INVENTORY MANAGEMENT

SAP BUSINESS ONE IMPLEMENTATION FOR
EVERGREEN HOMES, INC.

CONFORME**Discussed By:****ABM GLOBAL SOLUTIONS, INC.**

Business Application Consultant:	Sandy Batomalaque		09/19/2020
Business Application Consultant:	April Hope Remandaban		09/19/2020
Project Lead:	Jaswill Grace Bolivar		09/19/2020
Project Manager:	Mayette Ramos		09/19/2020

Approved By:**EVERGREEN HOMES, INC.**

Project Sponsor:	Jerold King	_____
Project Manager:	Razille Fernandez	_____
IT Head:	Mark Joel Umadhay	_____

Presentation Date: September 18, 2020

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1 PROCESS REVIEW

1.1 Date and Place

The process review has been conducted at the following location:

Topic	INVENTORY MANAGEMENT
Date	August 24, 2020
Time	9:00 AM – 12:00 NN
Location	Microsoft Teams

1.2 Participants

EVERGREEN HOMES, INC.	
Name	Function
Razille Fernandez	Accounting Manager
Mark Umadhay	IT Head
Engr. Ramir J. Yap	Manager
Jervée Cardinal	System Administrator

ABM GLOBAL SOLUTIONS, INC.	
Name	Function
Sandy Batomalague	SBO Functional Consultant
April Hope Remandaban	SBO Functional Consultant
Mayette Ramos	Project Manager

1.3 Agenda

Inventory Management, Policies and Procedures

1.4 Purpose

Process recommendation discussion conducted to identify inventory movements process applicable to **Evergreen Homes, Inc.**

1.5 Input

Business process discussion with **Evergreen Homes, Inc.** core team.

1.6 Output

The output of the Process Review is **Evergreen Homes, Inc.** reengineered and automated selected process using SAP Business One.

1.7 Scope and Prerequisites

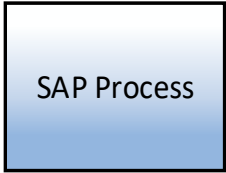
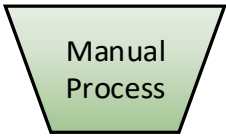


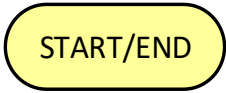
Project will follow standard SAP Business One. Thus, **Evergreen Homes, Inc.** core team is oriented prior Business Process discussion. It is the responsibility of **Evergreen Homes, Inc.** core team to ensure that all business processes are covered.

2 PROCESS DETAILS


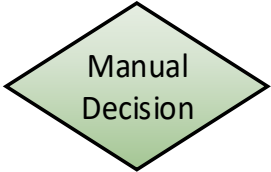
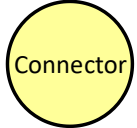


2.1 SAP Terminologies

Term	Description
Goods Receipt (GR)	A document used to increase in the inventory quantity without affecting Accounts Payable
Goods Issue (GI)	A document used to decrease in the inventory quantity without affecting Accounts Receivable
Inventory Transfer (IT)	A document used to transfer of inventory from one warehouse to another warehouse
Inventory Count (IC)	A document used in counting of inventory in a designated warehouse
Inventory Revaluation (IR)	A document used to revalue inventory cost to a new cost.
Inventory Posting (IP)	A document used to increase/decrease inventory as a result of an inventory count.
Asset Master Data	A document showing all details of a fixed asset.
Retirement-Scrapping	A document created to remove a fixed asset in the balance sheet.
Project Details-Budget	A document to manage and prepare financial forecasts while keeping expenses on track.
Bill of Materials (BOM)	A document used to show all the raw material components of a parent item to be produced.
Production Order	A document used to define the quantity of parent item to be produced using the details stored in the Bill of Materials (BOM) document.
Issue to Production	A document used to transfer the raw material components to production.
Receipt from Production	A document used to receive finished goods after production.
Journal Entry	A document used to create final posting in the General Ledger
Journal Voucher	A draft document that creates no values in the General Ledger until posted as a Journal Entry.
Incoming Payment	A document used to record collections/payments received.
Deposit	A document used to record main information about a deposit.
Inventory Counting (IC)	A document used when counting inventory in a designated warehouse
Inventory Posting (IP)	A document to show an increase/decrease in the inventory as a result of an inventory count

2.2 Flowchart Symbols

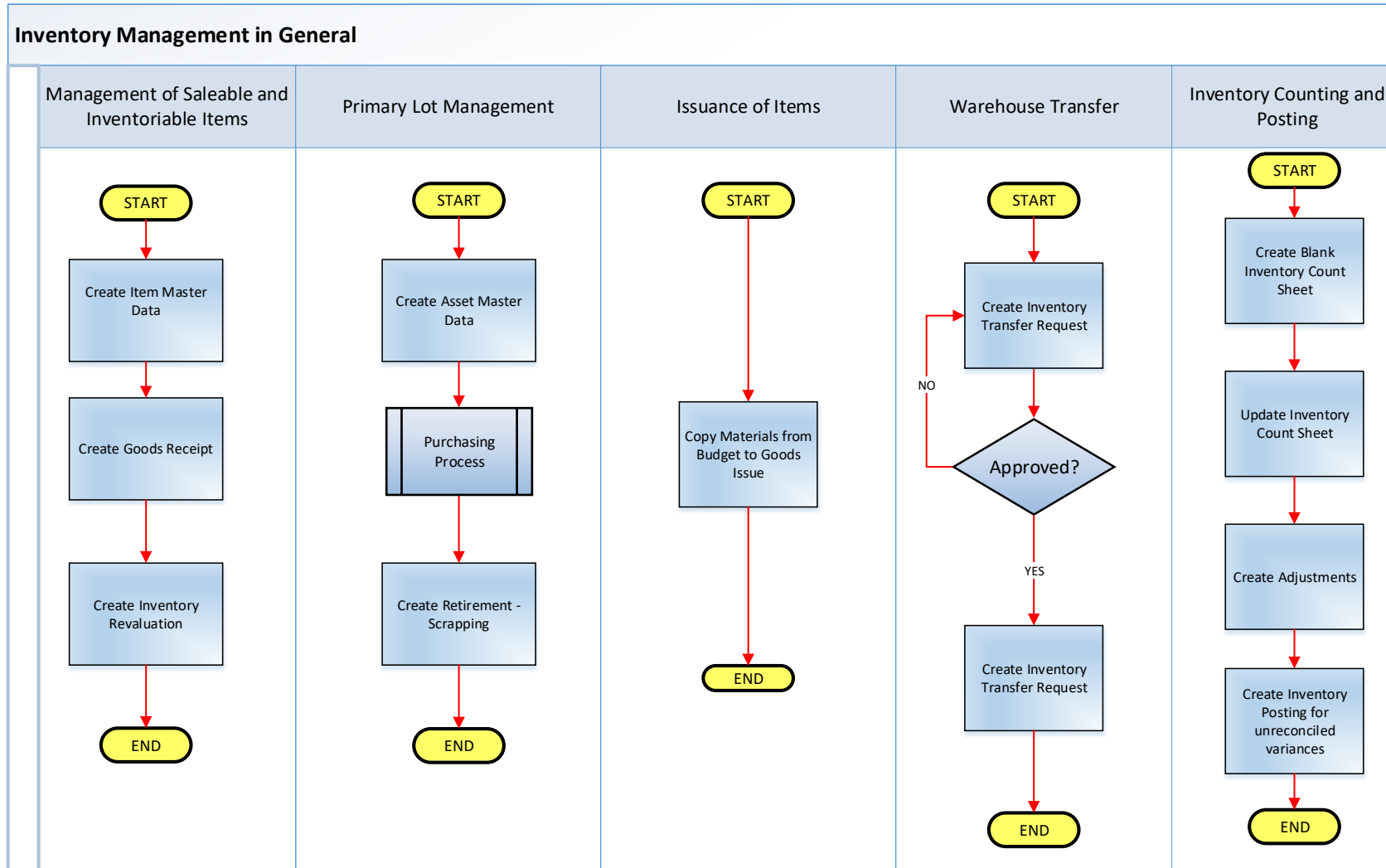
Symbol	Symbol Name	Symbol Description
Process / Operation Symbols		
	SAP Process	Shows a process or an action step that is automated.
	Manual Process	Shows a process or an action step that is not automated.
	SAP Sub Process	Shows a process that is formally defined in another flow chart.
Branching and Control of Flow Symbols		
	Flow Line (Arrow, Connector)	Shows the direction of process flows.
	Terminator (Terminal Point, Oval)	Shows the start and stop points in a process.

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Symbol	Symbol Name	Symbol Description
	SAP Decision	Indicates a decision process done in SAP. Typically, a Decision flowchart shape is used when there are 2 options available (Yes/No, Pass/Failed, etc.).
	Manual Decision	Indicates a manual decision process. Typically, Decision flowchart shape is used when there are 2 options available (Yes/No, Pass/Failed, etc.).
	Connector	Shows continuation of a process flowchart into another page.
Input and Output Symbols		
	Document from SAP	Indicates a process step that produces a SAP document.
	Manual Document	Shows a process step where the operator/user needs to enter information manually into a system.

2.3 Process Sequence

2.3.1 Inventory Management in General – System Flowchart



2.3.2 Management of Saleable and Inventoriable Items

2.3.2.1 Receipt of Saleable Units

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
Item Master Data Creation									
1.	Create Item Master Data for each Saleable Unit	Sales Associate	SAP	Item Master Data	-	-	-	-	-
<p>A Blocker (Transaction Notification) to require the following fields:</p> <ol style="list-style-type: none"> 1. Project 2. Model 3. Unit Area 4. Block No 5. Lot No. 									
Goods Receipt									
2.	Create Goods Receipt at Zero Cost. Specify Receipt Transaction Type.	Sales Associate	SAP	Goods Receipt	Site Development Plan	-	-	-	<p>Receipt Transaction Type includes (User Defined Field):</p> <ol style="list-style-type: none"> 1. Saleable Units 2. Unused Materials 3. Free Items <p>This step is needed to setup quantity in the virtual warehouse.</p>
END									

2.3.2.2 Costing of Saleable Units

This process is applicable to the following:

- a. Costing of Saleable Units while the Project is in progress
- b. Costing of Saleable Units before Unit Turnover or Revenue Recognition
- c. Costing of Saleable Units upon Project Completion

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Create Inventory Revaluation and define Revaluation Type.	Accounting Manager	SAP	Inventory Revaluation	Site Development Plan and Bill of Materials, Inventory in Warehouse Report, Chart of Account – Account Balance (Construction in Progress Account)	-	-	Dr. Saleable Units Inventory Cr. Construction in Progress	<p>Revaluation Type:</p> <ol style="list-style-type: none"> 1. Inventory Costing – Construction in Progress Unit Construction 2. Inventory Costing – Construction in Progress Land/Land Development 3. General <p>Frequency of Revaluation:</p> <p>1st – Upon receipt based on the Budget</p> <p>2nd – Upon Notice to Proceed for Finishes and Fixtures.</p>

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
									3 rd – Before Turnover (Optional)
END									

