

Inventory

Course Manual and Activity Guide

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OVERVIEW FOR INVENTORY

DESCRIPTION

In Workday, the Procurement product handles the purchasing and receiving of goods and services for an organization. In Workday, the Inventory product adds the ability to store, track, issue, and replenish internal inventory items. It is important to note that the Inventory product is designed for an internal supply chain and not to support manufacturing, distribution, or retail operations. Workday Inventory delivers visibility into goods that are purchased for internal use. It shows you what is in stock, to whom goods are issued, and how to track and manage goods. It automates the accounting associated with tracking the cost and adjustments to inventory items while also providing the ability to markup items when transferring them to the end user.

Covered Topics:

- Configuration
- Material Movements
- Fulfillment
- Costing and Accounting
- Inventory Counts
- Replenishments
- Par Inventory

GOALS & OBJECTIVES

This course is intended to give you an understanding of the concepts and set up of Workday's Inventory functionality. The goal is to familiarize you with the product and processing transactions in the system to assist you in making design decisions for your implementation.

By the end of this class, you should be able to:

- Identify the primary roles used in Inventory.
- Describe inventory business process flows.
- Create inventory locations.
- Create ad hoc inventory put-aways.
- Adjust inventory on hand.
- Create quick issue inventory requests.
- Calculate inventory costing.
- Add inventory account posting rules.
- Create inventory worktags.
- Review the cycle count process in Workday.
- Generate inventory requisitions requests.
- Identify the difference between internal inventory and par inventory.
- Configure par inventory locations.

COURSE STRUCTURE

You will use this manual throughout the course. There are various interactive elements throughout this course, including:



Activities: You will use your individual training tenant to perform activities in the

Workday system. These activities reinforce concepts discussed in the course manual, and will provide you practice in configuring the

Inventory system, processes, and reports.



Knowledge Check:

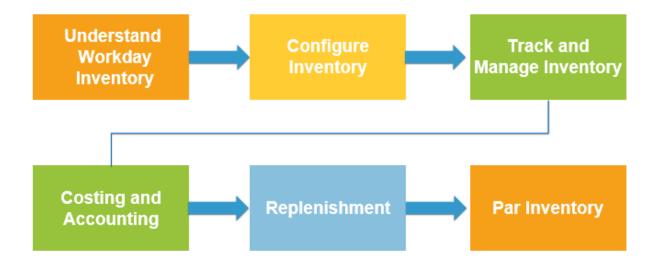
At the end of each chapter, you will take a quiz to check your knowledge of that chapter's content. You may verify your answers by referring to Appendix A: Knowledge Check Answer Keys.



<u>Note</u>: Completing the activities is required to ensure a successful learning experience. Consultants taking this class will be required to pass a final exam. Exam questions may be based on having completed the activities in this course.

INVENTORY OVERVIEW

In this course, we begin with an overview of Workday's approach to Inventory and the types of roles that it supports. We will then discuss Inventory Configuration, including inventory locations and sites, inventory adjustment codes, unit of measure sets, spend category configuration, purchase items, and inventory accounting treatment. After the initial set up, we will explain how to Track and Manage Inventory to stock, request, pick, ship, and put-away inventory items within the locations. Costing and Accounting is used to record inventory costs both manually and when acquired through the procurement process. It can also be used to adjust inventory item costs when necessary. With Replenishment, we will discuss how inventory item procurement can be automated by integrating with our Procurement product to ensure you do not run out of items that are critical to your daily operations. Par Inventory is the final topic utilizing a special type of inventory location that is replenished to a pre-established level based upon Par Count Events.



CHAPTER 1 – UNDERSTANDING WORKDAY INVENTORY

OVERVIEW

Workday's approach to Inventory is designed to help a company manage its internal supply chain needs. It is not designed to handle external distribution, retail, or manufacturing needs. Workday Inventory delivers visibility into goods that are purchased for internal use; it shows you what is in stock and to whom goods are issued. It's also used to track and manage goods, and creates the necessary accounting related to these events.

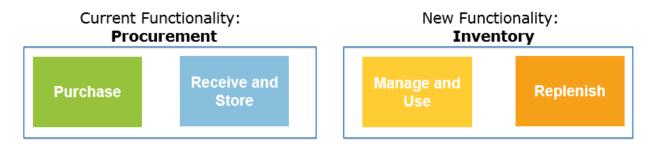
OBJECTIVES

By the end of this chapter, you will be able to:

- Describe Workday's approach to Inventory.
- Identify the primary roles used in Inventory.
- Identify Inventory configuration items.
- Describe Inventory business process flows.

WORKDAY'S APPROACH TO INVENTORY

Within Workday, the Inventory product has been integrated into the existing Procurement (Purchase Order and Receipt) functionality. It provides the ability to automatically identify, store, track, and replenish inventory items after acquiring them through the Procurement process.



A company's internal inventory items are stored, tracked, issued, and replenished using the Inventory module. Inventory sites and stocking locations are defined in the system to track inventory items that are then put-away, transferred, or fulfilled. When inventory items are received, costs are recorded from an Ad Hoc or Receipt put-away, but may be adjusted manually or when cost variances occur when a Supplier Invoice is approved.

Stock requests are used for fulfillment and originate from requisition sourcing, ad hoc requests, inventory replenishments, or a web service. The fulfillment process takes approved stock requests, creates pick lists, physically picks items, ships items, and will put-away the inventory item if it is shipped to another inventory site.

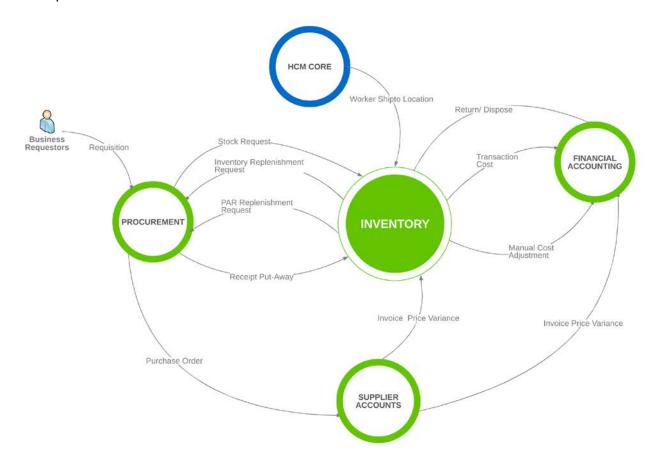
Replenishment can be automated for an Inventory Site based on an economic order quantity or Min/Max reorder point established for an inventory item. It may also be fulfilled from stock request from another warehouse, the creation of a requisition, or an electronic notification to reorder.

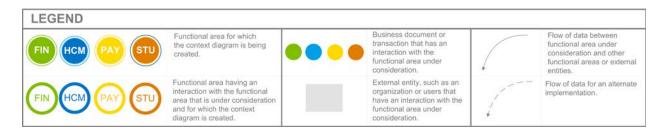
Par Inventory is a special use case in which both Inventory and Purchase Items acquired through the regular procurement process may be replenished in a Par Location to a preestablished level using the Par Count Event. Unlike a Stocking Location, Par Inventory locations may contain both Inventory Items and Purchase Items. Replenished items may only be expensed and no perpetual average cost or quantity is tracked within the Inventory system for these locations.

TOUCHPOINT DIAGRAM FOR INVENTORY

Because Workday is a unified solution, you should consider the cross functional impact of certain configuration decisions.

This touchpoints diagram provides insight into how one area of the product impacts another. There are configuration decisions that need to be made with current and possibly future phases of implementation in mind. Your consultants will work with you to identify and plan for these touchpoints.





This diagram represents the touchpoints for the current Workday release.

ROLES

Within the Inventory product, there are five delivered security roles.

INVENTORY ADMINISTRATOR

The Inventory Administrator is responsible for creating and maintaining the necessary system configuration to effectively manage and process inventory transactions. Some tasks include:

- Maintain Inventory Adjustment Reasons
- Maintain Inventory Locations
- Maintain Inventory Put-away Rules
- Maintain Inventory Usage

Inventory Administrators also can view configuration-related reports. Like other delivered administrator roles in Workday, the Inventory Administrator is an unconstrained role and can't process any transactions within the system.

INVENTORY SPECIALIST

The Inventory Specialist is responsible for processing inventory stocking requests, pick lists, shipments, adjustments, and replenishing inventory. Pick lists can be filled using either a printed document and the UI, or the mobile application. Some tasks include:

- Create/Cancel/Close Inventory Stock Requests
- Create/Cancel/Edit Inventory Count Sheets
- Create/Cancel/Edit Par Counts
- Create/Cancel Inventory Pick Lists
- Create Returns and Adjust Inventory
- Pick Inventory
- Access Mobile for Picking/Counting Inventory
- Replenish Inventory
- View inventory movement related reports

The Inventory Specialist is a Company/Company Hierarchy organization constrained role in Workday and can ONLY view Inventory Configuration items.

INVENTORY ANAYLYST

The Inventory Analyst role can view most of the inventory configuration and transactional information in the system. The delivered role does not have access to initiate a transaction as delivered. Access includes:

View inventory system configuration

- View inventory transactions (Stock Requests, Pick Lists, Shipments, etc.)
- View inventory adjustments (Quantity only)
- View inventory business processes except Inventory Cost Adjustments

The Inventory Analyst is a Company/Company Hierarchy organization constrained role in Workday.

INVENTORY COST ANAYLYST

The Inventory Cost Analyst can view all inventory configuration and transactional information in the system, including costing information. The delivered role has view-only access and does not have access to initiate transactions. Access includes:

- View inventory system and accounting configuration
- View inventory and inventory accounting transactions
- View inventory adjustments (quantity) and inventory cost adjustments
- View all inventory business processes

The Inventory Cost Analyst is a Company/Company Hierarchy organization constrained role in Workday.

INVENTORY ACCOUNTANT

The Inventory Accountant can view all the inventory configuration and transactional information in the system. The delivered role does not have access to initiate transactions; however, it can be used to review/approve steps within the Inventory Cost Adjustment Event business process. Access includes:

- View inventory system and accounting configuration
- View inventory and inventory accounting transactions
- View inventory adjustments (quantity) and inventory cost adjustments
- View all inventory business processes

The Inventory Accountant role is a Company/Company Hierarchy organization constrained role in Workday.

INVENTORY CONFIGURATION ELEMENTS

Prior to being able to use the new Inventory product, some product configuration considerations are needed as part of implementation. Each item will be discussed in detail in the next chapter.



MATERIAL MOVEMENTS

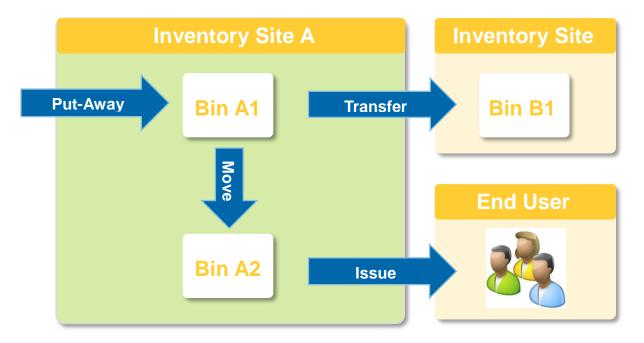
Inventory uses the concept of Inventory Sites, which contain Stocking Locations. This is an extension of the existing Workday Location functionality where a new Inventory Location Usage type can now be selected and then further defined as either an Inventory Site, Stocking Location, or both. A company can have multiple inventory sites. Each inventory site can have multiple stocking locations. An inventory site can act as a stocking location if it doesn't have any subordinate locations. You can create a flat structure or multiple level structures.

Par Locations are a separate type of Location from either Inventory Sites or Stocking Locations. When creating locations for Inventory, a location can be either an Inventory OR a Par Location usage type, but never both. They must always be the lowest level of a hierarchy, may be attached within an existing non-inventory location hierarchy, and must have an address. Par Inventory configuration and usage will be discussed later in Chapter 8.

Initial movement into, between and within an inventory site can be recorded using the following tasks:

- Put-Away Inventory
- Move Inventory

- Stock Request Transfer Request
- Return Order



PUT-AWAY INVENTORY

An Inventory Put-Away Event is initiated in one of three ways:

- From an <u>Ad Hoc Put-Away Inventory</u> task
- From a Create Inventory Stock Request task for transfers from another inventory site
- From a Receipt Event.

This is how inventory items and their related costs are added to an inventory site storage location.



Inventory Put-Away Event Initiated manually from the Put-Away Inventory Task.
Can process an Ad Hoc Put-Away, Receipt, or
Stock Request Transfer.
Can also be automatically initiated by Receipt Event using
Put-Away rules.

MOVE INVENTORY

This functionality is used to move inventory within an inventory site. It is typically used when either consolidating or reorganizing inventory items within an inventory site.

nventory Move

Initiated manually from the Move Inventory task.
Used only to move inventory items within a inventory site.
Does not create any accounting entries as long as
the stocking location worktag locations are the same.

INVENTORY FULFILLMENT

Fulfillment within Workday Inventory is defined as the movement of inventory items between inventory sites (Transfers) or the issuance to company workers (Issue). It is initiated by either the <u>Quick Inventory Issue</u> task or the <u>Create Inventory Stock Request</u> task. The <u>Return Order Event</u> is used to "reverse" either of these fulfillment transactions.

QUICK ISSUE

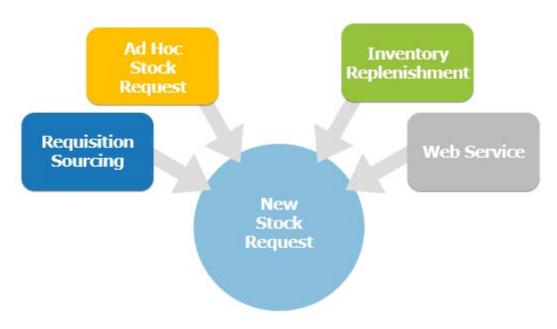
The <u>Quick Issue</u> task within Workday Inventory is designed for real-time issuance of an inventory item to a worker. There is no approval process associated with this transaction as it is considered real-time and the inventory item is delivered immediately.

Inventory Quick Issue Event

Initiated manually from the Quick Issue task.
Used to do real-time inventory issuance to a worker.
Supports full accounting but does not support approvals/reviews on the business process.
Initiated by Inventory Specialist.

INVENTORY STOCK REQUESTS

A Stock Request is used to initiate the fulfillment process. It can be manually initiated from the <u>Create Inventory Stock Request</u> (Ad Hoc Stock Request) task or originate from Requisition Sourcing, Inventory Replenishment, or a Web Service.



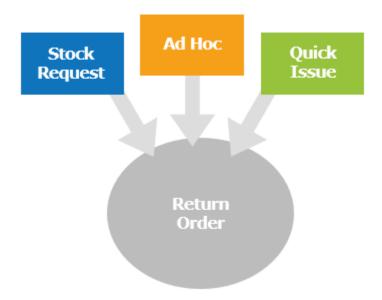
There are two types of manual Stock Requests that can be created: Transfer Request or Issue Request. Once submitted and approved, the remaining fulfillment business processes will be sequentially initiated.

INVENTORY RETURN ORDERS

An Inventory Return Order is used to record the return of Inventory Items from another Inventory Site (Stock Request – Transfer), End User (Stock Request – Issue or a Quick Issue), or Ad Hoc when the original source document is unknown.