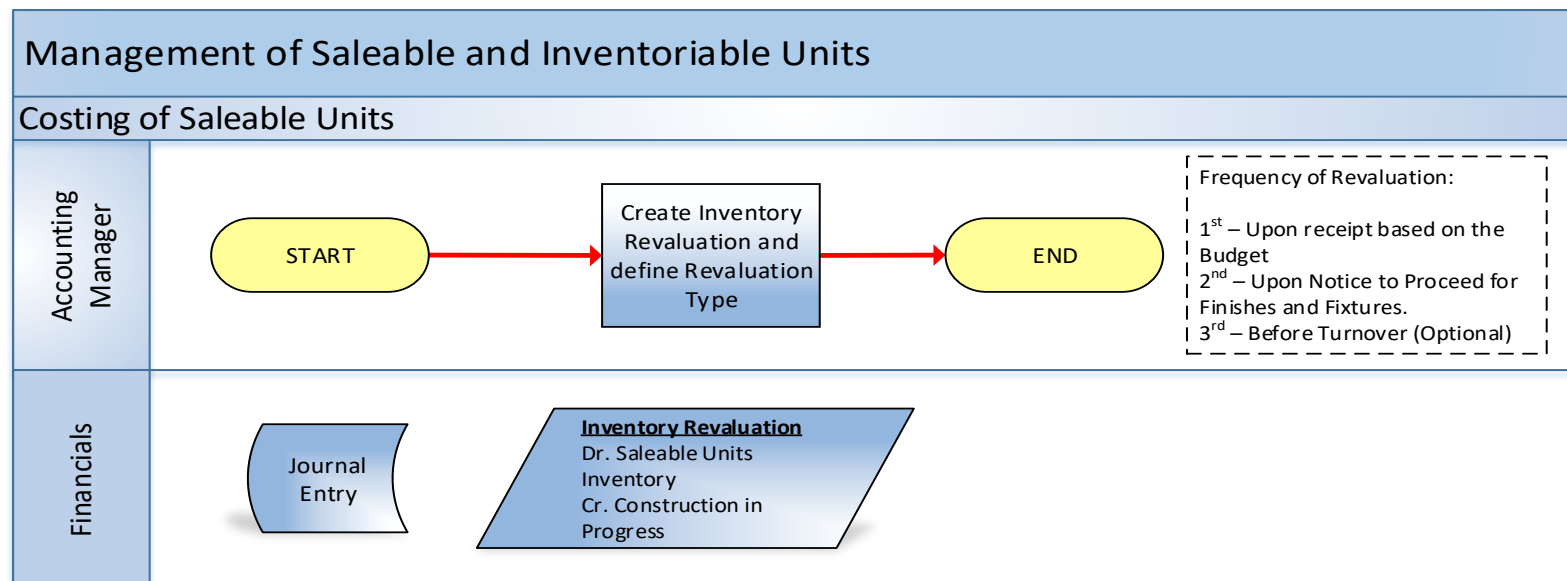
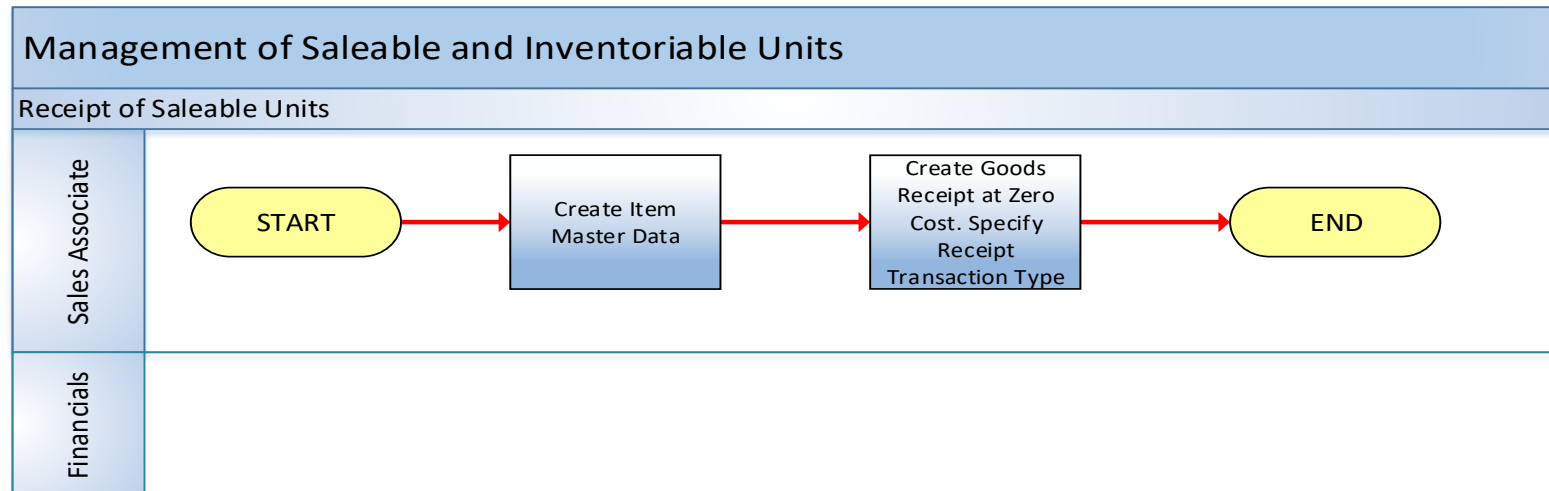
2.3.2.3 Bill of Materials Creation

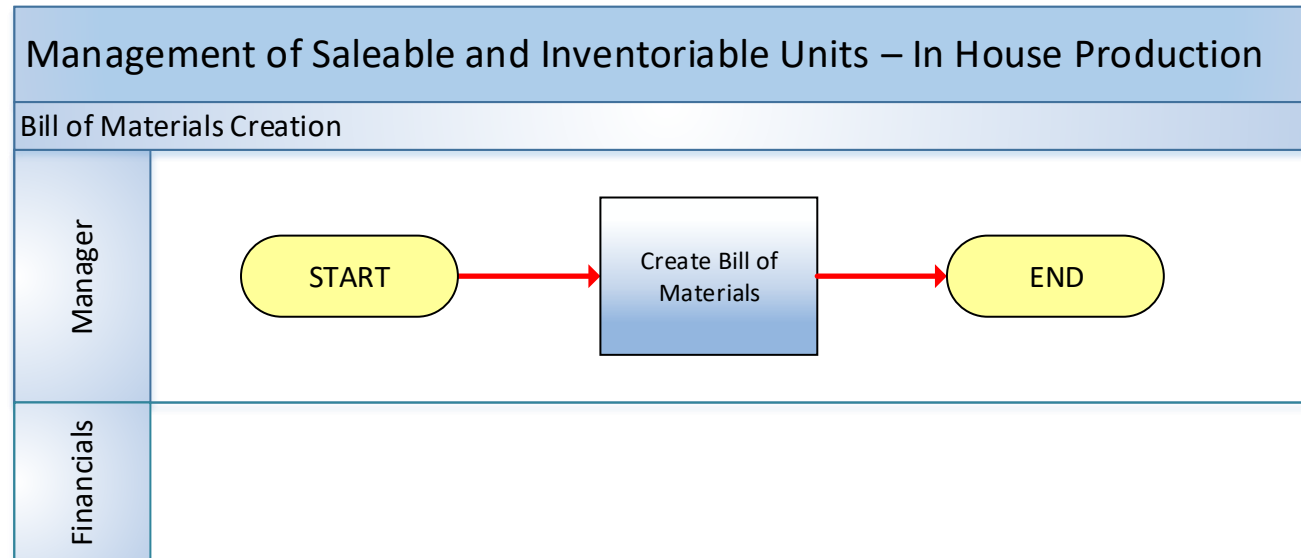
This process is only applicable for In-House Production particularly but not limited to the following:

1. Ready Mixed Concrete
2. Hollow Blocks

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Create Bill of Materials	Manager	SAP	Bill of Materials	-	-	-	-	-
END									

2.3.2.4 Process Flow





2.3.3 Primary Lot Management

2.3.3.1 Purchase of Primary Lot

#	Process	Responsible Person	Manual or SAP Process	SAP Document	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1	Receive Certified True Copy of Title of the Land, Site Development Plan and Tax Declaration from the Broker.	Manager	Manual	-	-	-	-	-	-
2	Validate of Land Title and perform site inspection.	Compliance Officer	Manual	-	Certified True Copy of Title	-	-	-	-
3	Decide whether to buy or not.	Managing Director	Manual	-	-	-	-	-	-
4	Negotiate for the price.	Managing Director	Manual	-	-	-	-	-	-
5	Create of Asset Master Data	Purchaser	SAP	Asset Master Data	Contract	-	-	-	One Asset Master Data will be created for each Primary Lot to be purchased.
Proceed to Procurement Process. Refer to Purchase of Fixed Assets Process in the Procure to Pay blueprint.									
END									

2.3.3.2 Conversion of Primary Lot to Agricultural Lot

#	Process	Responsible Person	Manual or SAP Process	SAP Document	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1	Conduct a land survey on the agricultural land.	Surveyor	Manual	-	Land Title	-	Lot Plan, Topography and Vicinity Map	-	-
2	Secure Zoning Certificate for the whole land (project).	Compliance Officer	Manual	-	Lot Plan, Topography and Vicinity Map	-	-	-	-
3	Process the permits to Local and Regional Government Agencies.	Compliance Officer	Manual	-	List of Documents for Permitting	-	-	-	-

Local Government Agencies:

- a. Sugar Regulatory Authority (SRA)
- b. National Irrigation Authority (NIA)
- c. Department of Agriculture (DA)
- d. Philippine Coconut Authority (PCA)
- e. Department of Agrarian Reform (DAR)
- f. Bureau of Internal Revenue (BIR)
- g. City Planning and Development Office (CPDO)
- h. Department of Environment and Natural Resources (DENR)

Regional Government Agencies:

- a. Housing and Land Use Regulatory Board (HLURB)
- b. National Irrigation Authority (NIA)
- c. Department of Agriculture (DA)
- d. Department of Agrarian Reform (DAR)
- e. Philippine Coconut Authority (PCA)
- f. Department of Environment and Natural Resources (DENR)

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
4	Submit the Certified True Copy received from different agencies to Registry of Deeds for recording and ensure that no annotation in the title from DAR and other regulatory agencies.	Compliance Officer	Manual	-		-	-	-	-
5	After Registry of Deeds, forward the permits to the Company's external Consultant for further processing to the National Government Agencies.	Compliance Officer	Manual	-	Certified True Copies from Different Agencies	-	-	-	-
National Government Agencies: a. Department of Agriculture (DA) b. Department of Agrarian Reform (DAR)									
6	Submit the permits to the National Government Agencies for processing. DAR issues a conversion order with a positive or negative response.	Compliance Officer	Manual	-		-	Conversion Order from DAR	-	-
7	Perform Asset Class Transfer	Accounting Manager	SAP	Asset Transfer (Standard)	Conversion Order from DAR	-	-	Dr. Fixed Asset (GL Account to New Asset Class) Cr. Fixed Asset (GL Account from old Asset Class)	This is necessary to Change the classification of the Fixed Assets from Land to Agricultural Land Class
END									

2.3.3.3 License to Sell and Certificate of Registration Processing

#	Process	Responsible Person	Reference Document	Manual or SAP Process	SAP Document	Pending	Journal Entry	Print-Out	Remarks
1	Compile the basic requirements needed for the processing.	Compliance Officer	Zoning Certificate, Plans & Titles	Manual	-	-	-	-	-
2	Submit the basic requirements to City Planning.	Compliance Officer	Zoning Certificate, Plans & Titles	Manual	-	-	-	-	-
3	Endorse the basic requirements to Sangguniang Panglungsod (SP).	City Planning	Zoning Certificate, Plans & Titles	Manual	-	-	-	-	-
4	Conduct a hearing.	Sangguniang Panglungsod	Zoning Certificate, Plans & Titles	Manual	-	-	-	-	-
5	Provide resolution to the City Planning which serves as a Preliminary approval of the LGU.	Sangguniang Panglungsod	Titles, SP Resolution, & Approved Site Plans	Manual	-	-	-	-	-
6	Notify the permitting officer regarding the SP approval.	Sangguniang Panglungsod	Titles, SP Resolution, & Approved Site Plans	Manual	-	-	-	-	-
7	Wait for Development Permit from LGU.	Compliance Officer	Titles, SP Resolution, & Approved Site Plans	Manual	-	-	-	-	-
8	Receive the development permit from City Planning.	Compliance Officer	Titles, SP Resolution, Approved Site Plans &	Manual	-	-	-	-	-

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Reference Document	Manual or SAP Process	SAP Document	Pending	Journal Entry	Print-Out	Remarks
			Development Permit						
9	After receipt of Development Permit, submit the basic requirements to DENR.	Surveyor	Basic Requirements, SP Resolution, & Development Permit	Manual	-	-	-	-	-
10	Receive the approved survey returns from DENR.	Surveyor	Basic Requirements, SP Resolution, Development Permit & Approved SDP	Manual	-	-	-		-
11	Submit basic requirements to Housing and Land Use Regulatory Board (HLURB) for License to Sell and Certificate of Registration processing.	Compliance Officer	Basic Requirements, Approved SDP by DENR & Survey Returns	Manual	-	-	-		-
12	Release the License to Sell and Certificate of Registration	Housing and Land Use Regulatory Board (HLURB)	License to Sell and Certificate of Registration	Manual	-	-	-		-
13	Submit the necessary documents to Registry of Deeds individual titling and mother title cancellation.	Compliance Officer	Basic requirements, License to Sell, Certificate of Registration, Approved Subdivision Plan by DENR with	Manual	-	-	-		-

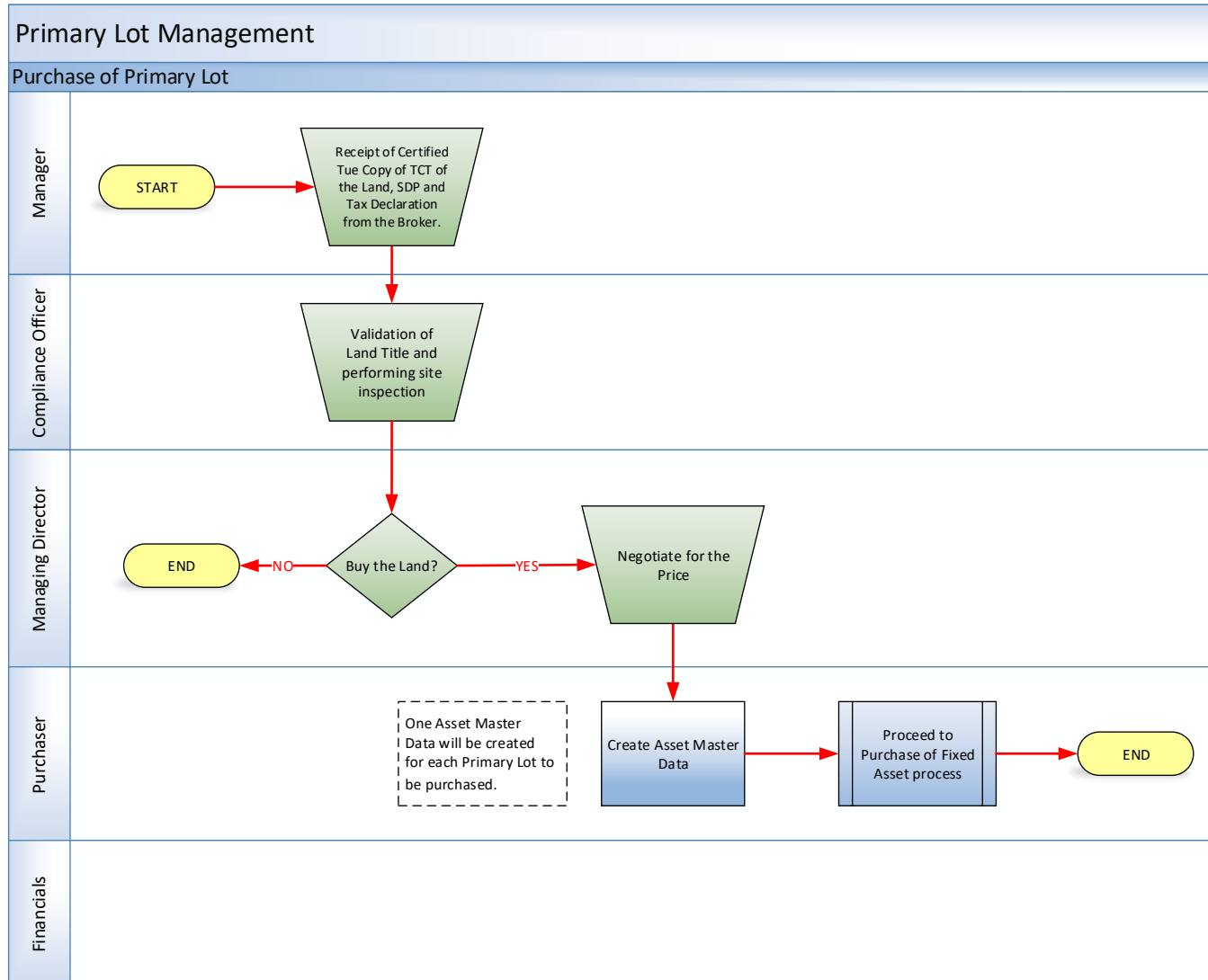
BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Reference Document	Manual or SAP Process	SAP Document	Pending	Journal Entry	Print-Out	Remarks
			Technical Description						
14	Issue land titles for subdivided lots.	Registry of Deeds	Individual Titles	Manual	-	-	-	-	-
END									

2.3.3.4 *Reclassification of Lot from Fixed Asset to Construction in Progress*

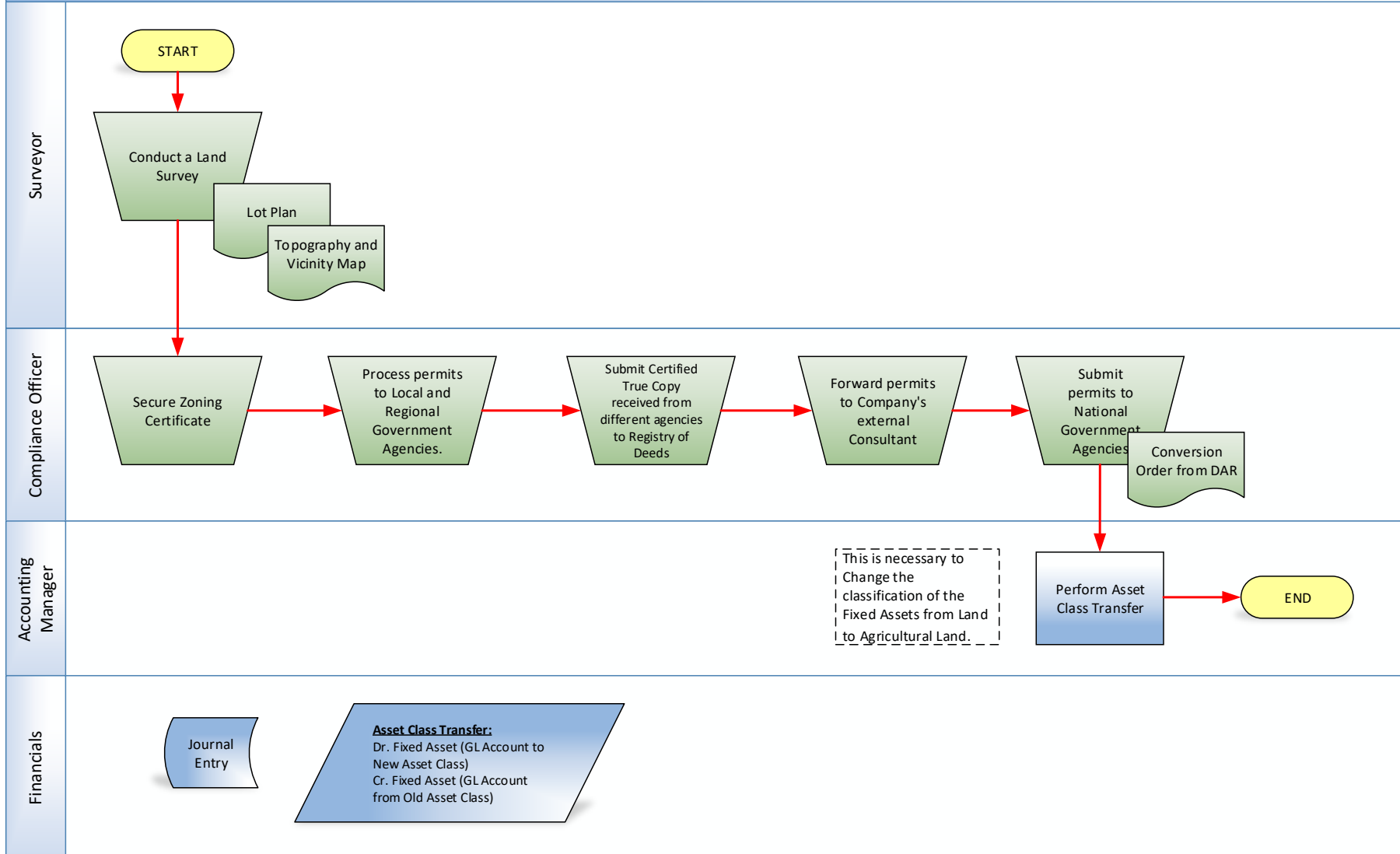
#	Process	Responsible Person	Reference Document	Manual or SAP Process	SAP Document	Pending	Journal Entry	Print-Out	Remarks
1	Create Retirement – Scrapping Document	Accounting Manager	License to Sell and Certificate of Registration	SAP	Retirement - Scrapping	-	Dr. Construction in Progress Cr. Fixed Asset	-	Tag the Project and Dimensions
END									

2.3.3.5 Process Flow



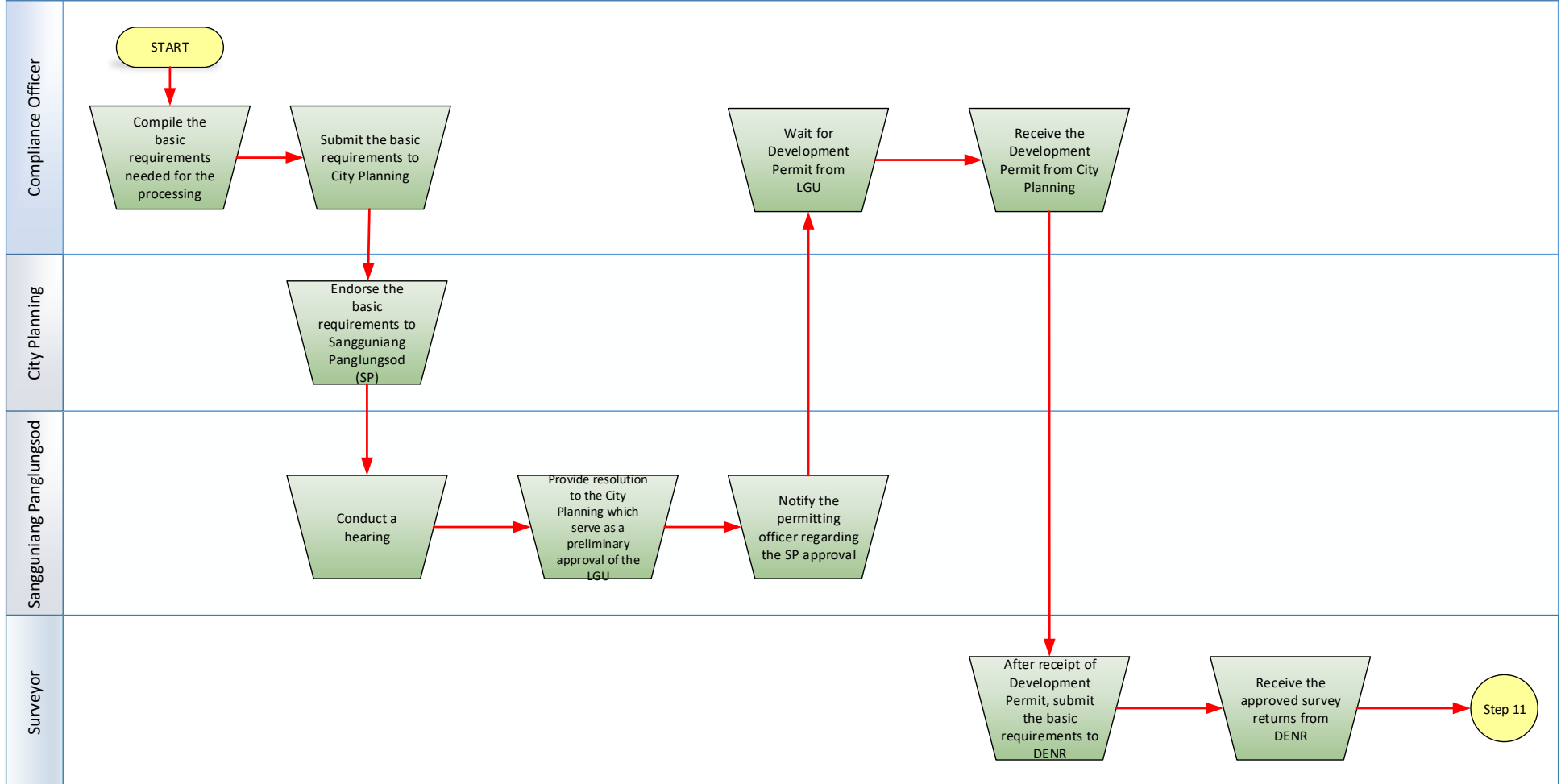
Primary Lot Management

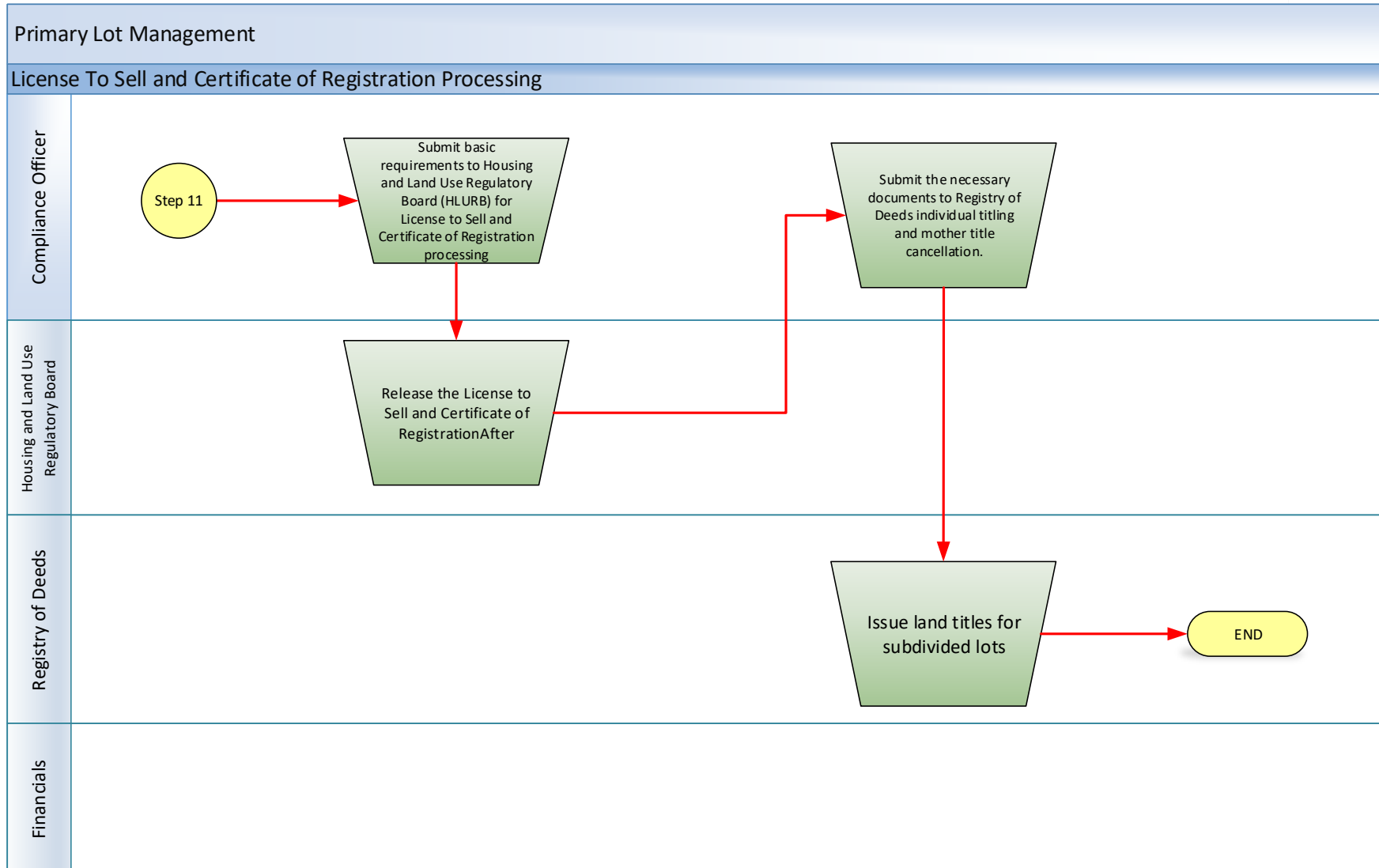
Conversion of Primary Lot - Agricultural