Initiated manually from the Create Inventory Return Order task.
Used to do real-time inventory returns from an Inventory Site or worker.
Supports full accounting and Review steps in the business process.
Initiated by Inventory Specialist.

It is manually initiated from the <u>Create Inventory Return Order</u> task by selecting one of three available options:



It is important to note than an Inventory Item cannot be returned to an Inventory Site if it has NEVER been stocked at that location. The perpetual average cost of the item from the original Quick Issue or Stock Request is used when the item is put-away into inventory thus potentially updating the perpetual average cost for that Inventory Item at that Inventory Site. If an Item is returned using the Ad Hoc option, the perpetual average cost to use must be entered.

FULLFILLMENT BUSINESS PROCESSES



- •Can originate from 1) Requisition Sourcing, 2) Inventory Replenishment, 3) Ad Hoc Creation, or 4) a Web Service.
- •Manually initiated from the <u>Create Stock Request</u> task by the Inventory Specialist.
- •Full approval process functionality is available on the business process.

Pick List Event

- •An approved Inventory Stock Request becomes a Pick List.
- •Only inventory items may be on a Pick List.
- •No approvals/reviews supported on business process.
- •Initiated by Inventory Specialist.

Pick Inventory

- •The inventory items are physically picked from inventory location.
- •This is a manual process and not a business process within the system.

Shipment Event

- •Inventory Item Shipment quantities are recorded in the system.
- •Partial fullfillment/shipments are allowed.
- •No approvals or reviews on business process.
- •Initiated by Inventory Specialist.

Put-Away Event

- Optional Only initiated when sourcing inventory items between inventory sites (transfers).
- •Allows receiving location to acknowlege the receipt and record where they the inventory items were put-away.
- •No approvals or reviews on business process.
- •Initiated by Inventory Specialist or Integration System.



CHAPTER 1 KNOWLEDGE CHECK

- 1. True/False. An inventory item can be returned to an inventory site if it has never been stocked at that location.
- 2. True/False. Inventory stocking locations contain inventory sites.
- 3. True/False. Stock requests are used for fulfillment and may originate from the following: Requisition sourcing, Ad hoc requests, Inventory replenishments, Web services.
- 4. Which of the following Inventory tasks does not have a direct relationship to Financial Accounting?
 - A. Manual Cost Adjustment
 - B. Transaction Cost
 - C. Return/Dispose Inventory
 - D. Invoice Price Variance
- 5. Which role is responsible for processing pick lists and shipments?
 - A. Inventory Cost Analyst
 - B. Inventory Administrator
 - C. Inventory Accountant
 - D. Inventory Specialist
 - E. Inventory Analyst

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CHAPTER 2 - CONFIGURING WORKDAY INVENTORY

OVERVIEW

Workday's Inventory functionality allows you to do the following:

- Track your company's internal inventory. Create inventory locations and sites to store and track inventory receipts and movements within a company.
- Separately track Par Inventory sites from Inventory Sites and Stocking Locations. This allows internal and external replenishment to pre-determined item levels.
- **Create Unit of Measure Sets**. These allow the automatic conversion of items purchased in a different unit of measure from the inventory stocking unit of measure.
- **Define Spend Categories.** These identify inventory types and create the associated accounting for the acquisition, valuation, and issuance of inventory items.
- **Create Purchase Items**. These identify inventory items, record their detail description, reorder points, and stocking units of measure.
- Integrate your procurement processes. Allows you to source company needs from existing inventory and to automatically replenish inventory items based on a min/max reorder point or a fixed order quantity.
- Count and automatically adjust Inventory. Allows you to also analyze adjustments resulting from periodic physical inventories.

OBJECTIVES

By the end of this chapter, you will learn about and configure the following Inventory system elements:

- Maintain Inventory Usage
- Create Locations
 - Inventory
 - o Par
- Maintain Inventory Site
- Maintain Stocking Locations
- Create Unit of Measure Sets
- Alternate Item Identifiers
- Create Spend Categories for Inventory Items
- Create Purchase Items for Inventory Items
- Create Inventory Put-Away Rules
- Create Adjustment Reasons
- Maintain Requisition Types
- Maintain Stock Request Types
- Maintain Inventory Markups
- Accounting Treatment

INVENTORY SEQUENCE GENERATORS

Although not discussed in detail in this course, there are six different types of documents created in the Inventory system to track transaction:

- 1. Inventory Stock Requests
- 2. Inventory Pick Lists
- 3. Inventory Shipment Lists
- 4. Inventory Returns
- 5. Inventory Count Sheets
- 6. Inventory Par Counts

As part of your implementation, make sure you have configured these sequence generators (and their related reference IDs) from the Tenant Setup > Financials > Edit task before processing any transactions. You may also alternative configure these sequence generators for each Company. These values have already been configured your GMS tenant.

INVENTORY LOCATION USAGE

Inventory Location Usage is an attribute of an Inventory location (not a Par Location). It is assigned to an inventory location and describes the purpose of the location. The inventory usage can also determine if the on-hand quantity in that location should be used when issuing inventory items or should be included in the inventory replenishment process when determining the quantity to order.

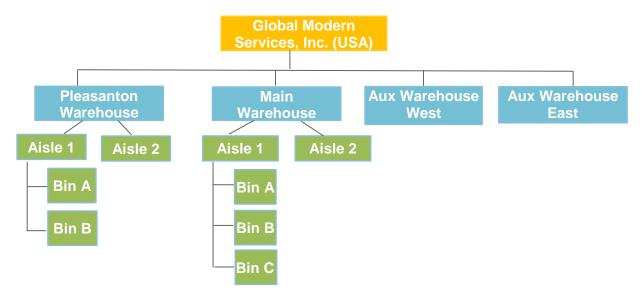


<u>Use Case</u>: You may create an inventory stocking location to track damaged items that have not yet been returned to their respective Supplier. In this case, you would most likely not want to consider any quantity in this location when filling stock requests or calculating the quantity necessary to replenish your inventory.

INVENTORY LOCATIONS

Inventory is tracked in Workday using Locations and Inventory Location Hierarchies. A new Location Usage attribute of "Inventory" was added and will need to be selected for all locations that will be used for tracking internal inventory. An additional new Location Usage of "Par" has also been added to handle the new Par Inventory functionality.

The inventory location diagram shown below is for Global Modern Services, Inc. (USA) and depicts a typical inventory structure. A company's (shown in orange) internal inventory is comprised of multiple inventory sites/warehouses (shown in blue) and within an inventory site, there are stocking locations (shown in green). A location is created for each warehouse, aisle, and bin as shown on the diagram. If an inventory location is a separate facility, you may also want to select the "Business Site" information and provide the necessary address and contact information.





<u>Reminder</u>: When creating inventory locations, you will first want to determine the detail level at which inventory will be tracked before creating the locations. Once that is determined, you will want to build the location hierarchy from the top down and link the inventory locations as you add them.

INVENTORY SITES AND STOCKING LOCATIONS

Once Inventory Locations have been created in Workday, they are configured to be an Inventory Site or Stocking Location.

Inventory Sites are considered a warehouse in its entirely or something similar. A company can have multiple Inventory Sites and each may have multiple Stocking Locations with either a flat or multiple level structures. An Inventory Site may also act as a stocking location if it doesn't have any subordinate locations.

Each Inventory Site belongs to a single inventory company. It is where business policies are set, inventory perpetual average item cost is tracked, and where fulfillment, replenishment, cycle counting options is set for a warehouse.



<u>Note</u>: There can only be one inventory site within an inventory location hierarchy and it must be the top of the hierarchy.

Inventory stocking locations are below the inventory site level and are typically a room, aisle, or bin. There can be multiple levels to stocking locations, but they must all be directly or indirectly (through a hierarchy) tied to an inventory site. Inventory sites are also used to:

- Track where goods may be stored and transacted.
- Track on-hand inventory levels.
- Store worktags used to tracked material ownership and valuation.
- Used to put Inventory Movement on Hold.
- Used for Cycle Counts.



<u>Note</u>: Certain location details (like cost center and worktags) cannot be modified once transactions are associated to the inventory site and stocking location.

MAINTAIN INVENTORY SITE

Listed below are the configuration options available for an Inventory Site location. Not all options are available depending if it is selected as an Inventory Site or as an Inventory Stocking Location.

Option	Description
Location Details	
Inventory Site	Designate only one location within a location chain as an inventory site. A location can be both a site and stocking location. Example: A small warehouse where it's not necessary to track item quantities in individual bins may also be a stocking location.
Inventory Company	Select the company that owns the inventory stored in the site and its subordinate stocking locations.
Procurement Company	Identifies the companies that can source from the inventory site.

Option	Description	
Include in Count	Select this option to include all the subordinate Inventory Stocking Location in the physical inventory process when creating count sheets.	
	Can be changed individually on each Inventory Stocking Location to exclude from the inventory count event.	
	Select the box to enable Blind Inventory Counts.	
Blind Counting	Only available at the Inventory Site level. Suppresses the printing of the on-hand quantity of inventory items on the count sheets (printed or on line).	
Fulfillment Lead Time	Specify the average number of days to process a stock request in the inventory site. Set this at a more granular level when creating items in the Inventory Site Options tab of the <u>Create Purchase Items</u> task.	
Worktags	Select worktags associated to the inventory site. These will also be inherited by the subordinate stocking inventory location. Workday uses these worktags for the inventory valuation side of accounting transactions.	
Site Replenishment Det	ails	
Replenishment Option	 Select the replenishment method for the items in this site: Create Requisition: Create a requisition to replenish the inventory site. Create Stock Request: Transfer inventory from another site using a stock request. No Replenishment: Don't replenish stock. Notification Only: Send an inbox notification to the inventory manager to alert low stock levels. When you run the <u>Replenish Inventory</u> task, Workday uses these replenishment methods to create orders. 	
Source Inventory Site	Enabled if you select the Create Stock Request as the Replenishment Option. Select the inventory site from which to source the items.	
Source Requisition Company	If you select Create Requisition as the Replenishment Option, select the company from which you create the replenishment requisition. Defaults to Procurement Company.	
Include On-Order	Select the status options (Approved, In Progress, or Draft) to include them in any on-order supplies in calculated inventory levels.	

Option	Description
Include Open Demand	Select the status options (Approved, In Progress, or Draft) to include them in the outstanding demands on the site.

MAINTAIN STOCKING LOCATIONS

Listed below are the configuration options available for an Inventory Stocking Location. Not all options are available depending if it is selected as an Inventory Site or as an Inventory Stocking Location.

Option	Description	
Location Details		
Inventory Site	Inherited from Inventory Site using the hierarchy. Not Available to update.	
	Select to identify the location as a stocking location. A stocking location is where you physically store, track, and transact inventory.	
Stocking Location	You can have multiple levels to your stocking locations, tied to one inventory site.	
Location	Example: Inventory Site > Aisle 1 > Bin A, where Aisle 1 and Bin A can be both be stocking locations if you have certain items you want to stock at the aisle level and other items you want to stock at the bin level.	
Inventory Movement on Hold	Select to temporarily prevent material movements in or out of the location.	
	Example: Do not allow goods movement during an annual physical inventory.	
Include in Count	Select this option to include the Inventory Stocking Location in the physical inventory process when creating count sheets.	
	Inherited from the Inventory Site and can be changed individually on each Inventory Stocking Location.	
Worktags	Select worktags associated to the inventory site or stocking locations for <i>Inventory Location</i> worktag type. Workday uses these worktags for on the inventory valuation side of accounting transactions.	
Usage Details		
Inventory Location Usage Type	Select to inherit the characteristics of a usage type defined in the Maintain Inventory Usage task. If you don't set this, Workday assumes the stocking location is included in replenishment calculations and that quantities in the locations are available to issue.	

Option	Description
Quantity Available to Issue	Inherited from Inventory Site. If selected, includes the inventory items in the Stocking Location as available to fulfill Stock Requests or Quick Issues requests. If not selected, on-hand inventory will not be available for Issue.
Included in Replenishment	Inherited from Inventory Site. If selected, includes the inventory Items in the Stocking Location when calculating the quantity on-hand as part of the replenishment process. This would generally reduce the quantity ordered during replenishment.



ACTIVITY 2.1 – MAINTAIN INVENTORY USAGE

Business Case: Create a new Inventory Location Usage Type to track quarantined items. As these items are in stock and may be issued after they are cleared, they will be counted when determining replenishment quantities.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY USAGE

- 1. Enter main inv us into the Search box.
- 2. Select the Maintain Inventory Usage task.
- 3. Select the **Add Row** icon to add a new value.
- 4. Enter the following information:

Field Name	Entry Value
Usage Type Name	Quarantine
Quantity Available to Issue	Leave blank
Include in Replenishment	(checked)

- 5. Click OK.
- 6. Click Done.





ACTIVITY 2.2 - CREATE INVENTORY LOCATIONS

Business Case: Create new inventory warehouse locations in Pleasanton, CA.

Sign in as Teresa Serrano (tserrano)

CREATE INVENTORY LOCATIONS

- 1. Enter crea loc into the Search box.
- 2. Select the Create Location task.
- 3. Enter the following information:

Field Name	Entry Value
Location Name	Pleasanton Warehouse
Location Usage	Business Site
	Inventory

- 4. Click OK.
- 5. Select the Contact Information tab, click the Add button under Address.
- 6. Enter the following information:

Field Name	Entry Value
Address Line 1	123 Main Street
City	Pleasanton
State California	California
Postal Code	94588
Usage	Business
Primary	(checked)

- 7. Select the **Business Site** tab.
- 8. Select Standard Hours 40 in the Time Profile field.
- 9. Click **OK** and **Done**.

10. Create another inventory location with the following information:

Field Name	Entry Value
Location Name	PL-AI01 (Aisle 1)
Location Usage	Inventory

- 11. Click **OK.**
- 11. Enter the following information:

Field Name	Entry Value
Superior Location	Pleasanton Warehouse

- 12. Click **OK** and **Done**.
- 14. Create another inventory location with the following information:

Field Name	Entry Value
Location Name	PL-AI02 (Aisle 2)
Location Usage	Inventory

- 15. Click **OK.**
- 13. Enter the following information:

Field Name	Entry Value
Superior Location	Pleasanton Warehouse

- 14. Click **OK** and **Done**.
- 15. Create another inventory location with the following information:

Field Name	Entry Value
Location Name	PL-AI01-BIN_A (Bin A)
Location Usage	Inventory

16. Click **OK.**

17. Enter the following information:

Field Name	Entry Value
Superior Location	Pleasanton Warehouse > PL-Al01 (Aisle 1)

- 21. Click **OK** and **Done**.
- 22. Create another inventory location with the following information:

Field Name	Entry Value
Location Name	PL-AI01-BIN_B (Bin B)
Location Usage	Inventory

- 23. Click **OK**.
- 18. Enter the following information:

Field Name	Entry Value
Superior Location	Pleasanton Warehouse > PL-Al01 (Aisle 1)

25. Click **OK** and **Done**.





ACTIVITY 2.3 – MAINTAIN INVENTORY SITE

Business Case: You have added your new Inventory Warehouse locations and now need to configure the inventory site and inventory storage information.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY SITE

- 1. Enter main inv site into the Search box.
- 2. Select the Maintain Inventory Site task.
- 3. Select the **Pleasanton Warehouse** inventory location and click **OK**.
- 4. Enter the following information for the Pleasanton Warehouse on the **Location** tab:

Field Name	Entry Value
Inventory Site	(checked)
Inventory Company	Global Modern Services, Inc. (USA)
Procurement Company	Global Modern Services, Inc. (USA)
Cost Center	31000-Operations Management
Additional Worktags	Region: US - West

- 5. Select the **Counting** tab and verify that the *Include in Count* option is checked.
- 6. Select the **Replenishment** tab, and enter the following information:

Field Name	Entry Value
Replenishment Option	Create Requisition
Source Requisition Company	Global Modern Services, Inc. (USA)
Include On-Order	Approved
Include Open Demand	Approved

7. Click **OK** and **Done**.





ACTIVITY 2.4 – MAINTAIN STOCKING LOCATIONS

Business Case: You have added your new Inventory Site and now need to designate the locations and now need to configure the Inventory Site location details and site replenishment details information.

Sign in as Teresa Serrano (tserrano)

MAINTAIN STOCKING LOCATIONS

- 1. Enter main sto loc into the search box.
- 2. Select the Maintain Stocking Locations task.
- 3. Select the **Pleasanton Warehouse** Inventory Site.
- 4. Select each of the Pleasanton Aisle and Bin inventory locations created earlier (there should be four, excluding the Pleasanton Warehouse).
- 5. Click OK.
- 6. Select the **PL-AI01** (Aisle 1) inventory location from the list.
- 7. Enter the following information for the PL-Al01 (Aisle 1) inventory location:

Field Name	Entry Value
Stocking Location	(checked)
Include in Count	(checked)
Stocking Location Sort Order	PLA01
Cost Center	31000-Operations Management
Additional Worktags	Region: US - West
Inventory Location Usage Type	Stocking

- 8. Select the **PL-Al01-BIN_A** (**Bin A**) inventory location from the list.
- 9. Enter the following information for the PL-AI01-BIN_A (Bin A) inventory location:

Field Name	Entry Value
Stocking Location	(checked)
Include in Count	(checked)

Stocking Location Sort Order	PLA01
Cost Center	31000-Operations Management
Additional Worktags	Region: US - West
Inventory Location Usage Type	Stocking

- 10. Select the **PL-Al01-BIN_B** (**Bin B**) inventory location from the list.
- 11. Enter the following information for the PL-AI01-BIN_B (Bin B) inventory location:

Field Name	Entry Value
Stocking Location	(checked)
Include in Count	(checked)
Stocking Location Sort Order	PLA01
Cost Center	31000-Operations Management
Additional Worktags	Region: US - West
Inventory Location Usage Type	Stocking

- 12. Select the PL-Al02 (Aisle 2) inventory location from the list.
- 13. Enter the following information for the PL-Al02 (Aisle 2) inventory location:

Field Name	Entry Value
Stocking Location	(checked)
Include in Count	(checked)
Stocking Location Sort Order	PLA02
Cost Center	51140 Purchasing
Worktags	Region: Headquarters – Corporate
Inventory Location Usage Type	Stocking

14. Click **OK** and **Done**.



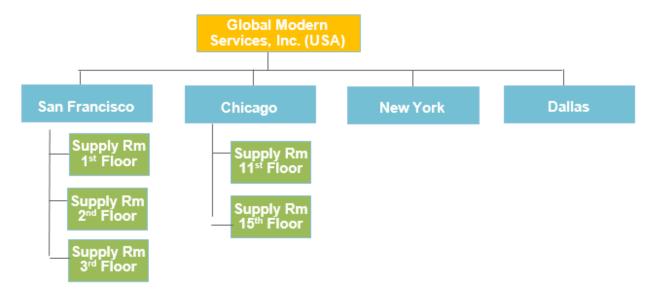
PAR INVENTORY LOCATIONS

Par Inventory locations are handled much differently than regular internal inventory locations. The key differences to note between Par Inventory and Internal Inventory functionality are as follows:

- Par Locations are not supervised and items can be taken as needed without forms such as a Quick Issue or a Stock Request.
- Par Location items may only be expensed during the replenishment process.
- Par Locations may contain both internal inventory items and purchase items procured directly from a Supplier.
- Par Locations are restocked by performing a Par Inventory Count and creating either a Requisition or Stock Request for replenishment. The quantity re-orders will be based upon a predefined quantity requested to have on-hand.
- No perpetual inventory balance is maintained for a Par Location.
- No perpetual average cost is maintained for the items in a Par Location.

Par Locations are not typically within an internal inventory location hierarchy. A Par Location does not need to be included in a location hierarchy; however, including them within a location hierarchy helps identify quickly where it is physically located without having to go to the address on the Par Location.

The diagram shown below is for Global Modern Services, Inc. (USA) and depicts physical locations within the organization. The company (shown in orange), the office locations (shown in blue) have Par Location supply rooms (shown in green) that keep office supplies necessary for daily operations.





ACTIVITY 2.5 - CREATE PAR LOCATION

Business Case: Create a new Par Inventory location to allow stocked office supplies to be automatically ordered for the Office of CFO in the San Francisco office location.

Sign in as Teresa Serrano (tserrano)

CREATE PAR LOCATION

- 1. Enter *crea loc* into the search box.
- 2. Select the Create Location task.
- 3. Enter the following information:

Field Name	Entry Value
Location Name	Supply Room – 3 rd Floor
Location Usage	Par

- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Superior Location	San Francisco

6. Select the **Contact Information** tab, click the **Add** button and add the following Address information:

Field Name	Entry Value
Effective Date	Today's Date
Country	United States of America
Address Line 1	3939 The Embarcadero
Address Line 2	3 rd Floor
City	San Francisco
State California	California
Postal Code	94111
State California	California

Usage Primary Check Box Business (checked)

7. Click **OK** and **Done**.





ACTIVITY 2.6 – EDIT PAR LOCATION

Business Case: When creating the new Par Inventory Location, it was determined that the existing San Francisco Par Inventory locations should be attached to the location hierarchy.

Sign in as Teresa Serrano (tserrano)

EDIT PAR LOCATION

- 1. Enter edit loc into the search box.
- 2. Select the Edit Location task.
- 3. In the Location field, select Locations by Usage > Par > Supply room 1st floor.
- 4. Click OK.
- 5. Click the Edit button.
- 6. Select **San Francisco** for the Superior Location.
- 7. Click **OK** and **Done**.

EDIT ANOTHER PAR LOCATION

- 1. Enter edit loc into the search box.
- 2. Select the Edit Location task.
- 3. In the Location field, select Locations by Usage > Par > Supply Room 2nd Floor.
- 4. Click OK.
- 5. Click the **Edit** button.
- 6. Select **San Francisco** for the Superior Location.
- 7. Click **OK** and **Done**.



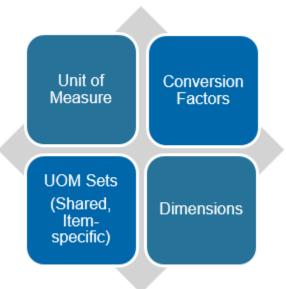
UNIT OF MEASURE SETS

OVERVIEW

With this release of Inventory, two additional data elements have been added to allow the automatic conversion of bulk order units of measure (UOMs) to typically smaller inventory stocking units of measure. You can now track and stock in different UOMs than supplier-provided UOMs.

UNIT OF MEASURE SETS

Unit of Measure Sets define conversion rates using the spend category associated with the purchase items. This minimizes the need to maintain individual conversion rates on each purchase item.



To simplify maintenance of converting UOMs when stocking items, you can group them as a set. Define conversion factors between UOMs you use for stocking and the base UOM. This streamlines your inventory functions, such as stocking, issuing, and replenishing items. You can now order in one UOM and stock in another.



<u>Use Case</u>: For example, you may stock copier paper in inventory using an "Each" unit of measure for distribution within your organization, but it is typically ordered by the "Case" or "Pallet".



<u>Note</u>: There is currently no support for using Unit of Measure Sets for Ordering. It is currently only used to convert the quantity of an inventory item receipt to its Stocking Unit of Measure.

When Stocking UOMs or conversion factors change, you can now make a single update to the set instead of making the same change to multiple items.

A Stocking Unit of Measure Set is created from the <u>Create Unit of Measure Set</u> task. Listed below are the related attributes.



<u>Note</u>: Spend Categories don't have to be assigned when a UOM Set is created. A UOM Set can be assigned when creating or maintaining a spend category. The spend category, however, must have the Inventory Tracking attributes configured to be able to assign a UOM Set.

Option	Description
UNIT OF MEAS	SURE SET
Dimension	A grouping of UOMs that share a common starting point. Example: Quantity or Length
Base Unit of Measure	Typically, the smallest UOM to stock an item. Example: Each.
Associated Spend Categories	Assign this UOM set to one or more spend categories. You can assign default UOM sets when creating spend categories.
Unit Of Measure	Select the stocking UOM.
Conversion Factor	Enter the number of base UOMs that are equivalent to one stocking UOM.



ACTIVITY 2.7 – CREATE A UNIT OF MEASURE SET

Business Case: Create a Unit of Measure Set for Office Supplies to assist in the automatic conversion of bulk order quantities to inventory units of measure.

Sign in as Teresa Serrano (tserrano)

CREATE UNIT OF MEASURE SET

- 1. Enter *crea unit mea* into the Search box.
- 2. Select the Create Unit of Measure Set task.
- 3. Enter the following information:

Field Name	Entry Value
Unit of Measure Set Name	Office Paper Products
Dimension	Quantity
Base Unit of Measure	Each

- 4. Click the Add Row icon.
- 5. Enter the following information:

Field Name	Entry Value
Unit of Measure	Ream
Conversion Factor	1

- 6. Click the Add Row icon.
- 7. Enter the following information:

Field Name	Entry Value
Unit of Measure	Pallet
Conversion Factor	200

- 8. Click the Add Row icon.
- 9. Enter the following information:

Field Name	Entry Value
Unit of Measure	Case
Conversion Factor	10

- 10. Click **OK** to save.
- 11. Click Done.



ALTERNATE ITEM IDENTIFIERS

OVERVIEW

Alternate Item Identifiers are a standard set of codes or values that trading partners (suppliers, buyers, or customers) use to identify trade items. They may be very specific (SKU) or general (Commodity Code). You can use alternate item identifiers to:

- Compare prices from various suppliers when shopping online.
- Quickly identify suppliers for commodities in the market place.
- · Provide visibility and reporting on purchase items.
- Relate supplier-based universal identifiers and purchase items.

Examples: Manufacturer part number, GTIN, Universal Product Code (UPC), or commodity codes like NIGP.

ALTERNATE ITEM IDENTIFIERS

Alternate Item Identifiers allow customers to define and store standard industry nomenclature (Alternate Item Identifiers) and part numbers on a purchase item. This enables customers to configure alternate/universal item identifiers that are relevant to their business.

The new Alternate Item Identifiers functionality:

- Provides a flexible framework to define and capture alternate/universal item identifiers like manufacturer or manufacturer part number on a Purchase item.
- Provides the ability to search for Purchase Items using the Alternate Item Identifier Values:
 - o in the Search Catalog UI (when creating a Requisition), or
 - o from any Item prompt in the system.
- Allows Supplier Catalog and Web Items to be automatically linked to Purchase Items during Catalog loads and Web Item punch-outs.
- Enhances procurement reporting by linking catalog and web items to a purchase item.

CATALOG AND WEB ITEMS

The Alternate Item Identifier functionality can also automatically link the Supplier items to purchase items.

- Supplier catalog items use the Import Supplier Catalog Web Service
- Punch-out/Web Items use the Punch-out to Supplier Site Web Service



<u>Note</u>: The punchout web service current only supports the use of the defined Alternate Item Identifier types of Manufacturer, Manufacturer URL, and Manufacturer Part Id.

It also provides the ability to manually link Supplier items to purchase items:

- Using the Load Catalog Request UI for catalog items.
- Using the Maintain Web Items UI for web items.
- When sourcing an inventory requisition.

Although a catalog/web item is linked to a purchase item, there is no related worktag defaulting from the purchase item during requisitioning, ordering, or invoicing.

CONFIGURATION

You enable functionality by creating Item Identifier Types. When defining Alternate Item Identifier Types for a customer, keep in mind:

- They may be very specific (SKU) or general (Commodity Code).
- The more detailed the Item Identifier Types, the more Purchase Items will be needed to track Web and Catalog Items transactions.
- A purchase item used for inventory will normally be at a SKU or UPC level. This will
 determine the Alternate Item Identifier types that should be defined for a spend category
 and ultimately used on a purchase item.
- The Alternate Item Identifier Type is assigned to a Spend Category.
- The Alternate Item Identifier Type and a Value is assigned to the purchase item.

Once your analysis is complete, you will use the <u>Maintain Item Identifier Types</u> task to create the required values to be used on Spend Categories and Purchase Items. Listed below are the fields used for configuration and their related descriptions.

Option	Description	
Maintain Item Identifier Types		
Name	Short name for the Item Identifier Type.	
Description	Long name for the Item Identifier Type.	
Length	Set the maximum length of the item identifier value. Leave blank or enter zero to skip the validation when you enter item identifier values in the <u>Create or Edit Purchase Item</u> task.	
Item Identifier Type Is Unique	Select to enforce the creation of unique item identifier values for the item identifier type in the <u>Create Purchase Item</u> task.	

Option	Description	
Universal Item Identifier	Enter the item identifier type to automatically link web items to purchase items during punchouts. Workday delivers these types for punchout integration: • Manufacturer • Manufacturer Part ID • Manufacturer URL	
Use In Supplier Catalog Item Mapping	Select to automatically link catalog items to purchase items during catalog loads. This helps catalog administrators to quickly identify purchase items for supplier items during catalog loads.	
External	Not currently in use	



ACTIVITY 2.8 – MAINTAIN ITEM IDENTIFIER TYPES

Business Case: Create an Alternate Identifier Type for Universal Product Codes so that they can be assigned to spend categories and purchase items.

Sign in as Teresa Serrano (tserrano)

MAINTAIN ITEM IDENTIFIER TYPES

- 1. Enter main item ide into the Search box.
- 2. Select the Maintain Item Identifier Types task.
- 3. Click the Add Row icon.
- 4. Enter the following information:

Field Name	Entry Value
Name	UPC-A
Description	Universal Product Code A
Length	12
Item Identifier Type is Unique	(checked)
Use In Supplier Catalog Item Mapping	(checked)

- 5. Click **OK** to save.
- 6. Click Done.



SPEND CATEGORIES FOR INVENTORY

OVERVIEW

Spend categories are used to classify the following: assets, expense items, inventory items, purchase items, and supplier catalog items. Spend categories also drive the accounting that connects the asset, item, or service to the appropriate ledger account. You can define categories to fit your enterprise's needs, follow the standard UN/SPSC or NIGP code classification hierarchy, or use a combination of both by defining your own spend categories and mapping them to standard commodity and services codes.