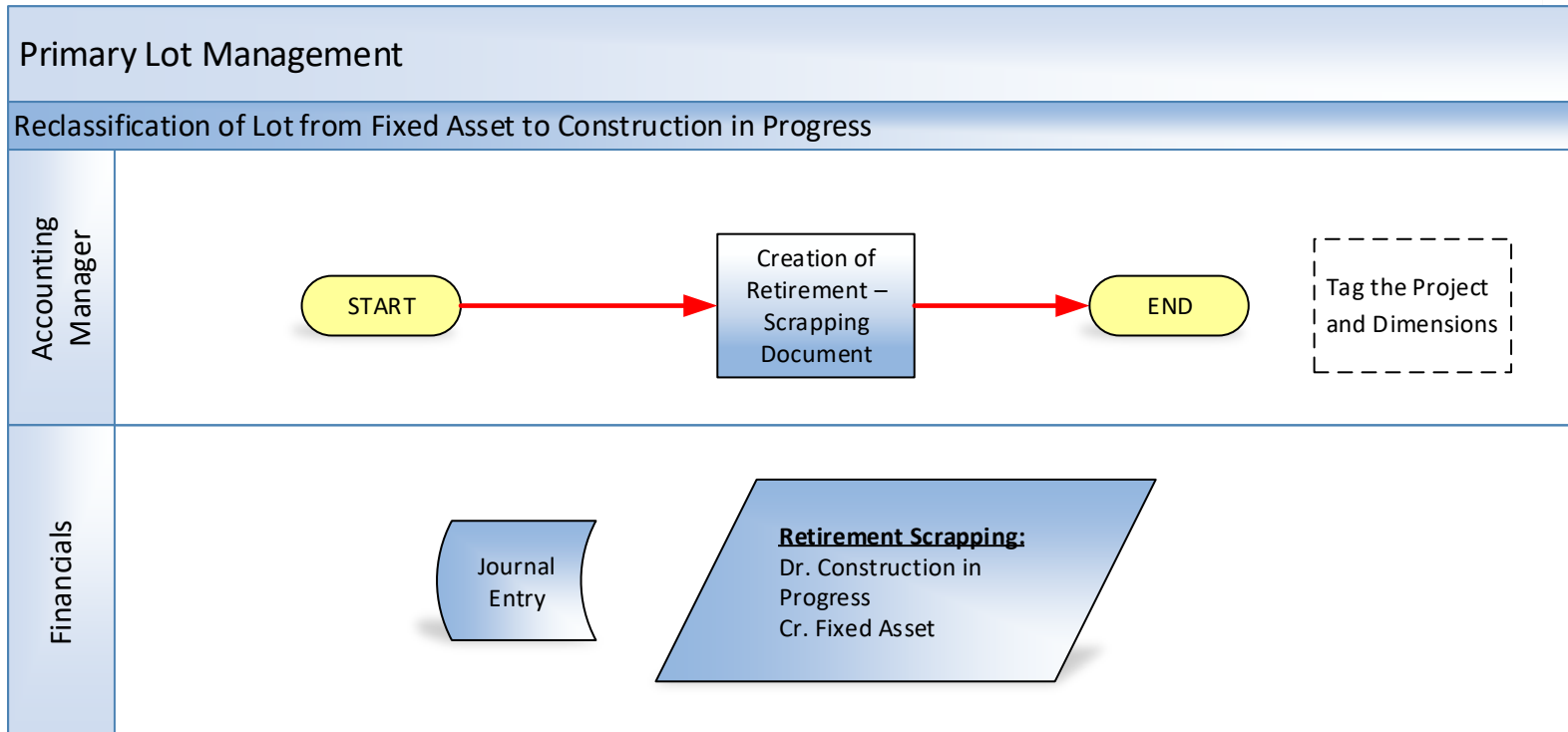


Primary Lot Management

License To Sell and Certificate of Registration Processing







2.3.4 Issuance of Items

2.3.4.1 Issuance of Inventoriable Materials to Construction Site/Subcontractor

This process is applicable but not limited to the following:

- a. Issuance of Inventoriable Construction Materials from Main Warehouse to Construction Site (including Finished Goods)
- b. Issuance of Inventoriable Construction Supplies from Main Warehouse to Construction Site
- c. Issuance of Inventoriable Construction Materials from Main Warehouse to be used by Subcontractor

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	File Material Request Form, sign it and have it approved by Site Engineer/Manager.	Subcontractor /Site Engineer	Manual	-	-	For Manual Approval	Material Request Form	-	Project name and Block & Unit No. and the scope of work should be indicated.
2.	In Project Details – Budget Tab, select the materials to be issued. Click Copy to Goods Issue.	Storage In-charge	SAP- Project Accounting	Project Details - Budget	Approved Material Request Form	-	-	-	-
3.	Add Goods Issue document.	Storage In-charge	SAP	Goods Issue	Approved Material Request Form	-	Goods Issue Form/Releasing Form (Crystal)	Dr. Construction in Progress/Subcon Charges Cr. Construction Materials Inventory	Issuance Transaction Type includes: 1. Issuance of Construction Materials 2. Issuance Chargeable to Subcon 3. Damaged Chargeable to Employees

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#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
									4. Damaged Chargeable to Subcon 5. Damaged Chargeable to Company
<p>A Query Approval will be activated for Issuance Chargeable to Subcontractor transaction type with Manager as the Approver</p> <p>As a Company Policy after adding of Goods Issue Document chargeable to Project, actual usage of Materials for that Project will only be accounted for that Project.</p> <p>A blocker (Transaction Notification) will be activated upon adding the Goods Issue document if Actual Aggregate Issuance Quantity exceeds the Total Budgeted Quantity. Create additional budget, if applicable to proceed with the issuance.</p>									
END									

2.3.4.2 Issuance of Non Inventoriable Supplies to Construction Site/Subcontractor

This process is applicable but not limited to the following:

- a. Issuance of Non-Inventoriable and Consumable Construction Supplies to Construction Site
- b. Issuance of Non-Inventoriable and Consumable Construction Supplies to be used by Subcontractor

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	File Material Request Form, sign it and have it approved by Site Engineer/ Manager.	Subcon/Site Engineer	Manual	-	-	-	Material Request form	-	Project name and Block & Unit No. and the scope of work should be indicated.

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
2.	In Project Details – Budget Tab, select the materials requested. Click Copy to Purchase Request.	Storage In-charge	SAP	Project Details - Budget	Approved Material Request Form	-	-	-	-
Note: There are instances that the PR are already prepared prior to the filling of MRF for issuance since there is already an ongoing replenishment, otherwise perform Procedure No. 2 and refer to Purchase of Local Items or Services in the Procure to Pay Blueprint.									
3.	Create and issue manual Withdrawal Form for actual material issuance.	Storage In-Charge	Manual		Approved Material Request Form		Withdrawal Form		
Adding of A/P Invoice for Non-Inventoriable Items chargeable to Project directly debits to Construction in Progress Account.									
Note: A/P Invoices are added if/when: a. Purchase Order to Supplier- upon receipt of Billing Invoice. b. Cash- upon submission of manual Withdrawal Form.									
END									

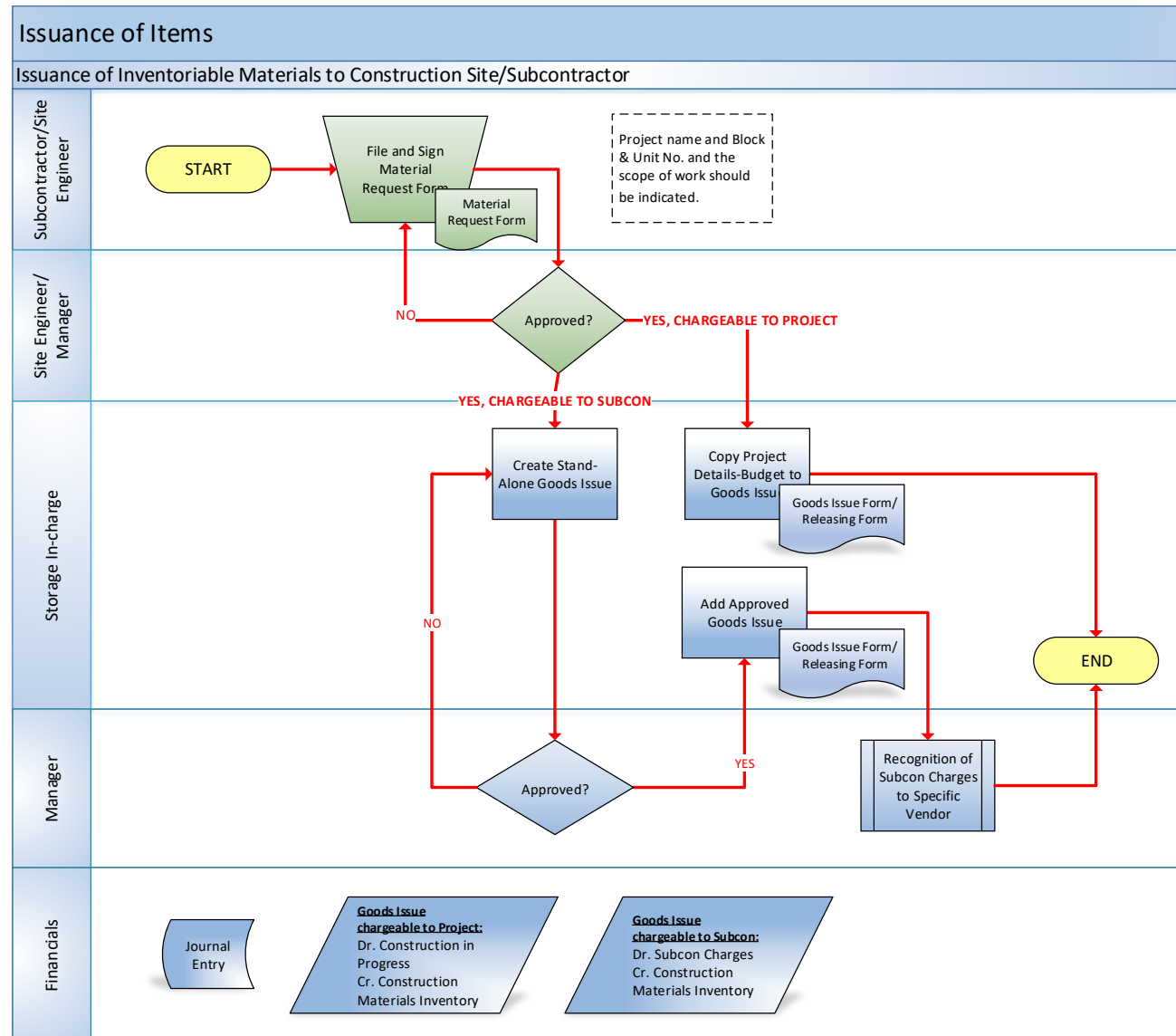
2.3.4.3 Issuance of Raw Materials to In-House Production

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Perform Inventory Revaluation for Raw Materials to add additional cost to the items	Accounting Manager	SAP	-	-	-	-	Dr. Inventory Cr. Inventory Revaluation Surplus	-
2.	File Pouring Permit for Ready Mixed Form, sign it	Subcon/Site Engineer	Manual	-	-	For Manual Approval	Pouring Permit for Ready Mixed Form	-	

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

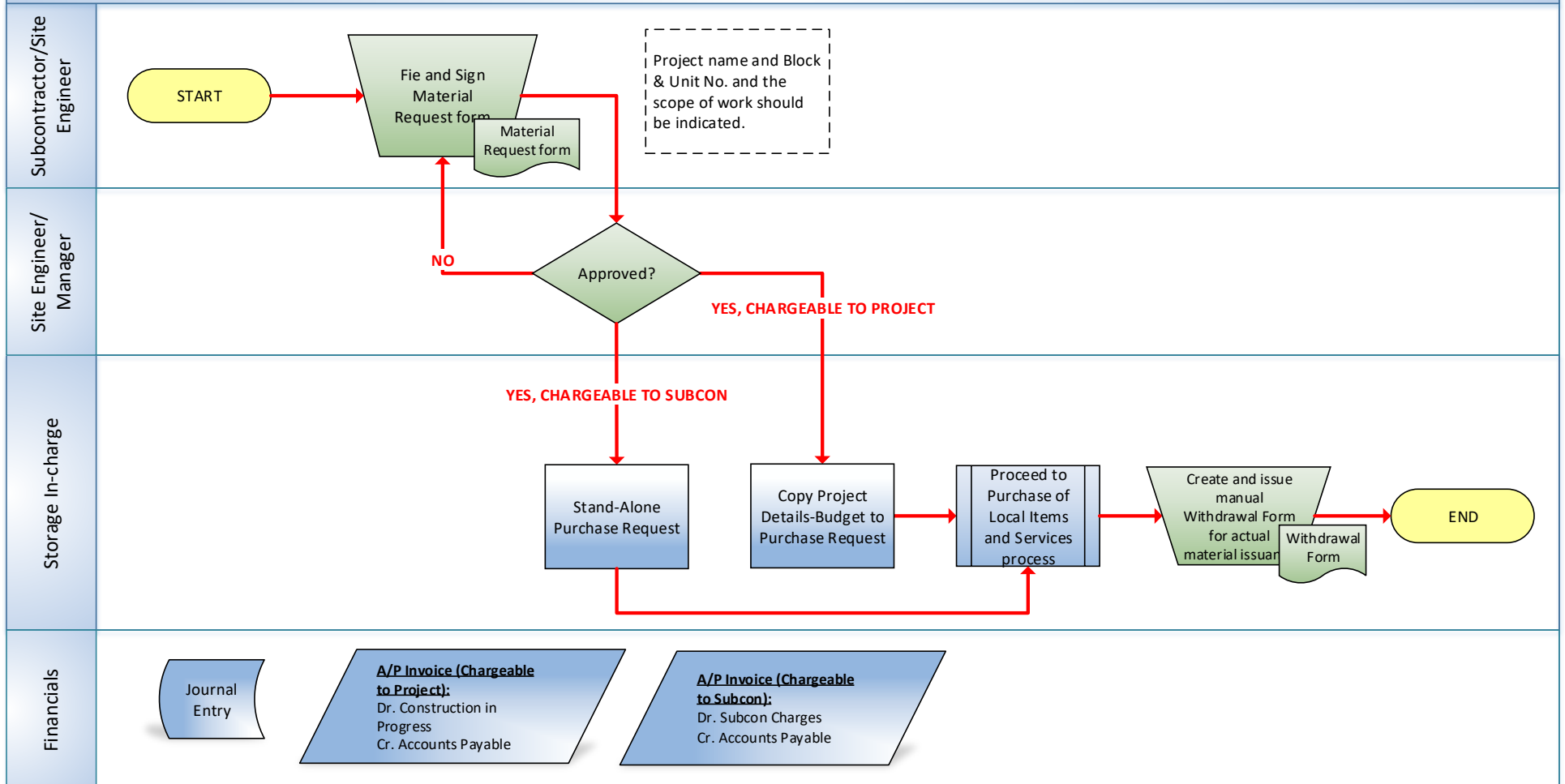
#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
	and have it approved by the Manager								
3.	Create Production Order	Storage In-charge	SAP	Production Order	Bill of Materials, MRF, Pouring Permits	-	-	-	-
4.	Release of Raw materials to production	Checker	Manual				Ready Mixed Concrete Form (RMCF)		
5.	Create Issue to Production	Storage In-charge	SAP	Issue to Production	Bill of Materials, Production Order, Ready Mixed Concrete Form (RMCF)	-	-	Dr. WIP Account Cr. Construction Materials (Raw Mats.)	Warehouse tagged must be Production Warehouse
6.	Create Receipt from Production and transmit forms to the Accounting	Storage In-charge	SAP	Receipt from Production	Ready Mixed Concrete Form (RMCF)	-	-	Dr. Construction Materials (FG) Cr. WIP Account	Warehouse tagged must be Construction Site Warehouse
Proceed to Issuance of Inventoriable Materials to Construction Site Process.									
The excess of the Ready Mixed Concrete should be transferred and charged to another project.									
END									

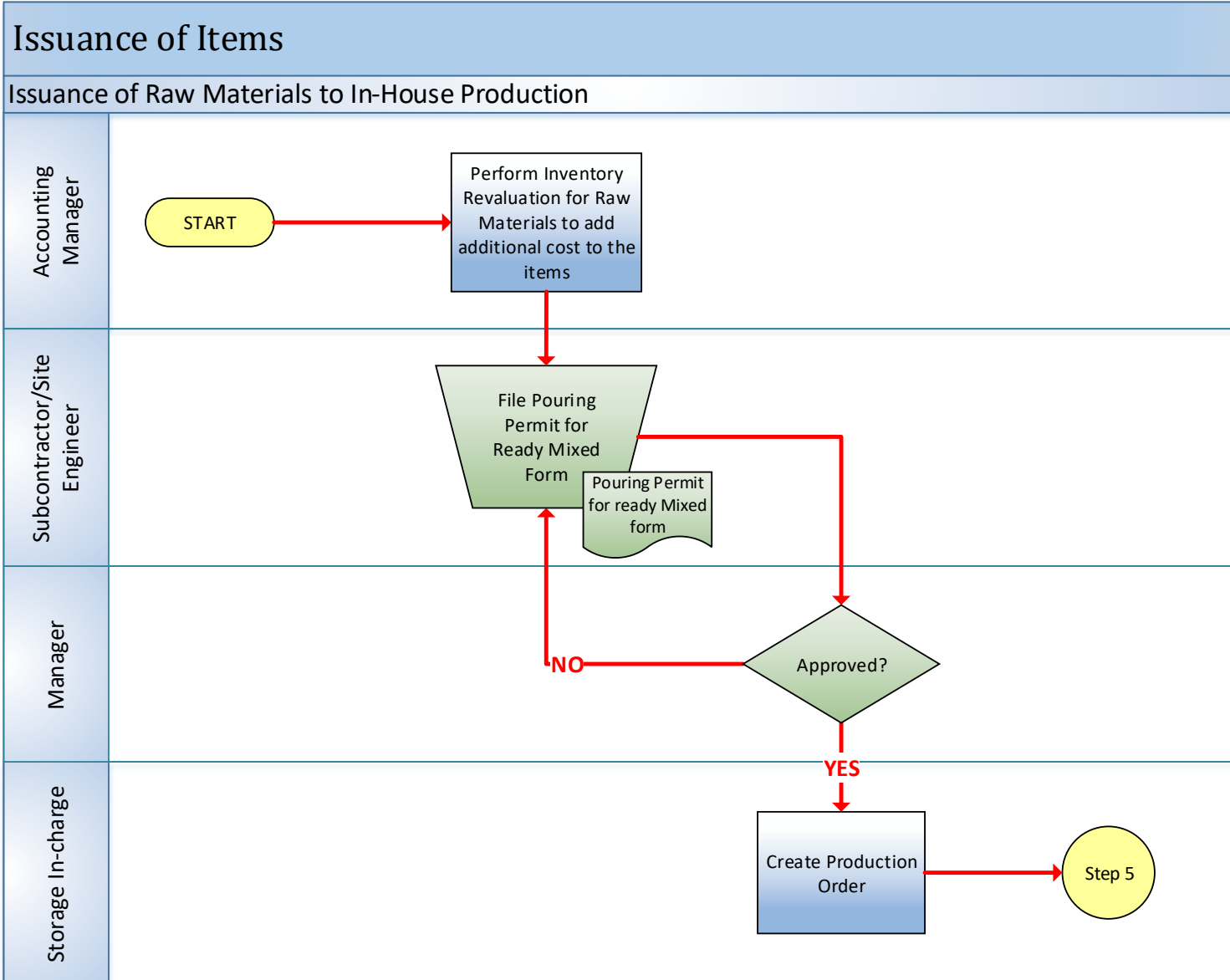
2.3.4.4 Process Flow



Issuance of Items

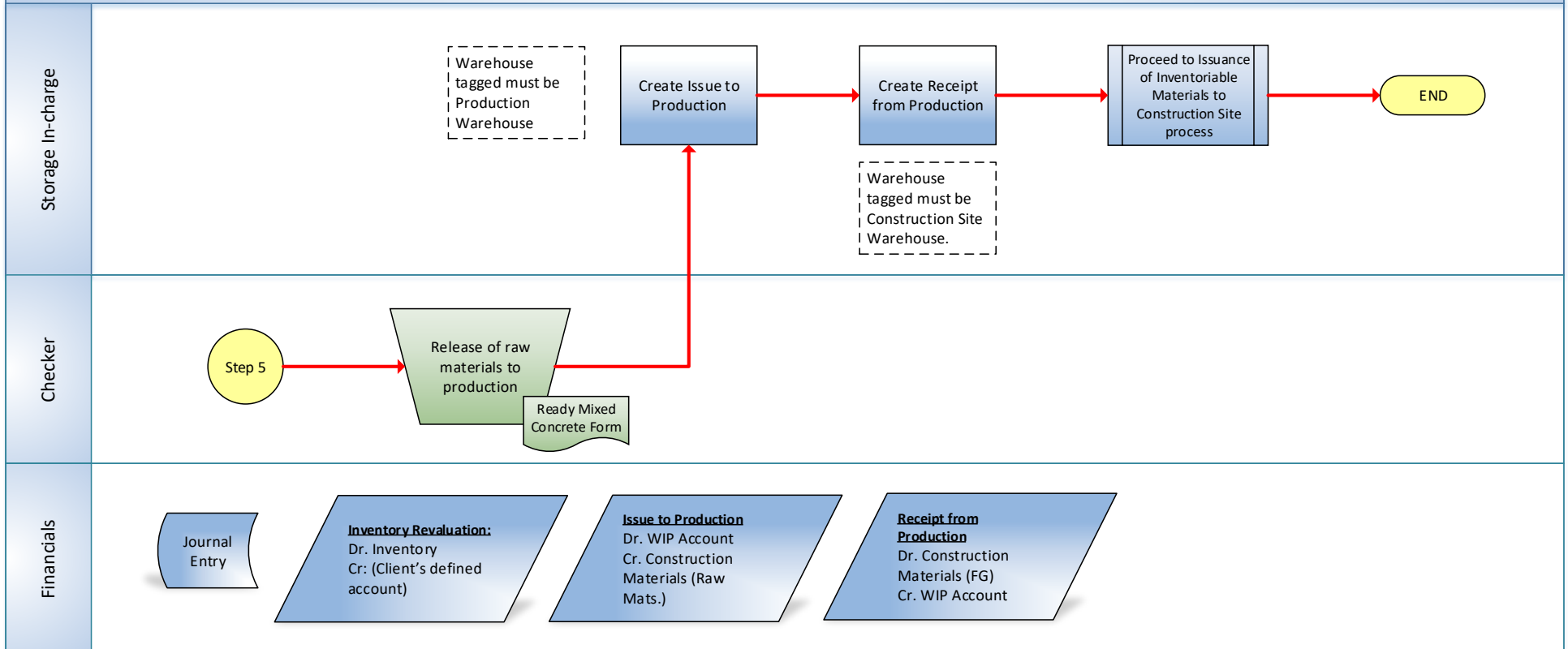
Issuance of Non Inventoriable Supplies to Construction Site/Subcontractor





Issuance of Items

Issuance of Raw Materials to In-House Production



2.3.5 Handling of Damaged Items

2.3.5.1 Handling of Damaged Items - General Process

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Create Inventory Transfer and attach the incident report.	Storage In-charge	SAP	Inventory Transfer – Draft	Approved Incident Report by the Site Engineer	For system approval	-	-	Items damaged are transferred to Bad Stocks Warehouse.
2.	Review and approve Inventory Transfer.	Manager	SAP	Approval	Inventory Transfer - Draft	-	-	-	-
3.	Add approved Inventory Transfer.	Storage In-charge	SAP	Inventory Transfer	Inventory Transfer – Approved	-	-	Dr. Inventory – Bad Stocks Warehouse Cr. Inventory – From Warehouse	-
4.	Investigate cause of damage.	Internal Auditor	Manual	Inventory Transfer - Approved	-	-	Investigation Findings	-	-
5.	Create Goods Issue and define Issuance Type	Storage In-charge	SAP	Goods Issue	Incident Report/ Investigation Findings	For system approval	-	-	Define Issuance Type (User Defined Field)
6.	Review and approve Goods Issue.	Accounting Manager	SAP	Approval	Goods Issue – Draft, Incident Report/ Investigation Findings	-	-	-	-

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
7.	Add Approved Goods Issue	Storage In-charge	SAP	Goods Issue	Approved Goods Issue, Conformed Summary of Subcon Charges	-	Goods Issue Form (Crystal)	Dr. Receivable from Employees/Miscellaneous Expenses/Subcon Charges Cr. Inventory - Bad Stocks Warehouse	-
Issuance Type - Damaged Chargeable to Employees debits Receivable from Employees Account – Tag the Employee in the Employee UDF Issuance Type - Damaged Chargeable to Subcon debits Subcon Charges Account – Tag the Subcontractor in the Subcontractor UDF Issuance Type - Damaged Chargeable to Company debits Miscellaneous Expenses Account.									
END									

2.3.5.2 Damaged during Installation – Chargeable to Subcontractor

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Prepare summary of Subcon Charges to be approved by Site Engineer.	Storage In-charge	Manual	-	-	-	-	-	Summary of Subcon Charges to be conformed by Subcon
2.	Create Goods Issue – Damaged Chargeable to Subcon Type.	Storage In-charge	SAP	Goods Issue - Draft	Conformed Summary of Subcon Charges	For system approval	-		Pre-requisite: Damaged items already transferred to 'Bad Stocks Warehouse'. An alert will be sent to Accounting.