SPEND CATEGORIES FOR INVENTORY

Much of the new inventory functionality is dependent on the configuration defined for a spend category used for inventory tracking. These values either default or define allowable values for use by a purchase item associated to the inventory spend category. These are the inventory configuration elements related to a spend category:

- Account Posting Rules are driven by spend categories to record inventory transaction accounting for reporting purposes.
- Inventory Accounting Treatment determines if inventory value is tracked as an asset or expensed when purchased and only the quantity tracked until issued.
- Requisition Fulfillment Source defines how the system should try to source a requisition item- from either Inventory or a Purchase Order.
- Alternate Item Identifier Types determine allowable types for each spend category and define allowable values on an associated purchase item.
- **Unit of Measure Sets** are defined conversion factors from valid order quantities to inventory stocking units of measure for a purchase item.



<u>Note</u>: A spend category can't be used for both business asset tracking and inventory tracking as these attributes drive module specific accounting functionality and system edits.

Listed below are the key spend category elements that are used by the inventory system. Other spend category configuration settings will not be considered in this course.

Option	Description	
Spend Category Details		
Spend Category Usage	Select the usage types for this spend category. Only Procurement and Supplier Invoice should be selected for Inventory Spend Categories: Procurement. Use for: Requisitions Purchase Orders Receipts Returns Supplier Contracts Purchase Items Workday automatically includes the Supplier Invoice spend category usage after you save the spend category with Procurement usage. Supplier Invoice. Use in: Supplier Invoice Adjustments	
Requisition Fulfillment Source	 Recurring Supplier Invoices Select Purchase Order or Inventory to automatically populate the requisition fulfillment source when creating requisitions for this spend category. Enable this field by selecting Procurement in the Spend Category Usage prompt. Inventory value only appears when you select Stock Items in the Inventory Tracking section. 	
Tax and Additional Cha	Tax and Additional Charges	
Allocate Freight	Select to allow freight from the header of procurement business documents to lines with a spend category that allows freight allocation. These landed costs become part of the cost of procuring a line item. Allocation applies to purchase orders, supplier invoices, supplier invoice adjustments, and ad hoc payments. These additional costs will be included in inventory costs as an adjustment if selected.	

Option	Description	
	Select to allocate the other charges from the header of procurement business documents across the lines whose spend category is set up for this allocation.	
Allocate Other Charges	These landed costs become part of the cost of procuring a line item. Allocation applies to purchase orders, supplier invoices, supplier invoice adjustments, and ad hoc payments. These additional costs will be included in inventory costs as an adjustment if selected.	
Inventory Tracking		
Stock Item	Select to enable this spend category to stock items. Items associated to this spend category are treated as inventory items or stockable items.	
Default Unit of Measure Set	Select to assign a default stocking unit of measure set to this spend category. Unit of measure sets are configured in the Create Unit of Measure Set task.	
Inventory Accounting Treatment	Select the inventory accounting treatment as an Expense or Inventory. Items with an Inventory accounting treatment are considered assets at put-away and then expensed when issued, transferred, or adjusted down. Items with an Expense accounting treatment are expensed at put-away and merely track quantity balances from that point forward.	
Alternate Item Identifiers	Enable alternate item identifier types for a spend category to allow capturing of item identifiers for purchase items, such as supplier part number or manufacturer part number.	



ACTIVITY 2.9 – MAINTAIN SPEND CATEGORIES

Business Case: Create a spend category to track copier paper held in inventory for internal use. Add it to the requisition spend category security segment to allow end users to requisition the item.

Sign in as Teresa Serrano (tserrano)

MAINTAIN SPEND CATEGORIES

- 1. Enter main spend cat into the Search box.
- 2. Select the Maintain Spend Categories task.
- 3. Select the **Maintain Spend Categories for existing Hierarchy** option and select the **Stocked Items** hierarchy.
- 4. Click OK.
- 5. Click the **Add Row** icon.
- 6. Enter the following information:

Field Name	Entry Value
Spend Category Name	Stocked Copier Paper
Description	Stocked Copier Paper
Spend Category Display	Name Only
Spend Category Usage	Procurement
	Supplier Invoice
Allocate Freight	(checked)
Allocate Other Charges	(checked)
Stock Items	(checked)
Default Unit of Measure Set	Office Paper Products
Inventory Accounting Treatment	Inventory
Requisition Fulfillment Source	Inventory
Alternate Item Identifier	Add Row > UPC-A

7. Click **OK** to save.

8. Click Done.

EDIT ACCOUNTING POSTING RULE SET

- 1. Enter acc pos rule into the Search box.
- 2. Select the View Accounting Posting Rule Set report.
- 3. Select the Standard Corporate Account Posting Rule and click OK.
- 4. Select the **Spend** account posting rule.
- 5. Click the **Edit Posting Rule** button.
- 6. For Resulting Account 6300: Office & Administrative, add the new **Stocked Copier Paper** spend category to the existing values.
- 7. Click **OK** to save.
- 8. Click Done.

EDIT REQUISITION SPEND CATEGORY SECURITY SEGMENT

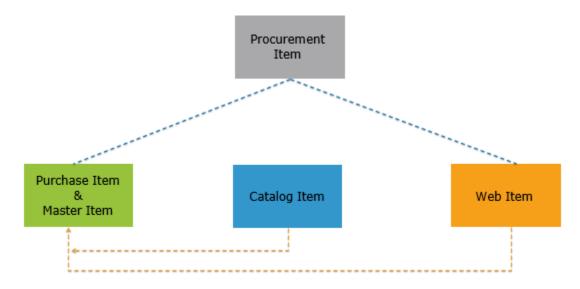
- 1. Enter *edit req spen* into the Search box.
- 2. Select the Edit Requisition Spend Category Security Segment task.
- 3. Select the Unrestricted Spend Category Segment and click OK.
- 4. Add the new Stocked Copier Paper Spend Category.
- 5. Click **OK** to save.
- 6. Click Done.



PURCHASE ITEMS FOR INVENTORY

OVERVIEW

The image below illustrates the concept of Procurement Items by adding the ability to link Catalog Items and Web/Punchout Items to internal Purchase Items.



With the unified procurement item, you will have improved visibility into goods that are purchased for internal use.

You can do the following:

- Check for item availability before placing an order.
- Fulfill requisitions from inventory.
- Replenish inventory via supplier catalog purchases and punchouts.
- Track and stock in different UOMs than supplier-provided UOMs.

PURCHASE ITEMS FOR INVENTORY

You use purchase items to stock, track, and replenish inventory. You link catalog and web items to a purchase item to allow the stocking of goods sourced from different suppliers as a single unified item. Configure purchase items for Inventory by:

- Defining stocking units of measure. You can order in a supplier unit of measure (catalog items and web items) and stock in another unit of measure.
- Defining conversion factors between stocking UOMs and a base unit of measure. Define
 a conversion factor between the default ordering unit of measure and a base unit of
 measure.
- Defining inventory site-specific fulfillment and replenishment options.
- Overriding options defaulted from the associated spend category.

• With the current limitation of automatically converting order UOM to Stocking UOM, all Inventory Items should always be stocked at the lowest level (i.e., each).

Key configuration elements for purchase items used for inventory tracking are listed below.

- **Purchase Item Details** define basic item details, many of which default from the spend category. You must use a spend category with Inventory Tracking enabled.
- Stocking Unit of Measure Source determines the base unit of measure and the default stocking unit of measure. A Base UOM is the smallest unit of measure that is used for stocking, costing, etc., and is used when converting transactions quantities.
- Alternate Item Identifiers defines custom attributes used to automatically map Catalog and Web Items to purchase items, and can be used to search for an item.
- **Stocking Units of Measure** determines valid stocking units of measure for inventory and the conversion rate to the base unit of measure for an item.
- **Inventory Site Options** define valid stocking locations, lead times, and replenishment options.



<u>Note</u>: There is currently no support for UOM Sets automatic conversion to Ordering UOM Sets. Therefore, conversion factors must be defined between order UOMs for purchase items, catalog items, and web items in relationship to stocking base units of measure.

PURCHASE ITEMS FOR INVENTORY CONFIGURATION

Listed below are the key purchase item elements that are used when tracking inventory in the system. Other configuration settings will not be discussed this course.

Option	Description
Purchase Item Details	
Spend Category	Select the spend category or spend category hierarchy for this item. Spend categories on inventory purchase items require the Procurement spend category usage and must be selected to be a "Stocked Item" for inventory tracking. The spend category determines the accounting treatment for all supplier items associated with this category.
Ordering Unit Of Measure	The unit of measure used when buying using the purchase item.
Ordering Unit Of Measure Conversion Factor	The number of base units of measure comprising the Default Ordering Unit of Measure. Only displayed for inventory purchasing items.

Option	Description	
Accounting Treatment	 Select the inventory accounting treatment as an Expense or Inventory. Items with an Inventory accounting treatment are considered assets at put-away and then expensed when issued, transferred, or adjusted down. Items with an Expense accounting treatment are expensed at put-away and merely track quantity balances from that point forward. Only displayed for inventory purchasing items. 	
Requisition Fulfillment Source	Select to automatically populate the requisition fulfillment source when creating requisitions for this item. Defaults from the spend category. Only displayed for inventory purchasing items.	
Stocking Unit Of Measu	re Source	
Unit Of Measure Set	Automatically defaults to the unit of measure set assigned to the selected spend category and the associated base unit of measure. Select the default stocking unit of measure in the Create Unit of Measure Set task.	
Item Units Of Measure	 Select to define stocking units of measure directly for this purchase item rather than use unit of measure sets. When you select this option, in the Item Defaults section: Enter the Base Unit of Measure for this item. Enter the Default Stocking Unit of Measure used when stocking in inventory. In the Stocking Units of Measure tab, list out the valid stocking units of measure for the purchase item and the item specific conversion factors to the base unit of measure. 	
Inventory Site Options		
Lead Time	For this fulfillment option, specify the days required to process a stock request in the inventory site.	
Replenishment Options	Select one of these three replenishment methods for the selected inventory site: • Min-Max Quantity • Fixed Reorder Quantity • No Replenishment	

Option	Description
Base Reorder Point Quantity	Set the reorder point level. Workday triggers replenishment when the calculated inventory level drops below this reorder point. Set the quantity in the base unit of measure.
Base Maximum Quantity	For Min-Max Quantity, set the maximum inventory level for the site in the base unit of measure.
Economic Order Quantity	For Fixed Reorder Quantity, enter the set quantity of the replenishment order. <u>Example</u> : 5 cases.
Replenishment Unit of Measure	For Fixed Reorder Quantity, enter the ordering unit of measure. Must be either the base unit of measure or the default ordering unit of measure. Example: Case.
Alternate Item Identifier	s (Optional)
Item Identifier Type	Configure alternate item identifiers used with the purchase item. This establishes links with internal purchase items that you can view on item prompts using alternate item identifiers. Select alternate item identifier types enabled for the spend category. Workday displays this tab when you configure item identifier types and assign them to the spend category associated to this purchase item. Example: Item Identifier Type = Manufacturer Part Number.
Value	Example: Value = 9302-37WD.



ACTIVITY 2.10 - CREATE PURCHASE ITEM

Business Case: Create a purchase item to track copier paper held in inventory for internal use.

Sign in as Teresa Serrano (tserrano)

CREATE PURCHASE ITEM

- 1. Enter *cre pur item* into the Search box.
- 2. Select the Create Purchase Item task.
- 3. Enter the following information:

Field Name	Entry Value
Item Name	Copier Paper
Spend Category	Stocked Copier Paper
Item Description	8 1/2 x 11 Copier Paper
Default Order Unit of Measure	Case
Ordering Unit of Measure Conversion Factor	10
Unit Price	21.00
Currency	USD
Accounting Treatment	Inventory
Requisition Fulfillment Source	Inventory
Unit of Measure Set	Office Paper Products
Base Unit of Measure	Each
Default Stocking Unit of Measure	Each

- 4. Click on the Alternate Item Identifiers tab.
- 5. Click the Add Row icon.
- 6. Enter the following information:

Field Name	Entry Value
------------	-------------

Item Identifier Type	UPC-A
Value	123456789000

- 7. Click on the **Inventory Site Options** tab.
- 8. Click the **Add Row** icon.
- 9. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Lead Time	1
ABC Classification	В
Replenishment Type	Fixed Reorder Quantity
Reorder Point Quantity	10
Replenishment Unit of Measure	Case
Fixed Order Quantity	20
Fixed Order Unit of Measure	Case

- 10. Click **OK** to save.
- 11. Click Done.



INVENTORY PUT-AWAY RULES

OVERVIEW

Inventory Put-Away Rules automatically populate default stocking locations when putting away common items. Workday evaluates the order of rules sequentially. Note that Inventory Put-Away Rules are NOT used for Par Inventory or Par Locations as Par Inventory levels and perpetual average costs are not tracked in Workday.

PUT-AWAY RULES

The <u>Inventory Put-Away</u> business process is used to stock inventory items in a location based on:

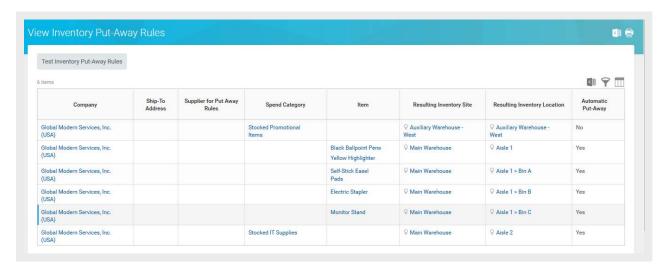
- Receipts
- Ad Hoc Put-Aways
- Transfer Stock Requests
- Put-Away Rules allow the system to automatically assign a resulting inventory site and resulting inventory stocking location to Inventory Items during put-away using the following criteria and the sequence of the rules:
- Company
- Ship-to Address
- Supplier
- Spend Category
- Inventory Purchase Item

The system suggests the put-away inventory location based on these rules for online transactions.



<u>Note</u>: You must select the "Auto Put-Away" box on each rule to automatically put-away inventory receipt items that meet the rule criteria. Checking this option will automatically put-away items coming from a purchase order or contract receipt if the service has been enabled on the <u>Receipt</u> business process.

When either viewing, or maintaining inventory put-away rules, you have the option to Click Test Inventory Put-Away Rules to verify the selected company, ship-to address, supplier, spend category, and item display the correct inventory site or stocking location.





Reminder: It is best to always start your testing specifying only the purchase item. Based on the results, you will be able to determine if the problem is caused by the rule criteria or the sequence in which the rules are applied.



Business Case: Create an inventory put-away rule to automatically stock your new copier paper purchase item in Aisle 2 of the Pleasanton Warehouse.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY PUT-AWAY RULES

- 1. Enter *main inv put* into the Search box.
- 2. Select the Maintain Inventory Put-Away Rules task.
- 3. Click the Add Row icon.
- 4. Enter the following information:

Field Name	Entry Value
Company Name	Global Modern Service, Inc. (USA)
Spend Category	Stocked Copier Paper
Resulting Inventory Location	Pleasanton Warehouse > PL-Al01 (Aisle 1)
Resulting Inventory Site	Pleasanton Warehouse
Automatic Put-Away	(checked)

- 5. Click the Add Row icon.
- 6. Enter the following information:

Field Name	Entry Value
Company Name	Global Modern Service, Inc. (USA)
Item	Copier Paper
Resulting Inventory Location	Pleasanton Warehouse > PL-Al02 (Aisle 2)
Resulting Inventory Site	Pleasanton Warehouse
Automatic Put-Away	(checked)

- 7. Click **OK** to save.
- 8. Click Done.