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
3.	Review and approve Goods Issue.	Accounting Manager	SAP	Approval	Goods Issue – Draft, Conformed Summary of Subcon Charges	-	-	-	-
4.	Add Approved Goods Issue	Storage In-charge	SAP	Goods Issue	Approved Goods Issue, Conformed Summary of Subcon Charges		Releasing Form (Crystal)	Dr. Subcontractor Charges Clearing Cr. Inventory-Bad Stocks Warehouse	Tag the Subcon in the Subcontractor UDF
<p>A blocker (Transaction Notification) is created to require Subcon/BP Code for this type of Issuance.</p> <p>An alert will be activated and received by the following upon adding this document for this type of Issuance as the basis for charges recognition per Subcontractor:</p> <ol style="list-style-type: none"> 1. Accounting Manager 2. Accounts Payable In-Charge 1 3. Accounts Payable In-Charge 2 4. Manager 									
5.	Create Journal Entry to close the clearing account and charge to the appropriate Subcontractor	Accounting Manager	SAP	Journal Entry	Goods Issue and Conformed Summary of Subcon Charges	-	-	Dr. Accounts Payable Cr. Subcontractor Charges Clearing	This serves as a deduction to the outstanding payable for Subcontractor.
END									

2.3.5.3 Damaged during Shipment

2.3.5.3.1 For Vendor Replacement

Refer to Procure to Pay 2.3.1.9 Correcting Documents Process

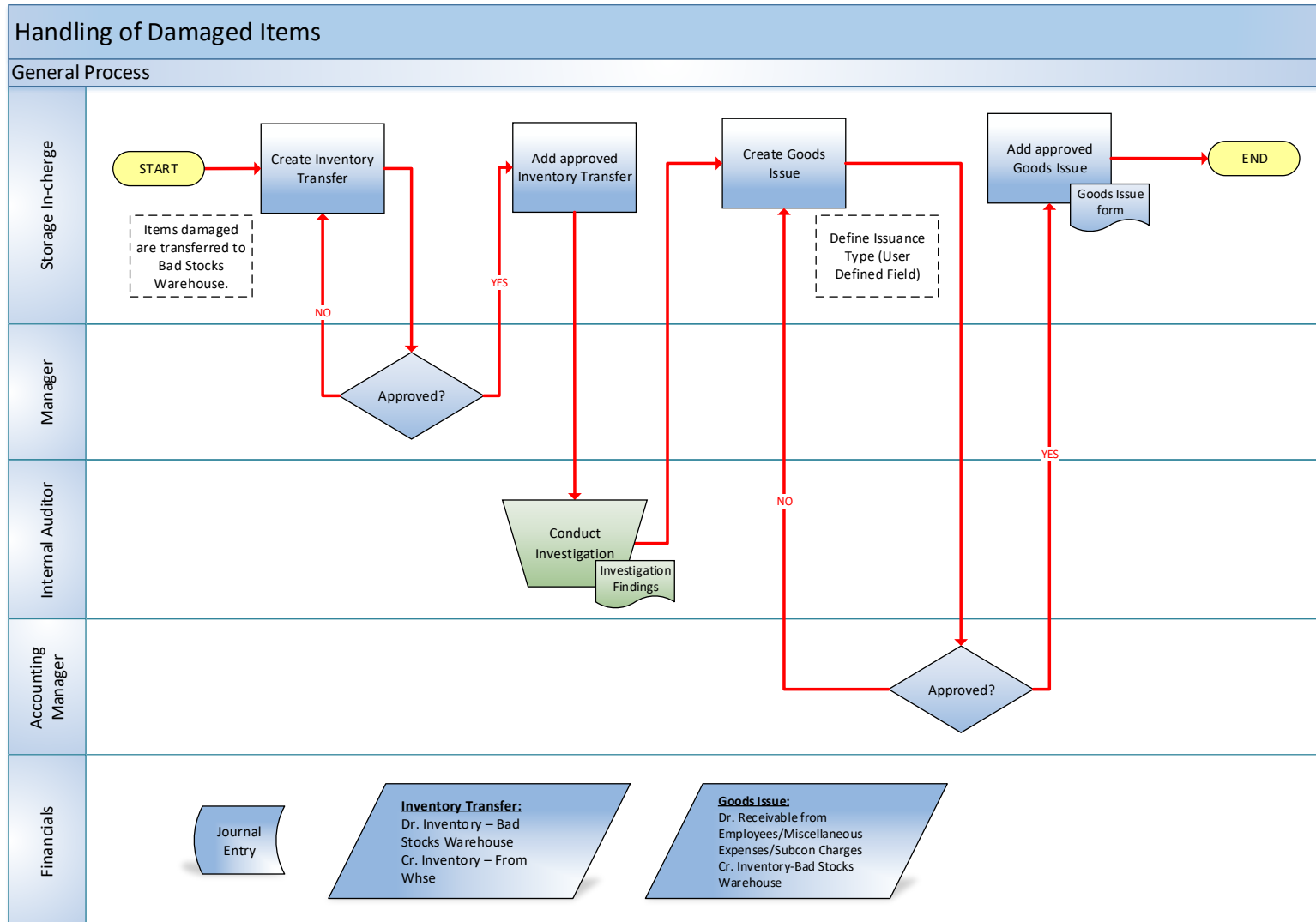
2.3.5.3.2 For Insurance Claim

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Create Goods Issue. Specify reason of issuance. Warehouse should be from 'Bad Stocks Warehouse'	Storage In-charge	SAP	Goods Issue – Draft	-	For system approval	-	-	Pre-requisite: Damaged items already transferred to 'Bad Stocks Warehouse'.
2.	Review and approve Goods Issue.	Accounting Manager	SAP	Approval	Goods Issue - Draft	-	-	-	-
3.	Add Goods Issue.	Storage In-charge	SAP	Goods Issue	Goods Issue – Approved	-	Releasing Form (Crystal)	Dr. Miscellaneous Expense Cr. Inventory – Bad Stocks Warehouse	-
4.	File Insurance Claim.	Accounting Manager	Manual	-	-	-	-	-	-
5.	Create Journal Voucher to recognize damages as 'for insurance claim'.	Accounts Receivable In-Charge	SAP	Journal Voucher	Goods Issue – Approved	-	-	-	-

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

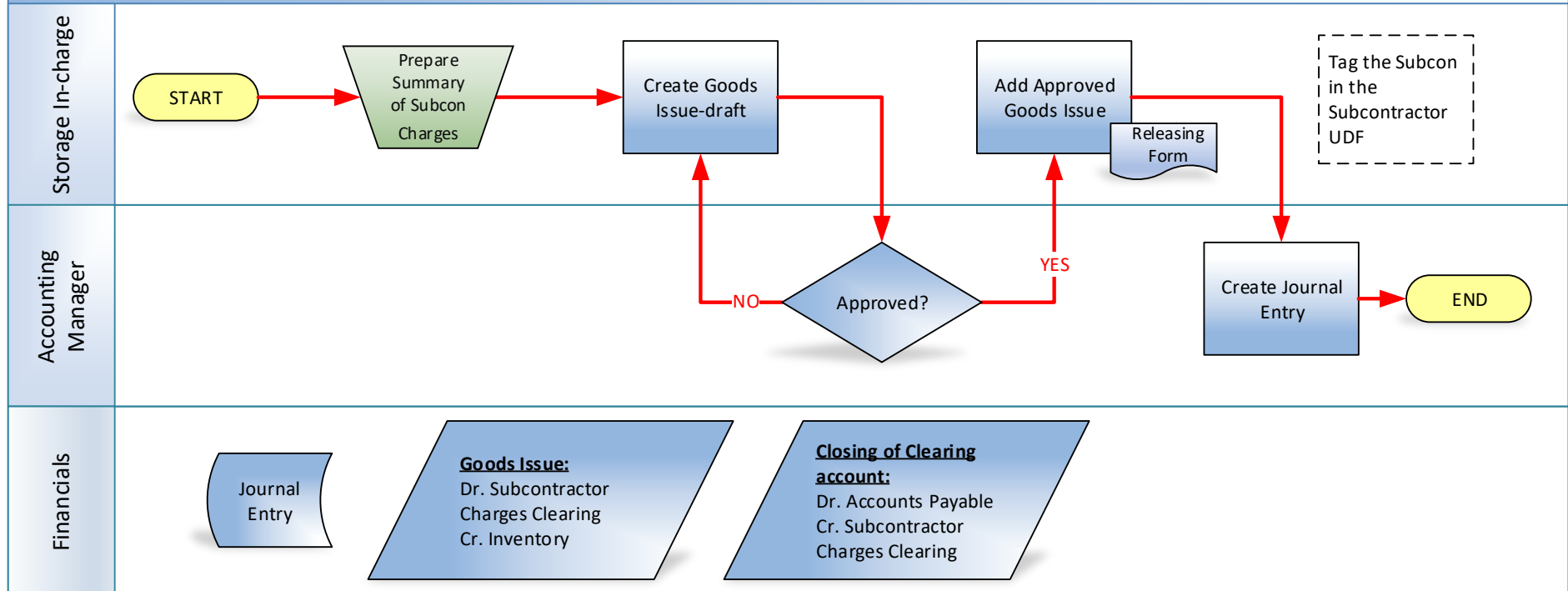
#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
6.	Review and post Journal Entry.	Accounting Manager	SAP	Journal Entry	Journal Voucher	-	-	Dr. Accounts Receivable - Others Cr. Miscellaneous Expense	Required Field: Transaction Code
7.	Create Incoming Payment.	Accounts Receivable In-Charge	SAP	Incoming Payment	Journal Entry	-	-	<u>If Cash / Check</u> Dr. Cash on Hand / Checks Clearing Cr. Accounts Receivable	-
8.	Create Deposit.	Accounting Manager	SAP	Deposit	Incoming Payment	-	-	Dr. Cash in Bank Cr. Cash on Hand / Checks Clearing	-
END									