Optional Activity: Test the Inventory Put-Away Rule for the Copier Paper purchase item.

INVENTORY ADJUSTMENT REASONS

OVERVIEW

When you discover quantity discrepancies in an inventory stocking location, you can adjust inventory quantities to maintain accurate inventory levels.

INVENTORY ADJUSTMENT REASONS

Enter reasons to explain why you are adjusting item levels for processing, reporting, and accounting purposes. Adjustments may increase or decrease inventory quantity, and typically occur due to damaged, returned, or inventory cycle count variances.

You initiate inventory quantity adjustments from the <u>Adjust Inventory</u> task. When you submit adjustments, Workday initiates the <u>Inventory Adjustment Event</u> business process. Based on the Inventory Adjustment Reason and allowed Type (increase or decrease), Workday determines the accounting entries for adjustments created by using the item's assigned spend categories and each item's amount (based on the perpetual average cost) when it is submitted.

When you increase inventory levels of an item with an accounting treatment of Inventory, Workday creates an accounting entry that:

- Debits the account used by the Spend posting rule.
- Credits the account used by the Inventory Adjustment posting rule.

When you decrease inventory levels of an item with an accounting treatment of Inventory, Workday creates an accounting entry that:

- Debits the account used by the Inventory Adjustment posting rule.
- Credits the account used by the Spend posting rule.

ACTIVITY 2.12- MAINTAIN INVENTORY ADJUSTMENT REASONS

Business Case: Create an inventory adjustment reason code to record a decrease in inventory quantity when providing samples of new inventory items.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY ADJUSTMENT REASONS

- 1. Enter main inv adj into the Search box.
- 2. Select the Maintain Inventory Adjustment Reasons task.
- 3. Click the Add Row icon.
- 4. Enter the following information:

Field Name	Entry Value
Name	Sample
Description	Samples of New Items
Туре	Decrease
	Increase

- 5. Click **OK** to save.
- 6. Click Done.



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REQUISITION TYPES

OVERVIEW

Requisition types allow the classification of Requisitions based on a commodity type, source, usage, or any other organizationally defined criteria. It can then be used in custom validations and to route requisitions according to the procurement and sourcing requirements of your organization. Although optional as delivered, they are required when using the Stock Inventory or Par Inventory Replenishment functionality in Workday.

REQUISITION TYPE

Requisition Types are created using the <u>Maintain Requisition Types</u> task and generally represent the purpose of the requisition. You use the Inventory Replenishment option to identify requisitions automatically created by the Stock Inventory Replenishment process. The new Par Inventory option is used when you need to differentiate between requisitions created by the Stock Location and Par Location replenishment processes.



<u>Tip</u>: A separate Requisition Type must be configured for each type of replenishment that will be used. If both Stock Inventory and Par Inventory location replenishment will be used, a separate Inventory Replenishment requisition type with the Inventory Replenishment option selected and a Par Replenishment requisition type with the Par Replenishment option selected should be created.

A new metadata field of "Procurement Type" has been added to the Purchase Order and Receipt business objects. This field is populated based on the Requisition Type option of either Inventory Replenishment or Par Replenishment and drives the accounting performed by the system for Inventory Items. Although Stocked Inventory Items can be either Expensed or Inventoried and must be Put-Away, Inventory in Par Locations can ONLY be expensed and will never initiate the Inventory Put-Away process, as we do not track inventory levels for Par Locations.

PROCUREMENT DELIVERY TYPES

Inventory Replenishment

- Put-Away
- Inventory Accounting
- Default

Par Replenishment

- No Put-Away
- Expense Accounting at Invoice

End User (blank)

- No Put-Away
- Expense Accounting at Invoice



ACTIVITY 2.13 – VIEW REQUISITION TYPES

Business Case: Verify that the required requisition types have been created for both types of replenishment that will be used for inventory items and locations.

Sign in as Teresa Serrano (tserrano)

VIEW REQUISITION TYPES

- 1. Enter *view req typ* into the search box.
- 2. Select the View Requisition Types report.
- 3. Verify that the Inventory Replenishment Requisition Type has the following information:

Field Name	Entry Value
Name	Inventory Replenishment
Description	Inventory Replenishment
Inventory Replenishment	Yes
Par Replenishment	No

4. Verify that the Par Replenishment Requisition Type has the following information:

Field Name	Entry Value
Name	Par Replenishment
Description	Par Replenishment
Inventory Replenishment	No
Par Replenishment	Yes

NOTE: IF THE REQUISITION TYPES FOR INVENTORY ARE MISSING

- 1. Go to the Maintain Requisition Types task.
- 2. Click the Add Row icon.
- 3. Enter the following information:

Field Name	Entry Value
Name	Inventory Replenishment
Description	Inventory Replenishment
Inventory Replenishment	Yes
Par Replenishment	No

4. Click the **Add Row** icon and enter the following information:

Field Name	Entry Value
Name	Par Replenishment
Description	Par Replenishment
Inventory Replenishment	No
Par Replenishment	Yes





STOCK REQUEST TYPE

OVERVIEW

Stock Request types allow the classification of Stock Requests based on a source, commodity, or any other organizationally defined criteria. They may be used to route stock requests for approvals as required by an organization; however, there are currently no Custom Validations available for a Stock Request. Although optional as delivered, they are required when using the Par Inventory Replenishment functionality in Workday.

STOCK REQUEST TYPE

Stock Request Types are created using the <u>Maintain Stock Request Types</u> task and generally represent the purpose of the stock request. A stock request type with the Par Replenishment option selected is required when "Issuing" stocked inventory items to a Par Location. The Stock Request Type and Par Location become selection criteria when fulfilling the Stock Requests and will flow through to the subsequent Pick List and Shipment. This is also used by the system to create the necessary accounting entries to expense the inventory items using the Par Location worktags upon shipment. Par Inventory replenishments may ONLY be expensed.



<u>Note</u>: You must create at least ONE Stock Request Type with the Par Replenishment option selected to use the Par Inventory functionality within Workday.



ACTIVITY 2.14 - MAINTAIN STOCK REQUEST TYPES

Business Case: When reviewing the initial Inventory system configuration, it was decided to both update an existing Stock Request Type description and create a new one for Stock Requests that require priority handling.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY ADJUSTMENT REASONS

- 1. Enter *main sto req* into the search box.
- 2. Select the Maintain Stock Request Types task.
- 3. Click the **Add Row** icon.
- 4. Enter the following information:

Field Name	Entry Value
Name	Priority
Description	Priority Request

- 5. Locate the Par Replenishment Stock Request Type.
- 6. Update the following information:

Field Name	Entry Value
Name	Par Replenishment
Description	Par Replenishment

- 7. Click **OK** to Save.
- 8. Click Done.



INVENTORY MARKUP

OVERVIEW

When you ship or issue goods, a markup can be applied to charge a percentage on top of the cost of the item. Inventory markups can be defined based on several different criteria.

INVENTORY MARKUP RULES

Maintain Inventory Markup rules and the percentage to markup inventory items using the following criteria:

- Company (Required)
- Inventory Site
- Spend Category
- Inventory Purchase Item

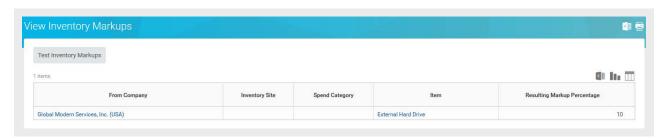
Workday will include a markup percentage in the unit cost of an item:

- When issuing items.
- During intercompany stock transfer shipments and when accounting for those transactions.
- As part of the item cost on intracompany stock transfers, but markup and item cost are accounted for separately on those shipments.

Inventory markups will be recorded using the following Account Posting Rules:

- **Inventory Markup**: Identifies the account to use when adding a markup on issued inventory. This is typically an expense offset or recovery account.
- **Inventory Markup Expense**: Identifies the account to use in the receiving site for the item markup charged by the source inventory site when goods are transferred between sites within the same company.

Verify that your inventory markups calculate correctly by clicking Test Inventory Markups.





ACTIVITY 2.15 - MAINTAIN INVENTORY MARKUPS

Business Case: Create an inventory markup rule to record the handling costs of storing and delivering copier paper from the Pleasanton Warehouse.

Sign in as Teresa Serrano (tserrano)

MAINTAIN INVENTORY MARKUPS

- 1. Enter main inv mark into the Search box.
- 2. Select the **Maintain Inventory Markups** task.
- 3. Click the **Add Row** icon.
- 4. Enter the following information:

Field Name	Entry Value
From Company Name	Global Modern Service, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Item	Copier Paper
Resulting Markup Percentage	12

- 5. Click **OK** to save.
- 6. Click Done.



Optional Activity: Test the Inventory Markup rules for the Copier Paper inventory item.

ACCOUNTING TREATMENT

OVERVIEW

Inventory purchase items can be expensed or recorded as an asset on the balance sheet. The behavior is determined by the spend category (must be marked as Stocked), the accounting treatment on the purchase item (inherited from the spend category but may be overridden), and the new Procurement Delivery Type (Inventory Replenishment). It is critical that the Inventory system be properly configured to obtain the desired results.

Inventory Purchase Items that are acquired for a Stocking Location (whether expensed or inventory) will use the Worktags from that location when creating the accounting entries. The actual Worktags (not including spend category) on the Requisition/Purchase Order will not be used. Accounting entries are created when the receipt is created and approved.

Inventory or Regular Purchase Items that are acquired for a Par Location (may only be expensed) will use the actual worktags from the Requisition/Purchase Order. These items are never recorded in the Inventory System (they are shipped directly to the Par Location) and the accounting entries to recognize the expense are created when the Supplier Invoice is paid.

ACCOUNTING TREATMENT

The Accounting Treatment option is populated on an Inventory Tracking Spend Category and automatically defaults to any inventory purchase items associated to it. Although it defaults to a purchase item, the value may be overridden. There are currently two options:

- Expense
- Inventory

When the Expense accounting treatment is selected, the inventory item will be expensed at the time it is received. The quantity on hand and the issuance of the product will still be tracked in the system, but no costs will be transferred during issuance or shipping.

When the Inventory accounting treatment is selected, the inventory item will be recorded as an asset at the time it is received. The quantity on hand and the issuance of the product will still be tracked in the system and the costs (including markup) will be transferred during issuance or shipping.

ACCOUNT POSTING RULES

The difference in how the inventory accounting is handled for a purchase item is controlled by updating the Spend Account Posting Rule to use the Accounting Treatment dimension of "Inventory". This will post the transaction to the inventory balance sheet account when the accounting treatment of "Inventory" is selected on a purchase item.



ACTIVITY 2.16 – ACCOUNTING TREATMENT

Business Case: The company has decided to track the value of certain inventory purchase items as assets to provide better financial visibility. Verify that the Spend Account Posting Rules are properly configured to track inventory on the balance sheet.

Sign in as Teresa Serrano (tserrano)

VIEW ACCOUNTING POSTING RULE SET

- 1. Enter acc pos rule into the Search box.
- 2. Select the View Accounting Posting Rule Set report.
- 3. Select the Standard Corporate Account Posting Rule and click OK.
- 4. Select the **Spend** account posting rule.
- 5. Verify that the account posting rule condition is configured as follows:

Field Name	Entry Value
Resulting Ledger Account	1450: Inventory
Dimension	Accounting Treatment
Value	Inventory

6. Sign out.





CHAPTER 2 KNOWLEDGE CHECK

- 1. True/False. A purchase item used for inventory will normally be set-up at a SKU or UPC level unless it is a generic commodity.
- 2. True/False. A spend category can be used both for Asset Tracking and Inventory Tracking.
- 3. True/False. A Workday utility has been provided to test Inventory Put-Away Rules to make sure they are working correctly.
- True/False. Alternate Identifiers can be used to automatically associate catalog items and punchout items to purchase items either using a web service or manually through the UI.
- 5. True/False. Alternate Item Identifiers may only be used with Inventory Purchase Items.
- 6. True/False. An Inventory Adjustment Reason must be specified when creating an Inventory Cost Adjustment.

CHAPTER 3 - MATERIAL MOVEMENTS

OVERVIEW

Workday's Inventory functionality provides the ability to track material movements that initially stock inventory and then track internal movement within inventory stocking locations. The first transaction in inventory is the initial stocking of items (inbound movement of inventory), commonly referred to as a put-away. Workday supports three types of put-aways:

- Ad Hoc Put-Aways
- Receipt Put-Aways
- Stock Request Transfer Put-Aways (shown with Fulfillment)



Once goods are in Workday, you can:

- Move inventory between stocking locations within the same inventory site.
- Adjust the inventory quantity on hand at a stocking location.

OBJECTIVES

By the end of this chapter, you will learn how to stock and move inventory items in your system using the following methods:

- Ad Hoc Inventory Put-Aways
- Receipt Put-Aways
- Move Inventory within an Inventory Site
- Adjust Inventory On Hand

AD HOC INVENTORY PUT-AWAY

CREATE AD HOC INVENTORY PUT-AWAY

Inventory items are sometimes received outside of the normal procurement process and cannot be stocked from a purchase order and receipt. This happens for various reasons, including purchases on direct invoices or when existing items are determined to be stocked as internal inventory items.

When these internal inventory items are identified, the supporting documentation, such as an invoice, can be used to create an Ad Hoc Put-Away using the <u>Put Away Inventory</u> task. When adding the items, the following information will be required:

- Inventory Warehouse
- Item
- Quantity
- Stocking Unit of Measure
- Stocking Location
- Stocking Unit Cost
- Currency Code

There are no approvals/reviews available on the <u>Inventory Put-Away Event</u> business process. The transactions are processed in real-time, including their associated accounting entries.



<u>Tip</u>: When adding inventory items using Ad Hoc Put-Away, make sure to determine if the item is expensed or tracked as an asset in an inventory account. Journal entries may be necessary to reduce previously incurred expenses for an item now tracked as an inventory item asset.

How accounting is handled for ad hoc put-away:

- Credit will use the Inventory Adjustment posting rule. Debit will use the Spend posting rule.
- Users will enter worktags on the ad hoc put-away transaction. There is a new worktag type of Inventory Ad Hoc Put-Away.
- A dimension on the inventory posting rule can be used to distinguish between ad hoc put-aways and inventory adjustments.



ACTIVITY 3.1 – CREATE AD HOC PUT-AWAY

Business Case: The company has existing copier paper they would like to load and track as an internal inventory item. Create an Ad Hoc Put-Away to record 7 cases of copier paper in the Pleasanton Warehouse.

Sign in as Ian Murray (imurray)

PUT AWAY INVENTORY

- 1. Enter put awa inv into the Search box.
- 2. Select the Put Away Inventory task.
- 3. Select the **Ad Hoc Put-Away** option.
- 4. Select the **Pleasanton Warehouse** Inventory Site.
- 5. Click OK.
- 6. Click the Add button.
- 7. Enter the following information:

Field Name	Entry Value
Item	Copier Paper
Stocking Unit of Measure	Case
Quantity	7
Stocking Location	PL-AI02 (Aisle 2)
	(Note: Defaults from put away rule)
Unit Cost	21.00
Currency	USD
Memo	Load existing inventory
Cost Center	51140 Purchasing
Additional Worktags	Region: Headquarters - Corporate

- 8. Click Done.
- 9. Click Submit.