2.3.5.4 Process Flow



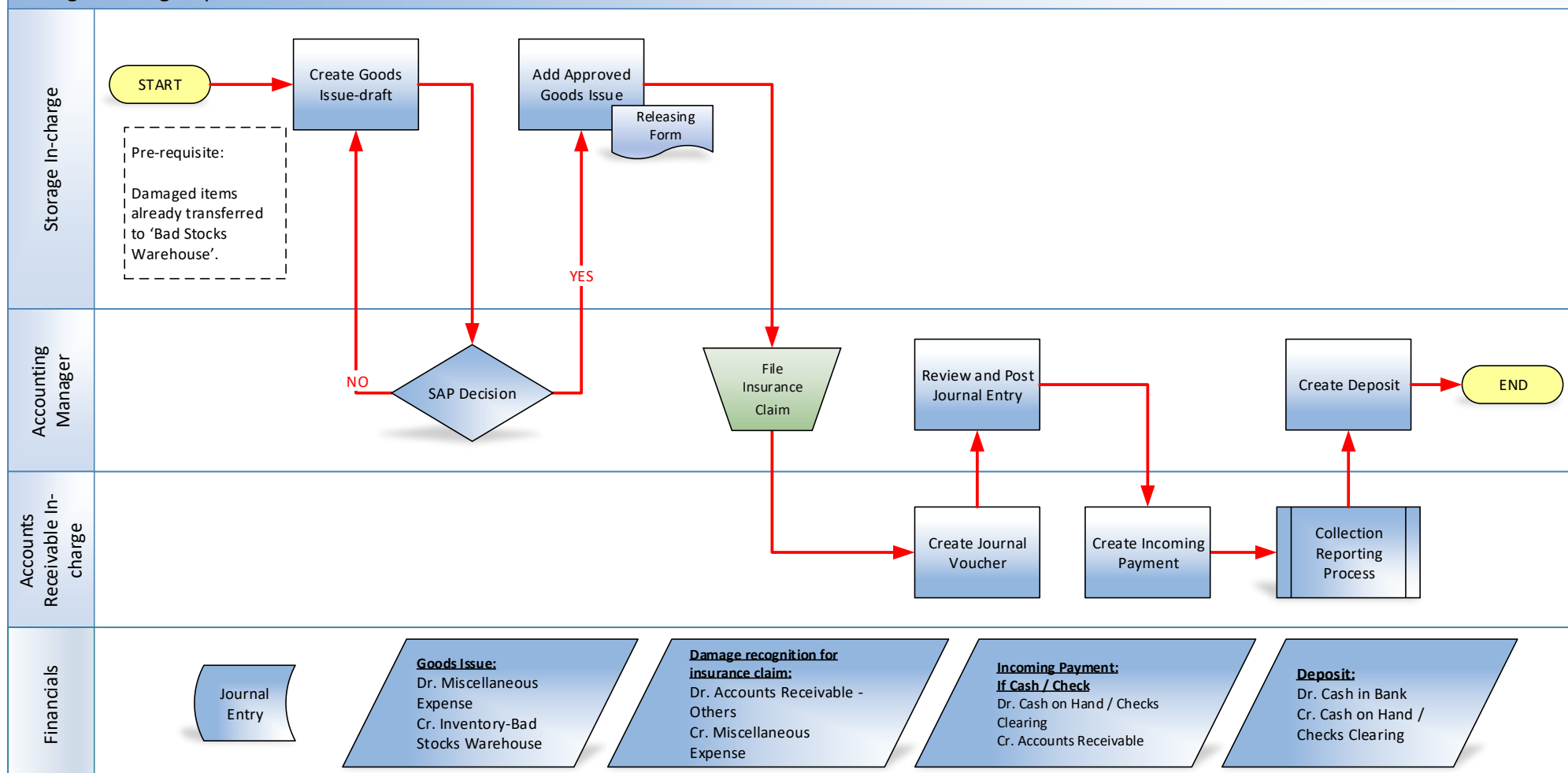
Handling of Damaged Items

Damaged during Installation-chargeable to subcontractor



Handling of Damaged Items

Damaged during Shipment – For Insurance Claim



2.3.6 Receipt of Non-Saleable Items

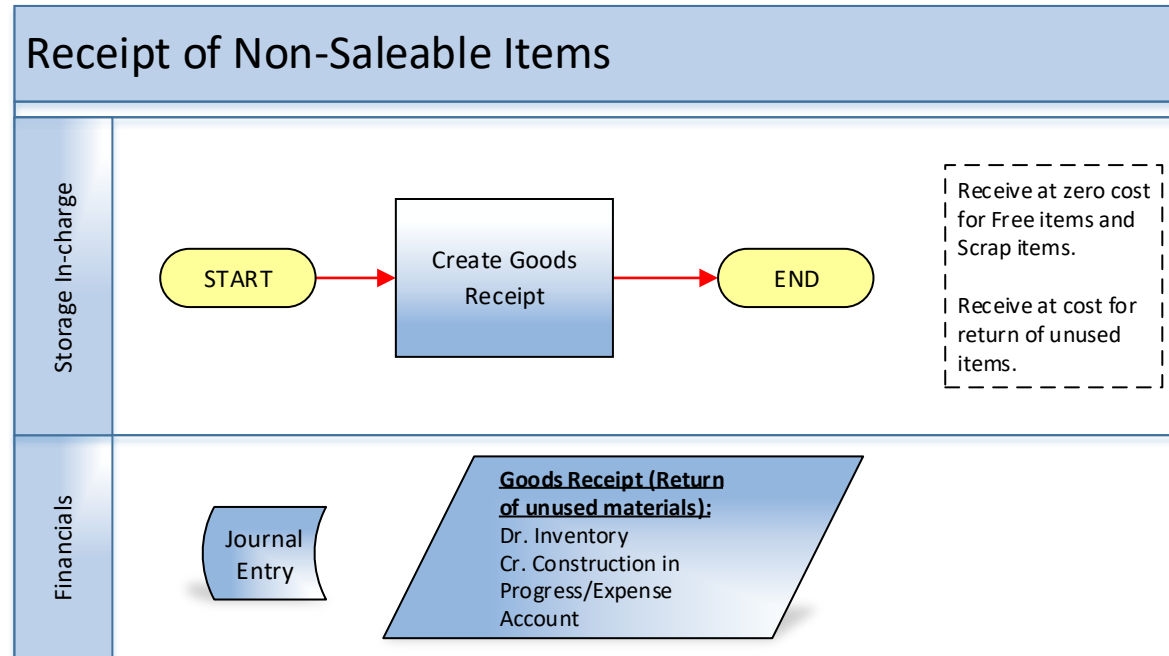
2.3.6.1 Receipt of Non-Saleable Items

This process is applicable to the following:

- a. Return of Unused Items
- b. Receipt of Free Items
- c. Receipt of Scrap Items

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	<p>Create Goods Receipt.</p> <p>Notes:</p> <ol style="list-style-type: none"> a. Receive at zero cost for the following reasons: <ul style="list-style-type: none"> • Free item • Scrap item b. Receive at cost for the following reasons: <ul style="list-style-type: none"> • Return of unused item 	Storage In-charge	SAP	Goods Receipt	-	-	-	<p><u>If free item</u> No entry</p> <p><u>If return</u> Dr. Inventory Cr. Construction in Progress / Expense Account</p>	-
END									

2.3.6.2 Process Flow



2.3.7 Warehouse Transfer

2.3.7.1 Warehouse Transfer

This process is applicable to the following:

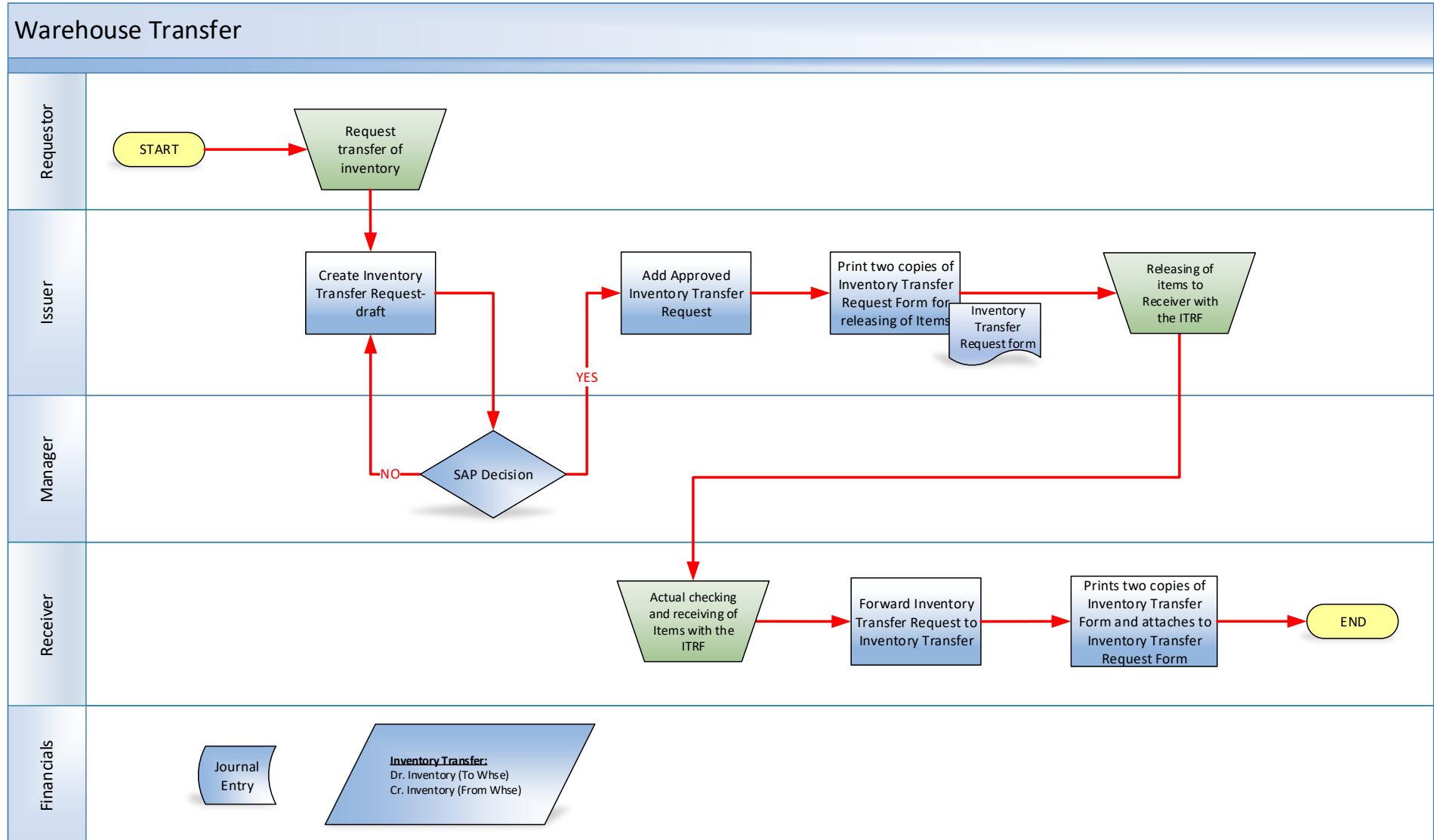
- a. Actual Transfer from One warehouse to another warehouse
- b. Borrowing of items from one project to another
- c. Return of items from one project to another
- d. Correction

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Request Transfer Inventory.	Requestor	Manual		Items for Transfer Request				
2.	Create Draft Inventory Transfer Request.	Issuer	SAP	Inventory Transfer Request - Draft	Items for Transfer Request	For System Approval			
3.	Review and approve Inventory Transfer Request.	Manager	SAP	Approval	Inventory Transfer Request - Draft				
4.	Add approved Inventory Transfer Request.	Issuer	SAP	Inventory Transfer Request	Inventory Transfer Request - Approved				
5.	Print two copies of Inventory Transfer Request Form for releasing of Items.	Issuer	SAP	Inventory Transfer Request	Inventory Transfer Request - Approved		Inventory Transfer Request Form (ITRF - Crystal)		Two copies of ITRF should be signed by the Issuer.

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
6.	Releasing of items to Receiver with the ITRF.	Issuer	Manual		Inventory Transfer Request Form				
7.	Actual checking and receiving of Items with the ITRF.	Receiver	Manual		Inventory Transfer Request Form				Two copies of ITRF should be signed by the Receiver.
8.	Forward Inventory Transfer Request to Inventory Transfer.	Receiver	SAP	Inventory Transfer				Dr. Inventory – To Warehouse Cr. Inventory – From Warehouse	
9.	Prints two copies of Inventory Transfer Form and attaches to Inventory Transfer Request Form.	Receiver	SAP	Inventory Transfer	ITRF/ITF				Two copies of the ITF should be signed by the Receiver. One copy of the ITRF should be returned to Issuer.
<p>Note:</p> <p>For Inter-Warehouse in the same project site, Inventory Transfer Request to Inventory Transfer should be executed by the Issuer including printing of the Forms. Receiver and Issuer should sign the documents.</p> <p>Issuer can be the Storage In-Charge and Receiver can be the Storage In-Charge or Checker.</p> <p style="text-align: center;">END</p>									

2.3.7.2 Process Flow

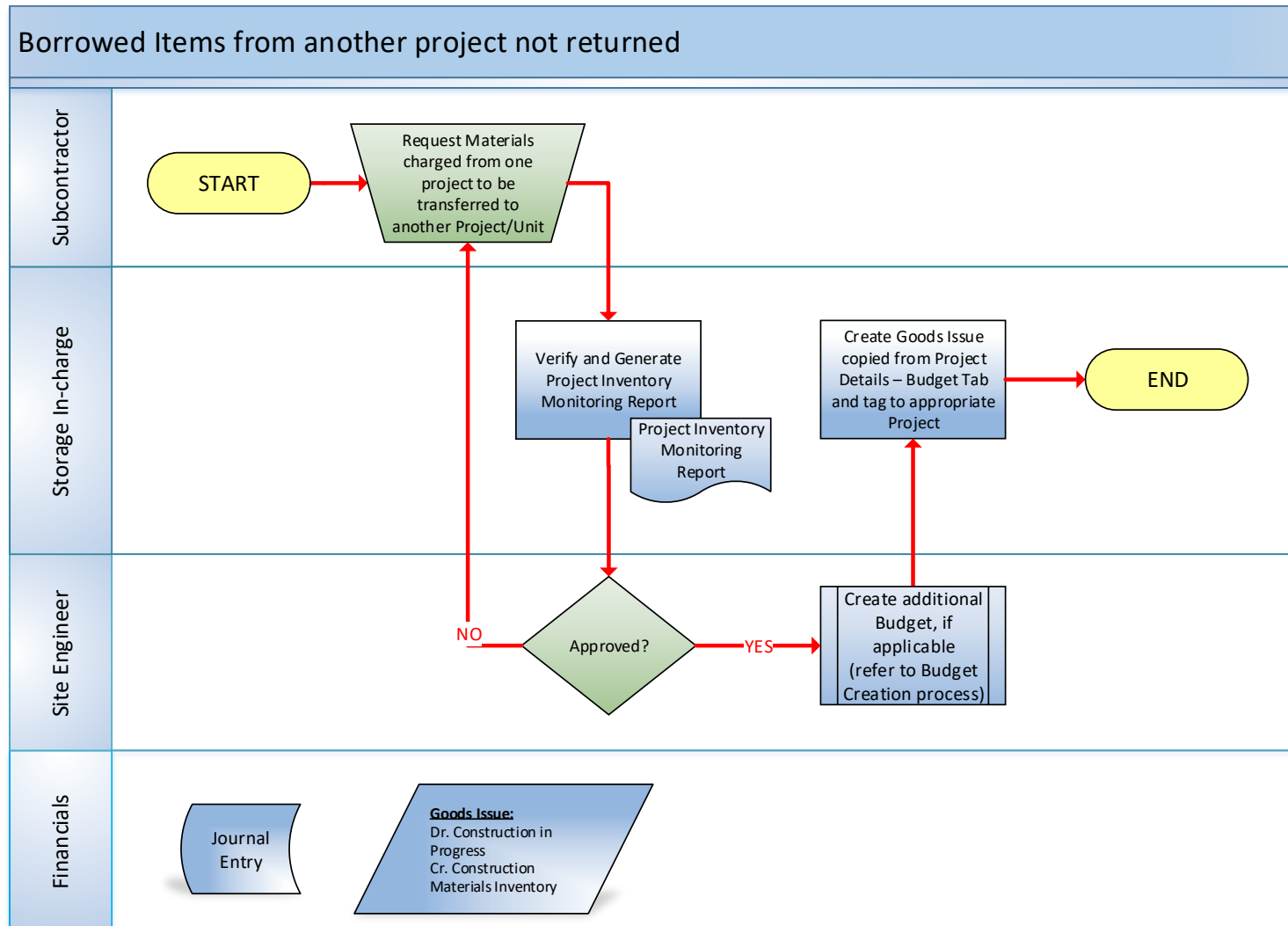


2.3.8 Borrowed Items allocated from another project

2.3.8.1 Borrowed Items allocated from another project – Issuance not yet made

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Request Materials that initially allocated from one project to be used to another Project/Unit.	Subcontractor	Manual	-	Material Request Form	-	-	-	-
2.	Verify and Generate Project Inventory Monitoring Report.	Storage In-Charge	SAP	Inventory Report	Material Request	-	Project Inventory Monitoring Report (Crystal)	-	-
3.	Approve Material Request and create additional budget, if applicable.	Site Engineer	SAP	Budget	Material Request	For System Approval			
Refer to Budget Creation Process in the Construction Blueprint.									
4.	Create Goods Issue copied from Project Details – Budget Tab and tag to appropriate Project	Storage In-Charge	SAP	Goods Issue	Materials Request, Budget	-	-	Dr. Construction in Progress Cr. Construction Materials Inventory	-
END									