- 10. Verify the process completed successfully.
- 11. Click Done.
- 12. Sign out.



Optional Activity: Run the "Find Inventory Balance" report for the Pleasanton Warehouse. How many stocking units are on hand for Copier Paper?

RECEIPT PUT-AWAY

RECEIPT INVENTORY PUT-AWAY

Inventory items procured and received in Workday are sent to the inventory system by the <u>Receipt</u> business process. There are inventory-specific business process steps that will need to be added to the Receipt business process:

- An Action Put-Away step to route internal inventory items to the Inventory Specialist for review where they are manually assigned to the correct Inventory Stocking Location.
- A Service Put-Away step to automatically place inventory items in Inventory Stocking locations based upon Put-Away rules.

This new business process configuration will be included in WDSETUP.

There are no approvals/reviews available on the <u>Inventory Put-Away Event</u> business process. The review step by the Inventory Specialist for inventory items that do not have a put-away rule occurs on the <u>Receipt</u> business process. Transactions are processed in real-time, including their associated accounting entries.



<u>Tip</u>: Make sure to thoroughly test the Inventory Put-Away rules when configuring the system. If the Automatic Put Away flag is not set for a rule, the items must be manually reviewed to be placed in a stocking location.



Business Case: Global Modern Services, Inc. (USA) is implementing a new inventory system. Create a new Receipt business process and add the necessary steps to put away inventory.

Sign in as Teresa Serrano (tserrano)

CREATE NEW RECEIPT BUSINESS PROCESS

- 1. Enter bp: receipt into the Search box.
- 2. Select the **Receipt (Default Definition)** business process.
- 3. From the business process definition's **Related Actions** icon, select **Business Process** > **Copy or Link Business Process Definition**.
- 4. Select Today's Date in the Effective Date box.
- 5. Select the Copy Workflow Definition to Business Object option, and select Global Modern Services, Inc. (USA).
- 6. Click OK.
- 7. Click the **Add Row** icon.
- 8. Enter the following information:

Field Name	Entry Value
Order	f
Туре	Service
Specify	Initiate Put Away Events from Receipt for Purchase Order

- 9. Click the Add Row icon.
- 10. Enter the following information:

Field Name	Entry Value
Order	g

Type Action

Specify Put Away Inventory

Group Inventory Specialist

Due Date 2 Days

- 11. Click **OK.**
- 12. Click Done.
- 13. Enter bp: receipt into the Search box.
- 14. Select the Receipt for Global Modern Services, Inc. (USA) business process.
- 15. Review to ensure the business process was created and contain the two new steps.
- 16. Sign out.



Optional Activity: Review the entry condition rules associated with the two new steps to understand when these steps will be performed.



ACTIVITY 3.3 – CREATE RECEIPT PUT-AWAY

Business Case: Global Modern Services, Inc. (USA) has implemented the inventory system. Create a Purchase Order and Receipt for inventory items and verify the items are put-away to inventory.

Sign in as Sherry Voigt (svoigt)

CREATE A PURCHASE ORDER

- 1. Enter *cre pur order* into the Search box.
- 2. Select the Create Purchase Order task.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Supplier	Office Depot
Currency	USD
Date	Today's Date
Create Blank Purchase Order	(selected)

- 4. Click OK.
- 5. Select Tax Option > Calculate Tax Due to Supplier.
- 6. Select the Goods Lines tab and click the Add Row icon.
- 7. Enter the following information:

Field Name	Entry Value
Item	Copier Paper
Tax Applicability	Taxable Sales
Quantity	10
Unit of Measure	Case
Unit Cost	21.00

Cost Center	34000 Facilities

- 8. Click the Add Row icon.
- 9. Enter the following information:

Field Name	Entry Value
Item and Category	USB Hub
Tax Applicability	Taxable Sales
Quantity	15
Unit of Measure	Each
Unit Cost	10.00
Cost Center	34000 Facilities

- 10. Click the **Add Row** icon.
- 11. Enter the following information:

Field Name	Entry Value
Item and Category	Desk Lamp
Tax Applicability	Taxable Sales
Quantity	10
Unit of Measure	Each
Unit Cost	32.50
Cost Center	34000 Facilities

- 12. Click the **Update Tax** Button.
- 13. Click **Submit**.
- 14. Expand the **Details and Process** section, and record the Purchase Order Number
- 15. From the **Details and Process** page for the business process, select the Purchase Order's **Related Actions** icon > **Purchase Order** > **Issue**.
- 16. Click **OK.**
- 17. Click Issue Orders and Refresh until Printing Run Percent Complete is 100.

18. Click Finish and Done.

CREATE A RECEIPT

- 1. Enter *cre recei* into the Search box.
- 2. Select the Create Receipt task.
- 3. Enter the following information:

Field Name	Entry Value
Purchase Order	Enter the Purchase Order from Step 14
Fully Receive	(checked)

- 4. Click OK.
- 5. Review receipt line quantities and click **Submit.**
- 6. Verify the process completed successfully. Click **Done**.
- 7. Sign out.

Sign in as Teresa Serrano (tserrano)

- 1. Enter find inv trans into the Search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse

- 4. Click OK.
- 5. Verify that the inventory transactions show the addition of the items.
- 6. Click the back arrow in the header, and run a second search for the Inventory Site **Main Warehouse**.

- 6. Verify that the inventory transaction shows the addition of the item.
- 8. Sign out.



MOVE INVENTORY

MOVE INVENTORY WITHIN AN INVENTORY SITE

Move inventory between stocking locations within an inventory site when:

- A larger stocking location is needed for an item.
- Items are aggregated in a shipping location that is not included in replenishment calculations.
- Items may need to go a quarantine location to prevent issuance.

When you move inventory, Workday initiates the Inventory Move Event business process. Moving inventory results in a dual transaction. It decreases quantity in the From Stocking Location and increases quantity in the To Stocking Location. You can also move inventory to a location where the item was not previously stocked.

If the stocking locations have different worktags and the item has an accounting treatment of Inventory, Workday creates an accounting entry using the Spend posting rule to adjust account balances. No accounting entry will be created for items with an accounting treatment of Expense.



Use Case: Move damaged items into a quarantine location until they are ready to be disposed or returned. You can also move inventory items requiring inspection from a staging or inspection location to a stocking location.

There are no approvals/reviews available on the Inventory Move Event business process. Transactions are processed in real-time, including their associated accounting entries, if applicable.

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ACTIVITY 3.4 - MOVE INVENTORY

Business Case: The new Pleasanton Warehouse is still being organized. Move all the Copier Paper to a new stocking location.

Sign in as Ian Murray (imurray)

MOVE INVENTORY

- 1. Enter *mov inv* into the Search box.
- 2. Select the **Move Inventory** task.
- 3. Enter the following information:

_.

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
From Location	PL-AI02 (Aisle 2)
Item	Copier Paper
Unit of Measure	Case
Quantity to Move	7
To Location	PL-AI01-BIN_B (Bin B)

- 4. Click Submit.
- 5. Verify the process completed successfully.
- 6. Click Done.

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the Search box.
- 2. Select the **Find Inventory Balance** report.
- 3. Enter the following information:

Field Name	Entry Value

Company
Location Site

Global Modern Services, Inc. (USA)

Pleasanton Warehouse

- 4. Click OK.
- 5. Verify the Copier Paper location has been moved.



ADJUST INVENTORY

When you discover quantity discrepancies in a stocking location, you can adjust inventory quantities to maintain accurate inventory levels. You can create reasons for adjusting item levels for processing, reporting, and accounting purposes.

When you submit adjustments, Workday initiates the <u>Inventory Adjustment Event</u> business process. For reporting purposes, Workday determines the adjustment accounting entries based on the items spend categories, and the perpetual average cost of each item.

When you increase inventory levels of an item with an accounting treatment of Inventory, Workday creates an accounting entry that:

- Debits the account used by the Spend posting rule.
- Credits the account used by the Inventory Adjustment posting rule.

When you decrease inventory levels of an item with an accounting treatment of Inventory, Workday creates an accounting entry that:

- Debits the account used by the Inventory Adjustment posting rule.
- Credits the account used by the Spend posting rule.

There are no approvals/reviews available on the <u>Inventory Adjustment Event</u> business process. Transactions are processed in real-time, including their associated accounting entries, if applicable.



ACTIVITY 3.5 – ADJUST INVENTORY

Business Case: A sample case of copier paper from the supplier was received at the Pleasanton Warehouse. Adjust the inventory accordingly using the current stocking location.

Sign in as Ian Murray (imurray)

ADJUST INVENTORY

- 1. Enter adj inv into the Search box.
- 2. Select the Adjust Inventory task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Default Stocking Location	Leave Blank
Default Adjustment Reason	Leave Blank
Location	PL-AI01-BIN_B (Bin B)
Item	Copier Paper
Unit of Measure	Case
Quantity to Adjust	1
Adjustment Reason	Sample
Memo	Free sample from supplier

- 4. Click Submit.
- 5. Verify the process completed successfully.
- 6. Click Done.

DO ANOTHER INVENTORY ADJUSTMENT

- 1. Enter adj inv into the Search box.
- 2. Select the **Adjust Inventory** task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - East
Default Stocking Location	Leave Blank
Default Adjustment Reason	Leave Blank
Location	Auxiliary Warehouse - East
Item	Laptop Power Adapter
Unit of Measure	Each
Quantity to Adjust	- 25
Quantity On Hand	0
Adjustment Reason	Recall
Memo	Recall by manufacturer

- 4. Click Submit.
- 5. Verify the process completed successfully.
- 6. Click Done.
- 7. Sign out.

FIND INVENTORY TRANSACTION REPORT

Sign in as Teresa Serrano (tserrano)

- 1. Enter find inv tra into the Search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Transaction Type	Adjustment
Transaction On or After	1st day of current month

4. Click OK.

- 5. Verify the copier paper adjustment is displayed.
- 6. From the Inventory Transaction's **Related Actions** icon, select **Accounting > View Accounting**.
- 7. Verify the accounting entries.
- 8. Sign out.





CHAPTER 3 KNOWLEDGE CHECK

- 1. Beginning inventory balances should be added to the system using which method?
 - A. Ad Hoc Put-Away
 - B. Receipt of Inventory Items
 - C. Adjustment of inventory Items
- 2. Inventory Put-Away Rules can NOT be defined using which criteria?
 - A. Accounting Treatment
 - B. Company
 - C. Supplier
 - D. Spend Category
 - E. Ship-to Address
- 3. True/False. Inventory Put-Away Rules are evaluated sequentially until a condition rule is met?
- 4. True/False. Inventory Site or Inventory Stocking Location default worktags can be changed if there are items stored in the location.
- 5. The Move Inventory task can be used to:
 - A. Move inventory between stocking locations
 - B. Move inventory between inventory sites
- 6. True/False. When moving inventory items that have been expensed within an Inventory Site, accounting entries are always generated.
- 7. True/False. When moving inventory items within an Inventory Site, accounting entries created only when the worktags are not the same between the stocking locations.

CHAPTER 4 - FULFILLMENT

OVERVIEW

Fulfillment within Workday Inventory is defined as the movement of inventory items between inventory sites (Transfers) or to internal departments or workers (Issue). The fulfillment process may be initiated in one of two ways: Quick Issue or Stock Request.

QUICK ISSUE

The <u>Quick Issue</u> task within Workday Inventory is designed for real-time issuance of an inventory item to a worker. There is no approval process associated with this transaction as it is considered real-time and the inventory item is delivered immediately.

INVENTORY STOCK REQUESTS

Stock Requests are used to initiate a multi-step fulfillment process. Inventory Stock Requests may be initiated manually from the <u>Create Inventory Stock Request</u> task, or they may be created by requisition sourcing, ad hoc stock request, replenishment, or a web service process.



OBJECTIVES

By the end of this chapter, you will be able to issue inventory items in your system using the following methods:

- Quick Issue
- Ad Hoc Requests
- Return Orders

INVENTORY QUICK ISSUE EVENT

Inventory Quick Issue Event

Initiated manually from the Quick Issue task. Used to do real-time inventory issuance to a worker. Supports full accounting but does not support approvals/reviews on the business process. Initiated by Inventory Specialist.



Note: The Worktags that are required for an inventory transaction will be determined as part of the Financial Design Model and implemented, in part, by using the Maintain Worktags Usage task.

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ACTIVITY 4.1 - QUICK INVENTORY ISSUE

Business Case: The company allows employees to pick up inventory items using an internal requisition form. Create a Quick Inventory Issue request to record the transaction.

Sign in as Ian Murray (imurray)

QUICK INVENTORY ISSUE

- 1. Enter qui inv iss into the Search box.
- 2. Select the **Quick Inventory Issue** task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Issue To	Sherry Voigt
Item	Copier Paper
Unit of Measure	Case
Location	PL-AI01-BIN_B (Bin B)
Quantity / Issue	2
Cost Center	51140 - Purchasing
Other Worktags	Region: Headquarters – Corporate

- 4. Click Submit.
- 5. Verify the process completed successfully.
- 6. Click Done.



Optional Activity: Run the "Find Inventory Balance" report for the Pleasanton Warehouse. How many stocking units are now on hand for Copier Paper?

INVENTORY STOCK REQUESTS

An inventory stock request is an inventory document that is used to request goods. You can manually create an inventory stock request to issue items to a worker or transfer items to another inventory site. Alternatively, you can create stock requests through inventory replenishment and requisition sourcing in Workday Procurement, or via an integration with an external system.

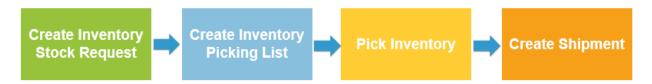
Inventory Stock Request Event Can originate from 1) Requisition Sourcing 2) Replenishment 3) Ad Hoc Creation, or 4) a Web Service.

Manually initiated from the Create Stock Request.

Full approval process functionality is available on the business process.

May be initiated by Inventory Specialist.

There are two different types of stock requests within Workday: an issue request and a transfer request. An <u>Inventory Stock Request - Issue Request</u> is used to provide internal inventory items to workers or departments. The fulfillment process for this type of Stock Request is as follows:



An <u>Inventory Stock Request - Transfer Request</u> is used to move inventory between inventory sites and has an additional step to both receive and put away the inventory into the correct stocking location. The fulfillment process for this type of Stock Request is as follows:



It is important to note that regardless of how a stock request is initiated in the system (there are four ways listed), it will follow one of the two paths outlined above to complete the fulfillment process.

In this topic, we will complete a series of activities using both types of transactions, review inventory balances, and begin to look at the accounting generated by the transactions based on our tenant configuration.



<u>Note</u>: If you enable Create Picking List Upon Stock Request Approval when setting up your inventory site, Workday automatically creates a pick list when you approve the stock request.



Business Case: The company wants to transfer water bottle promotional items from the Main Warehouse to the new Pleasanton Warehouse. Create a Stock Request Transfer to move the internal inventory items.

Sign in as Ian Murray (imurray)

CREATE INVENTORY STOCK REQUEST

- 1. Enter cre inv stoc into the Search box.
- 2. Select the Create Inventory Stock Request task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - West
Requester	lan Murray
Order Type	Transfer Request

- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Transfer To Site	Pleasanton Warehouse
Ship-to Address	123 Main Street, Pleasanton
Item and Category	Water Bottle
Unit of Measure	Each
Quantity	50
Cost Center	51140 Purchasing
Additional Worktags	Leave blank
Memo	Transfer to new warehouse

6. Click Submit.

7. Record the Inventory Stock Request Number _____



Optional Activity: Run the "Find Inventory Balance" report for the Pleasanton Warehouse. How many stocking units are on hand for Water Bottles? How many in the Auxiliary – West Warehouse?



ACTIVITY 4.3 - CREATE STOCK REQUEST - ISSUE

Business Case: The Accounts Payable department needs USB flash drives for its employees. Create a Stock Request to issue the internal inventory items.

Sign in as Ian Murray (imurray)

CREATE INVENTORY STOCK REQUEST

- 1. Enter cre inv stoc into the Search box.
- 2. Select the Create Inventory Stock Request task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Main Warehouse
Requester	Teresa Serrano
Order Type	Issue Request

- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Ship To Contact	Teresa Serrano
Ship-to Address	1155 Avenue of the Americas, New York
Item and Category	USB Flash Drive
Unit of Measure	Each
Quantity	16
Cost Center	50000 Office of CFO
Worktags	Region: Headquarters - Corporate
Memo	AP Dept. Supplies

6. Click Submit.

- 7. Verify the process completed successfully.
- 8. Record the Stock Request Number _____
- 9. Click **Done**.
- 10. Sign out.



Optional Activity: Run the "Find Inventory Balance" report for the Pleasanton Warehouse. How many stocking units are on hand for USB Flash Drives?

ACTIVITY 4.4 – EDIT INVENTORY PICK LIST EVENT BUSINESS PROCESS

Business Case: Global Modern Services, Inc. (USA) has decided to manually ship each pick list and now wants to remove the step in the Inventory Pick List Event business process that automatically initiates the shipment. Edit the business process and remove the step.

Sign in as Teresa Serrano (tserrano)

EDIT THE INVENTORY PICK LIST EVENT BUSINESS PROCESS

- 1. Enter *bp: inv pick list* into the search box.
- 2. Select the Inventory Pick List Event for Global Modern Services, Inc. (USA) business process.
- 3. Review the existing configuration, specifically noting the Step b service step to Initiate the Inventory Shipment Event.
- 4. From the business process's **Related Actions** icon, select **Business Process** > **Edit Definition.**
- 5. Accept today's date as the Effective Date.
- 6. Click OK.
- 7. Click the **Remove Row** icon to delete the Step b Service to "Initiate Inventory Shipment Events from Inventory Pick List for Inventory Stock Request".
- 8. Click OK.
- 9. Click Done.
- 10. Sign out.





ACTIVITY 4.5 – CREATE INVENTORY PICK LISTS

Business Case: Stock requests for inventory items are processed daily. Create the Inventory Pick Lists from the approved Stock Request.

Sign in as Ian Murray (imurray)

CREATE PICK LISTS

- 1. Enter cre inv pic into the Search box.
- 2. Select the Create Inventory Picking Lists task.
- 3. Select the Main Warehouse Inventory Site and click OK.
- 4. Ensure the **Select All** checkbox is marked.
- 5. Click **Submit**. When complete, record the Pick List number _____
- 6. Click Done.





ACTIVITY 4.6 - PICK INVENTORY

Business Case: Pick Lists are fulfilled from the internal inventory daily once they have been created. Record the inventory items picked to be shipped.

Sign in as Ian Murray (imurray)

PICK INVENTORY

- 1. Enter *pic inv* into the Search box.
- 2. Select the **Pick Inventory** task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Main Warehouse
Inventory Pick List	Select value from Activity 4.5

- 4. Click OK.
- 5. In the Stock Request Line section, enter 16 for Quantity Picked.
- 6. Click Submit.
- 7. Click Do Another Pick Inventory link.
- 8. Enter the following information:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - West
Inventory Pick List	Select the default value

- 9. Click OK.
- 10. In the Stock Request Line section, enter 50 for Quantity Picked.
- 11. Click Submit.
- 12. Click Done.





ACTIVITY 4.7 - CREATE INVENTORY SHIPMENT

Business Case: Inventory Items have been picked and must now be shipped. Create the Inventory Shipment and record the shipment of the inventory items picked.

Sign in as Ian Murray (imurray)

CREATE INVENTORY SHIPMENT

- 1. Enter *cre inv ship* into the Search box.
- 2. Select the Create Inventory Shipment task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Main Warehouse
Picking List	Select value from Activity 4.5

- 4. Click OK.
- 5. Review the Shipment information for accuracy (USB Flash Drive).
- 6. Click **Submit.** Expand **Details and Process**. What is the status of the Shipping Document?
- 7. Click Done.
- 8. Do another **Create Inventory Shipment** task.
- 9. Enter the following information:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - West
Picking List	Select the default value

- 10. Click **OK**.2018
- 8. Review the Shipment information for accuracy (Water Bottle).
- 9. Click Submit.

10. Click Done.





Business Case: Inventory items transferred from one inventory site to another must be put-away by the receiving warehouse. Put-Away inventory that was shipped to the Pleasanton Warehouse.

Sign in as Ian Murray (imurray)

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the Search box.
- 2. Select the **Find Inventory Balance** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse

4. Click **OK.** Note that the Water Bottles do not yet show in inventory.

PUT-AWAY INVENTORY

- 1. Enter put away inv into the Search box.
- 2. Select the **Put Away Inventory** task.
- 3. Select **Order Number** option. From the prompt select Available Shipments > Select value from Activity 4.2.
- 4. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse

5. Click OK.

- 4. Select PL-Al02 (Aisle 2) for the Stocking Location.
- 5. Click **Submit**.
- 6. Verify the process completed successfully.
- 7. Click **Done**.

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the Search box.
- 2. Select the **Find Inventory Balance** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse

4. Click **OK.** Note that the Water Bottles are now shown in the inventory site.



Optional Activity: Can Ian Murray see the accounting entries for the transaction he just processed? What report would he use?

INVENTORY RETURN ORDERS

The ability to return internal inventory items to an inventory site is initiated using the <u>Create Inventory Return Order</u> task. Inventory Returns are created for the Inventory Site that is receives them and the returned inventory items may either be put back into stock or disposed of.

The use of Inventory Return Order allows customers to better control inventory by:

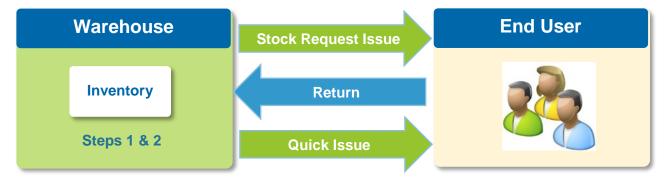
- Tracking internal inventory item returns and associating them with the original shipment or issuance
- Reflecting the correct inventory item cost originally incurred when it was issued or transferred when placing them back into inventory
- Providing the ability to assign reason codes to transactions to provide analytics on inventory Returns.

Inventory Return Orders can be created from the original 1) Stock Request, 2) Quick Issue document or 3) an Ad Hoc return when the original source document cannot be determined. Once submitted, the Inventory Return Event business process is initiated.



The inventory return process is a little different depending on whether the initial transaction was an Issuance (Quick Issue or Stock Request – Issue) or a Transfer (Stock Request – Transfer).

INVENTORY ISSUES



For Inventory Issue transactions, there will be two steps within the system to complete the return transaction:

1. Create the Return Order

2. Put-Away the returned items

INVENTORY TRANSFERS



For Inventory Transfer transactions, there will be three steps within the system to complete the return transaction:

- 1. Create the Return Order
- 2. Create a Return Adjustment
- 3. Put-Away the returned items

INVENTORY RETURN ORDER COSTING

When an inventory item is returned, and references the original Stock Request or Quick Issue document, the original item perpetual average cost and transaction worktags will be used to create the return transaction. Thus, the average cost for an inventory item can change at an Inventory Site if the cost at issuance is no longer the same as the current average perpetual cost at the Inventory Site. An Ad Hoc Inventory Return Order will use the current perpetual average cost for the item at the Inventory Site and will not affect the cost. Please note that an inventory item must have been put-away at an Inventory Site to be eligible for return.



Business Case: Teresa Serrano realizes she accidently requested too many USB Flash Drives for her department. She has sent 2 of them back to the stockroom and Ian Murray is ready to process the return.

Sign in as Ian Murray (imurray)

CREATE INVENTORY RETURN ORDER FOR A STOCK REQUEST ISSUE

- 1. Enter *cre inv ret* into the search box.
- 2. Select the Create Inventory Return Order task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Main Warehouse
Order Type	Stock Request
Stock Request	Enter value from Activity 4.3



<u>Note</u>: may also use the "Find Stock Request" button for advanced searches.

- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Returned By	Teresa Serrano
Quantity	2
Reason	Incorrect Order
Memo	Ordered too many

6. Click Submit.

7. Verify the process completed successfully. Expand the **Details and Process** section.

PUT-AWAY INVENTORY

- 1. From the Return Order's **Related Actions** icon, select **Inventory Return Order > Put-Away Inventory**.
- 2. Enter the following information:

Field Name	Entry Value
Quantity	2
Location	Aisle 2
Disposal Quantity	0
Reason	Incorrect Order

- 3. Click Submit.
- 4. Click Done.

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the search box.
- 2. Select the **Find Inventory Balance** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Main Warehouse

4. Click OK.





Business Case: Ian Murray has received notice of a return from the Pleasanton Warehouse of 5 promotional water bottles that had been shipped over for stocking. Create the necessary Inventory Return Order to record the transaction.

Sign in as Ian Murray (imurray)

CREATE INVENTORY RETURN ORDER FOR A STOCK REQUEST ISSUE

- 1. Enter *cre inv ret* into the search box.
- 2. Select the Create Inventory Return Order task.
- 3. Enter the following information for the Return To Warehouse:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - West
Order Type	Stock Request
Stock Request	Enter value from Activity 4.2

- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Returned By	lan Murray
Quantity	5
Reason	Incorrect Order
Memo	Inventory return

- 6. Click Submit.
- 7. Verify the process completed successfully.
- 8. Click Done.

ADJUST INVENTORY FOR RETURNS

<u>Note</u>: The inventory must be removed from the Return From Inventory Site before it can be Put-Away at the Return To Site to avoid double counting.

- 1. Enter adj inv ret into the search box.
- 2. Select the Adjust Inventory for Returns task.
- 3. Enter the following information (Return From Warehouse):

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Inventory Return Order	Value from this activity

- 4. Click OK.
- 5. Select **PL-Al02** (**Aisle 2**) as the Location. This is the Return From Warehouse where the inventory was located.
- 6. Click Submit.
- 7. Click Done.

PUT-AWAY INVENTORY

<u>Note</u>: Now that the inventory has been removed from the Return From Inventory Site, it will need to be Put-Away at the Return To Inventory Site.

- 1. Enter put awa inv into the search box.
- 2. Select the **Put Away Inventory** task.
- 3. Select **Order Number** option. From the prompt select Available Returns > Select value from this activity.
- 4. Enter the following information for the Return To Warehouse:

Field Name	Entry Value
Inventory Site	Auxiliary Warehouse - West

5. Click OK.

6. Enter the following information:

Note: You will initially see an Alert, it will go away as you complete the fields.

Field Name	Entry Value
Quantity	4
Location	Auxiliary Warehouse - West
Disposal Quantity	1
Reason	Damaged
Memo	One bottle damaged

- 7. Click Submit.
- 8. Click Done.
- 9. Sign out.





CHAPTER 4 KNOWLEDGE CHECK

- True/False. Inventory Stock Requests are used to Issue and Transfer inventory items.
- 2. Inventory Stock Requests cannot be initiated by which of the following ways?
 - A. Inventory Replenishment Requests
 - B. Inventory Return Orders
 - C. Requisition Sourcing
 - D. Ad Hoc Stock Requests
- 3. True/False. The Quick Issue business process allows the option to use organizational role approvals.
- 4. True/False. The Quick Issue task only allows the use of the defaulted Inventory Site/Stocking Location worktags when issuing inventory items.
- 5. True/False. The use of Inventory Return Order allows customers to better control inventory by reflecting the correct inventory item cost originally incurred when it was issued or transferred when placing them back into inventory.

CHAPTER 5 - INVENTORY COSTING AND ACCOUNTING

OVERVIEW

When an inventory transaction business process has successfully completed, the applicable accounting journal for that transaction is immediately generated. Workday creates an accounting date for each inventory transaction and tracks date the journal entry posts to the ledger. Workday Inventory enables you to:

- Generate accounting for put-aways, quick issues, moves, quantity adjustments, and shipments.
- Generate accounting for stock transfers when the ownership of goods changes between origin and destination site.
- Mark up transaction costs when issuing goods from inventory.
- Update the item average cost when you put away goods using the perpetual average costing method.
- Adjust the cost of an item in inventory by manually adjusting the perpetual average cost
 of an item, or adjust item costs based on price differences between the purchase order
 and supplier invoice.
- Analyze current book values, have visibility into real-time, on-hand inventory values and supporting costing transactions for all inventory items. Workday also incorporates allocated freight, tax, and other charges into item costs.

OBJECTIVES

By the end of this chapter, you will be able to:

- Calculate Inventory Costing.
- Add Inventory Account Posting Rules.
- Create Inventory Worktags.
- Review Inventory Transaction Accounting.
- Determine Inventory Cost Adjustments.
- Manage Inventory Costing Reports.

INVENTORY COSTING

Workday calculates inventory item costing at an Inventory Site level. By creating accounting entries for each transaction and immediately updating inventory cost information in the ledger when a business process completes, a real-time inventory cost can be calculated. This type of cost calculation is typically called the Perpetual Average Costing Method and is the only costing method currently supported by Workday.

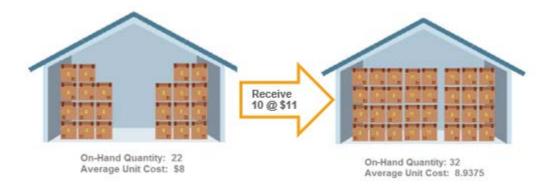
PERPETUAL AVERAGE COSTING

Within Workday, Perpetual Average Cost is:

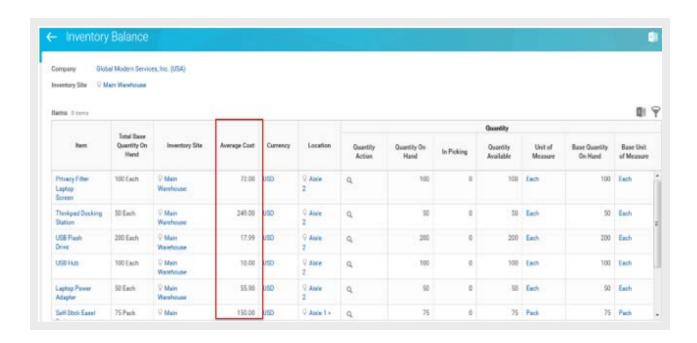
- Updated with the completion of each put away transaction.
- Updated when an invoice price variance is recognized.

Within Workday, Perpetual Average Cost may:

- Include freight, tax, and other charges may be included in the cost. These charges are allocated based on the material cost from a purchase order or supplier invoice.
- Be manually updated using a Cost Adjustment.