2.3.8.2 Process Flow



2.3.9 Inventory Counting and Posting

2.3.9.1 Inventory Counting

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Schedule Inventory Count and assign people to perform it.	Accounting Manager	Manual	-	-	-	-	-	Inventory count is performed annually.
2.	Generate Count Tag.	Accounting Manager	SAP	Inventory Counting	-	-	Count Tag	-	-
3.	Conduct initial count with audit representative.	Storage In-charge/Accounting Manager/Checker	Manual	-	Count Tag – 1 st count	-	-	-	-
4.	Conduct second count with audit representative.	Storage In-charge/Accounting Manager/Checker	Manual	-	Count Tag – 2 nd count	-	Count Tag	-	-
5.	Comparison of Count Tags and provide final count and note for variances	Accounting Manager	Manual	-	Count Tags (1 st and 2 nd)	-	Final inventory count report (Excel file)	-	Any Variance will be finalized by audit team.
6.	Update Inventory Count with the actual quantity counted.	Accounting Manager	SAP	Inventory Counting	Final inventory count report (Excel file)	-	-	-	-
7.	Investigation of variances (if any).	Internal Auditor/Accounting Manager	Manual	-	Inventory Counting	-	-	-	-

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks												
8.	Reconcile inventory variances and create necessary inventory adjustments.	Accounting Manager/Storage In-charge/ Site Engineer/Checker	SAP	-	All Documents that affect Inventory	-	-	Refer to handling variances process for the entries.	-												
Handling Variances:																					
1. <u>Inventory Overage</u> – Actual inventory is greater than Accounting books.																					
<table><thead><tr><th>Applicable Scenario</th><th>Action Item</th><th>Reference</th></tr></thead><tbody><tr><td>a. Failure to record items purchased.</td><td>Create Goods Receipt PO.</td><td>See Procure to Pay Process 2.3.2.2.6 Receiving Process</td></tr><tr><td>b. Failure to transfer items in SAP.</td><td>Create Inventory Transfer.</td><td>See Inventory Management Process 2.3.7 Warehouse Transfer Process</td></tr><tr><td>c. Failure to record inventory receipts.</td><td>Create Goods Receipt.</td><td>See Inventory Management Process 2.3.6 Receipt of Non-Saleable Items Process and 2.3.2.1 Receipt of Saleable Units</td></tr></tbody></table>										Applicable Scenario	Action Item	Reference	a. Failure to record items purchased.	Create Goods Receipt PO.	See Procure to Pay Process 2.3.2.2.6 Receiving Process	b. Failure to transfer items in SAP.	Create Inventory Transfer.	See Inventory Management Process 2.3.7 Warehouse Transfer Process	c. Failure to record inventory receipts.	Create Goods Receipt.	See Inventory Management Process 2.3.6 Receipt of Non-Saleable Items Process and 2.3.2.1 Receipt of Saleable Units
Applicable Scenario	Action Item	Reference																			
a. Failure to record items purchased.	Create Goods Receipt PO.	See Procure to Pay Process 2.3.2.2.6 Receiving Process																			
b. Failure to transfer items in SAP.	Create Inventory Transfer.	See Inventory Management Process 2.3.7 Warehouse Transfer Process																			
c. Failure to record inventory receipts.	Create Goods Receipt.	See Inventory Management Process 2.3.6 Receipt of Non-Saleable Items Process and 2.3.2.1 Receipt of Saleable Units																			
2. <u>Inventory Shortage</u> – Actual inventory is lesser than Accounting books.																					
<table><thead><tr><th>Applicable Scenario</th><th>Action Item</th><th>Reference</th></tr></thead><tbody><tr><td>a. Failure to transfer items in SAP.</td><td>Create Inventory Transfer.</td><td>See Inventory Management Process 2.3.6 Warehouse Transfer Process</td></tr><tr><td>b. Failure to record inventory issuances.</td><td>Create Goods Issue.</td><td>See Inventory Management Process 2.3.4 Issuance of Items Process</td></tr><tr><td>c. Loss or Theft chargeable to employee.</td><td>Create Goods Issue</td><td>See Inventory Management Process 2.3.5 Handling of Damaged Items Process</td></tr></tbody></table>										Applicable Scenario	Action Item	Reference	a. Failure to transfer items in SAP.	Create Inventory Transfer.	See Inventory Management Process 2.3.6 Warehouse Transfer Process	b. Failure to record inventory issuances.	Create Goods Issue.	See Inventory Management Process 2.3.4 Issuance of Items Process	c. Loss or Theft chargeable to employee.	Create Goods Issue	See Inventory Management Process 2.3.5 Handling of Damaged Items Process
Applicable Scenario	Action Item	Reference																			
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b. Failure to record inventory issuances.	Create Goods Issue.	See Inventory Management Process 2.3.4 Issuance of Items Process																			
c. Loss or Theft chargeable to employee.	Create Goods Issue	See Inventory Management Process 2.3.5 Handling of Damaged Items Process																			

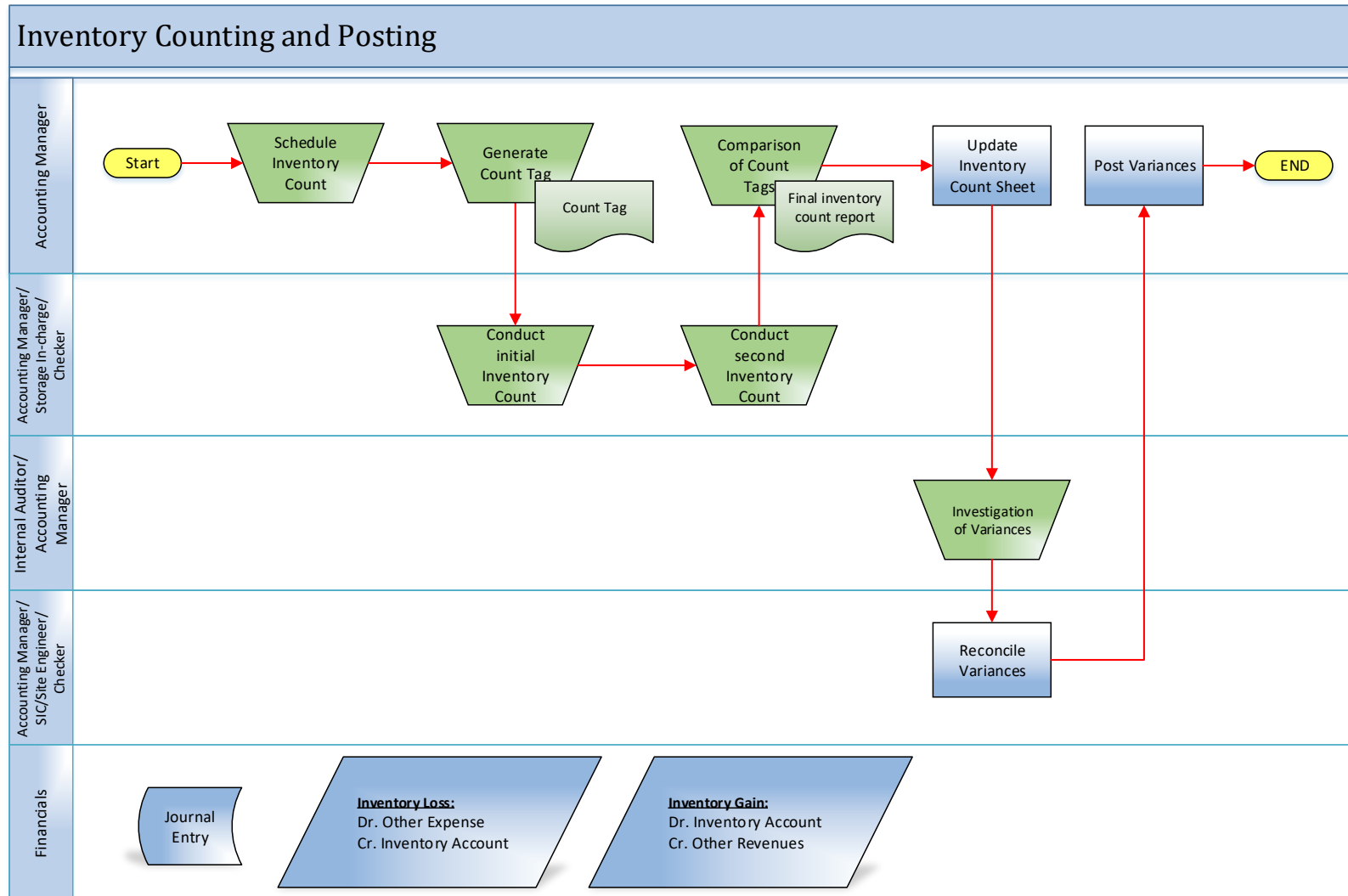
2.3.9.2 Inventory Posting

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
1.	Post variances	Accounting Manager	SAP	Inventory Posting	Final inventory count report (Excel file), Investigation Report	-	-	Inventory Loss: Dr. Other Expense Cr. Inventory Account Inventory Gain: Dr. Inventory	-

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

#	Process	Responsible Person	Manual or SAP Process	SAP Document Entry	Reference Document	Pending	Print-Out/Report Generated	Journal Entry	Remarks
								Account Cr. Other Revenues	
END									

2.3.9.3 Process Flow



2.4 Process Policies

2.4.1 General Policies

- Smallest Unit of Measure shall be used for maintaining inventories in Item Master Data.
- Perpetual Inventory System shall be implemented using Moving Average method.
- Manage Inventory Cost by warehouse

2.4.2 Goods Receipt

- In general, any corrections or adjustments to increase inventory quantities that do not affect AP documents are recorded in Goods Receipt.

2.4.3 Goods Issue

- In general, any corrections or adjustments to decrease inventory quantities that do not affect AR documents are recorded in Goods Issue.

2.4.4 Inventory Transfers

- This transaction shall be used to transfer items from one warehouse to another (either virtual or actual).

3 FILE MAINTENANCE

- Revisions to any or all files maintained for Inventory Management shall be the responsibility of System Administrator.
- Item Code masking:

Series	Prefix	Digits	Suffix
Construction Materials	CM	6	-
Raw Materials	RM	6	

BUSINESS BLUEPRINT INVENTORY MANAGEMENT

Construction Supplies (Consumable)	CS	6	-
Fixed Assets	FA	6	-
Saleable Units (Manual)	RV-CB01L	2	-
Saleable Units (Manual)	RV-CB02L	2	-
Saleable Units (Manual)	RV-CB03L	2	-
Saleable Units (Manual)	RV-HB01L	2	-
Saleable Units (Manual)	RV-HB01L	2	-
Saleable Units (Manual)	SW-CB01L	2	-
Saleable Units (Manual)	SW-OB02L	2	-
Saleable Units (Manual)	SW-MB03L	2	-
Saleable Units (Manual)	SW-PB01L	2	-
Contracted Services	RU	6	-
Insurance and Bonds	IB	6	-
Depo Supplies	DS	6	-

- Formatted search will be setup to automatically define item code based on the dependent User-defined Fields (Project, Model, Block, Lot).
- c. Required fields for the creation of Item Master data shall be, but not limited to the ff:
- Item Code
 - Item Name/Description
 - Item Type
 - Item Group
 - Inventory UoM (lowest UoM)
 - Purchasing UoM if other than Inventory UoM
 - Sales UoM if other than Inventory UoM
 - Item tagging (either Inventory, Purchase, Sales items)
- d. Item Groups
- Construction Materials

BUSINESS BLUEPRINT INVENTORY MANAGEMENT



- Construction Supplies
- Saleable Units
- Contracted Services
- In House Services
- Insurance and Bonds
- Office Supplies
- Raw Materials

e. Warehouses

- Riverview Homes Construction Site Warehouse
- Southwoods Residences Construction Site Warehouse
- In-House Production Warehouse
- Riverview Homes House Units Warehouse
- Southwoods Residences House Units Warehouse
- Bad Stocks Warehouse – Riverview
- Bad Stocks Warehouse – Southwoods
- General Warehouse

4 DOCUMENT SERIES

Standard SAP series shall be used.

-Nothing follows-