Perpetual Average Costs are displayed throughout the system and are real-time.



PERPETUAL AVERAGE EXAMPLE FROM ACTIVITIES

Shown below is the perpetual average cost calculation for the copier paper inventory item based on the activities you have completed thus far. Only Inventory put-away and inventory cost adjustment transactions can change the perpetual average unit cost.

Activity	Inventory Site	Item	Units	Cost	Perpetual Units	Perpetual Cost	Perpetual Avg Cost
3.1	Pleasanton	Copier Paper	7 cs	140.00	70 ea	140.00	2.0000 ea
3.3	Pleasanton	Copier Paper	10 cs	210.00	170 ea	350.00	2.0588 ea
3.5	Pleasanton	Copier Paper	1 cs	20.5882	180 ea	370.5882	2.0588 ea
4.1	Pleasanton	Copier Paper	-2 cs	41.176	-20 ea	41.1764	2.0588 ea



<u>Note</u>: When calculating the perpetual average cost, you will notice differences between the ordering unit of measure and the stocking unit of measure. Costs for an item are maintained at an inventory site level using the stocking unit of measure.

INVENTORY ACCOUNT POSTING RULES

Account posting rules are used to direct where transaction journals post in the company ledger accounts. With the addition of the new Inventory product, four new account posting rules have been added to the system and the existing Spend Category account posting rule has been updated to allow an Accounting Treatment dimension of Inventory. The account posting rules shown below will be used by the transaction types within the inventory system.

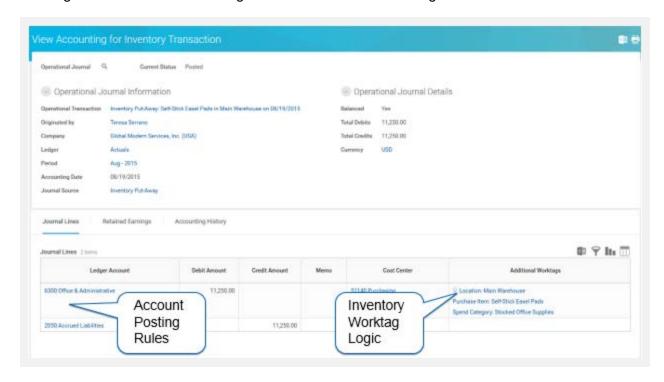
Posting Rule	New/Existing	Inventory-Related Dimensions		
Inventory Adjustment	New	 Accounting Treatment (Inventory) Company Inventory Adjustment Reason Location Spend Category & Hierarchy 		
Inventory Cost Adjustment	New	 Most Financial Organizations & Hierarchies Cost Change Type Direction of Change Location 		
Inventory Markup	New	 Company Location Project Region Spend Category & Hierarchy 		
Inventory Markup Expense	New	Most Financial Organizations & HierarchiesLocation		
Spend Category	Existing	 Most Financial Organizations & Hierarchies Accounting Treatment (Inventory) 		



<u>Note</u>: Only the Inventory-specific dimensions are shown in this example. For further information, edit the account posting rule to determine all available dimensions.

INVENTORY WORKTAGS

As with all Workday products, transaction types are combined with worktags to derive the ledger account for a transaction using account posting rules. Certain transaction types in Inventory allow explicit worktags to be entered. Other transaction types rely on the implicit inventory worktags and their related worktags to determine the accounting for the transaction.



Explicit Worktags (user-defined at time of entry) can be assigned on three different types of Inventory transactions:

- Quick Issue
- Stock Request Issue
- Ad Hoc Put-Away

Implicit Worktags are added to ALL Inventory transactions, regardless of transaction type, and are as follows:

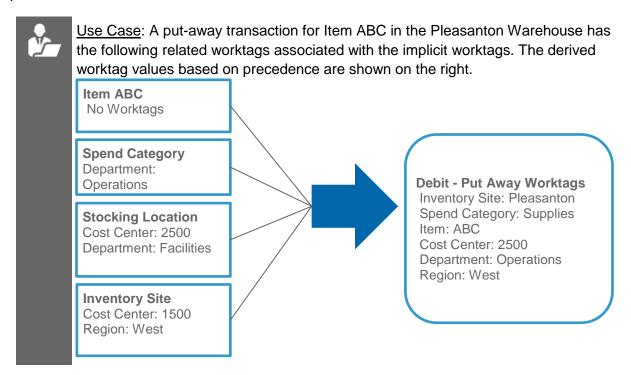
- Item
- Spend Category
- Inventory Site

Other related worktags (cost center, region, etc.) may be derived from these implicit worktags in the order of precedence as follows:

- Item
- Spend Category
- Inventory Stocking Location

Inventory Site

When deriving related worktags, only one value per worktag type will be populated following the precedence noted above.



INVENTORY TRANSACTION ACCOUNTING

For each transaction type in Workday, it is always important to know which account posting rule(s) will potentially be used in combination with your Financial Data Model (FDM) requirements. When reviewing the information below, keep in mind that that accounting entries are NOT usually generated for expensed items. Whether an inventory item is expensed or tracked as an inventory item is determined by the Accounting Treatment option selected on the purchase item. We will now review the account posting rules used by the following inventory transactions:

- Quick Issue
- Put-Away
- Move
- Inventory Adjustment
- Stock Request Transfer Request
- Stock Request Issue Request
- Returns

QUICK ISSUE TRANSACTIONS

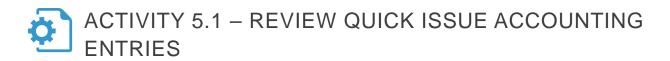
Quick Issue transactions use explicit worktags and are used to issue inventory items to workers or departments. These transactions are:

- Initiated manually from the <u>Quick Inventory</u> task.
- Used to do real-time inventory issuance to a worker.

A quick issue transaction supports full accounting, but does not support approvals/reviews on the business process. A markup may be added to the inventory issued using the Inventory Markup Account Posting Rule. The corresponding markup offset amount is typically tracked as a contra expense.

Listed below is the account posting rule used by this transaction type:

Quick Issue	DR Posting Rule	CR Posting Rule
Materials	Spend (Always uses the accounting treatment Expense)	Spend
Markup	Spend	Inventory Markup



Business Case: Verify that the accounting entries created for the Quick Issue of inventory in Activity 4.1 from the Pleasanton Warehouse are correct.

Sign in as Teresa Serrano (tserrano)

FIND INVENTORY TRANSACTION REPORT

- 1. Enter fin inv trans into the Search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Transaction Type	Issue
Transaction On or After	1 st of current month

- 4. Click OK.
- 5. From the **Related Actions** icon on the Copier Paper inventory item issued in activity 4.1, select **Accounting** > **View Accounting**.
- 6. Review the accounting entries and determine how each worktag value was populated on both the debit and credit entries.



Optional Activity: Was an Inventory Markup charged for the issuance of the item? Was the inventory item originally expensed or capitalized?

PUT-AWAY TRANSACTIONS

Put-away transactions, also known as stocking transactions, record the receipt of inventory items into a stocking location. These transactions are:

- Initiated manually from the <u>Put Away Inventory</u> task.
- Created from an Ad Hoc Put-Away, Receipt, or Stock Request Transfer Request.

Put-away transactions can be automatically initiated by Receipt Event utilizing Inventory Put-Away rules. You can define Worktags as part of the Ad Hoc Put-Away process and the Inventory Site perpetual item cost will be used for valuation. If a new dimension is added to the Inventory Adjustment posting rule, it can be used to distinguish accounting between Ad Hoc Put-Aways and Inventory Adjustments.

Listed below are the account posting rules used by this transaction type:

Put-Away	DR Posting Rule	CR Posting Rule
Receipt Put-Away	Spend	Receipt Accrual
Ad Hoc Put-Away	Spend	Inventory Adjustment
Stock Request	Spend (from ship-to site)	Spend (from ship-from site)



<u>Note</u>: An accrued liability is recognized at receipt put-away, so inventory items are excluded from the <u>Create Receipt Accrual</u> process. The accrual (which uses the Receipt Accrual posting rule) will automatically be reversed when the supplier invoice is paid.

MOVE TRANSACTIONS

Inventory move transactions record the movement of inventory items within an Inventory Site. These transactions are:

- Initiated manually from the Move Inventory task.
- Only used to move inventory items within a business site.

No costing accounting entries are generated unless there is a change in worktags that results from the move. Costing accounting entries are only generated on the Move From transaction. There will be NO accounting generated on the Move To transaction. Move From and Move To transactions will carry the same accounting date.

Listed below is the account posting rule used by this transaction type:

Move	DR Posting Rule	CR Posting Rule
Materials	Spend	Spend

INVENTORY ADJUSTMENTS

Inventory adjustments increase or decrease the quantity of an inventory item in a stocking location. These types of adjustments are typically done to record damaged or missing inventory items as determined by a cycle count. For these transactions:

- Only quantity based adjustments can be made using this transaction type.
- The adjustment may increase or decrease the item quantity in stock.
- The cost associated with the inventory adjustment will use the current item average cost.
- The Adjustment Reason code has been added as a dimension to the account posting rule and may be used to send transactions different General Ledger accounts.

Listed below are the account posting rules used by this transaction type:

Adjustment Type	DR Posting Rule	CR Posting Rule
Increase	Spend	Inventory Adjustment
Decrease	Inventory Adjustment	Spend



Business Case: Verify that the accounting entries created for the Ad Hoc Put-Away of the seven cases of copier paper created in Activity 3.1 into the Pleasanton Warehouse are correct.

Sign in as Teresa Serrano (tserrano)

FIND INVENTORY TRANSACTION REPORT

- 1. Enter *fin inv trans* into the search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Transaction Type	Put-Away
Items	Copier Paper
Transaction On or After	1 st of current month

- 4. Click OK.
- 5. From the related action on the Copier Paper (case) inventory item put-away in activity 3.1, select **Accounting > View Accounting**.
- 6. Review the accounting entries and determine how each worktag value was populated on both the debit and credit entries.



Optional Activity: What cost was used to for copier paper? Where did the cost center on the transaction come from? Was the inventory item expensed or capitalized?

STOCK REQUEST - TRANSFER REQUEST (INTRA-COMPANY)

Stock Request – Stock Transfers move inventory between inventory sites (Intra or Inter Company) as part of replenishment or intercompany sales. For these transactions:

- The accounting for stock transfers is done when the ownership of the inventory is changed. An option is selected using the Related Action icon on an inventory company using the <u>Edit Inventory Accounting Options</u> task. The options are:
 - FOB Destination (Owned by shipping site) Accounting entries are created at the put-away in the destination site.
 - FOB Origin (Owned by destination site) Accounting entries are created when shipment is complete. Additional accounting may be done at the time of put-away at the destination site if the worktags on the stocking location are different from the Inventory Site.
- The cost associated with the inventory adjustment will use the current item average cost.
- A cost markup can be applied when transferring inventory items. Markups will NOT be included in an item cost on intracompany transactions.

Listed below is the account posting rule(s) used by this transaction type:

Shipment	Туре	DR Posting Rule	CR Posting Rule
Intracompany	Material	Spend	Spend
Intracompany	Markup	Inventory Markup Expense	Inventory Markup
Intercompany	Material	Spend	Spend
Intercompany	Markup	Spend	Inventory Markup

STOCK REQUEST - ISSUE REQUEST

Stock Request – Issue Requests issue inventory items to workers or departments and allow the use of explicit worktags. For these transactions:

- The accounting for stock issues transfers is done at the time of shipment.
- If an inventory item has been expensed, no accounting entries will be created at the time
 of issuance.
- The cost used for a stock issue will be the item current average cost.
- A cost markup can be applied when issuing inventory items. Markups will be applied to the debit side of the transaction but not included when reducing on hand inventory cost.

Listed below are the account posting rules used by this transaction type:

Shipment	DR Posting Rule	CR Posting Rule
Material	Spend	Spend
Markup	Spend	Inventory Markup



Business Case: Verify that the accounting entries created for the Stock Request – Issue of inventory in Activity 4.3 from the Main Warehouse are correct.

Sign in as Teresa Serrano (tserrano)

FIND INVENTORY TRANSACTION REPORT

- 1. Enter fin inv trans into the Search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Main Warehouse
Transaction Type	Shipment
Transaction On or After	1 st of current month

- 4. Click OK.
- 5. Select the related action on the USB Flash Drive inventory item issued in activity 4.3, and view your options. Were any accounting entries created? Are accounting entries created for expensed inventory items?



INVENTORY COST ADJUSTMENTS

Just as there is the need to adjust inventory item quantities, there is also a need to adjust the average unit cost for inventory items. When using Workday Inventory:

- There are two Cost Adjustment Types: Manual Cost Adjustment and Invoice Variance Cost Adjustment.
- Cost Adjustments are done at an Inventory Site level.

Adjusting the average unit cost for inventory items:

- Updates average unit cost but not the quantity.
- Creates Costing-only Inventory Transactions.
- Uses the Inventory Cost Adjustment account posting rule.

Key Posting Rule Dimensions include:

- Cost Change Type: Manual or Variance Write-off.
- Direction of Change: Increase or Decrease.

MANUAL COST ADJUSTMENTS

A manual cost adjustment is typically used to adjust an inventory item average unit cost when:

- A transaction was incorrectly entered and submitted, resulting in a distorted average unit price.
- Market factors change and the unit cost of on-hand goods no longer accurately reflects their value in the market.

Cost adjustments may be applied to a:

- Company
- Inventory Site
- Spend Category
- Item

Cost adjustments may be:

- A specific cost
- A percent change to the cost

You can specify Last Cost Change Date on transactions to place the adjustment accurately within the transactions.

Listed below is the account posting rule(s) used by this transaction type:

Manual	DR Posting Rule	CR Posting Rule
Increase	Spend	Inventory Cost Adjustment
Decrease	Inventory Cost Adjustment	Spend



ACTIVITY 5.4 – CREATE A COST ADJUSTMENT

Business Case: The Inventory Accountant has determined that cost of water bottles has increased by 10%, and she would like to reflect this new cost for the item in the Pleasanton Warehouse. Adjust the current inventory cost for water bottles to reflect the price increase.

Sign in as Teresa Serrano (tserrano)

ADJUST INVENTORY COSTS

- 1. Enter adj inv cos into the Search box.
- 2. Select the Adjust Inventory Cost task.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Item	Water Bottle
Adjust Unit Cost Using Percent	(select)

- 4. Click OK.
- 5. In the Adjust Unit Cost Using Percent field, enter 10.
- 6. Review the Total Current Extended Amount and the Total Proposed Extended Amount to determine if the change is reasonable.
- 7. Click Submit.
- 8. Verify the process completed successfully. Expand the **Details and Process** section.
- 9. From related action on the Inventory Transaction, select **Accounting** > **View Accounting**.
- 10. Review the accounting entries. Why did the Debit entry hit the 7900: Other Expenses GL Account?

FIND INVENTORY TRANSACTIONS

- 1. Search for and select the **Find Inventory Transactions** report.
- 2. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Items	Water Bottle
Transaction On or After	1 st day of previous month

- 3. Click **OK.** How many transactions are there?
- 4. The first transaction in the list should be a "Cost Adjustment" type that was just created. Note that there are no unit costs or quantities.
- Click on the related action on the Inventory Transaction and preview the transaction information specifically noting the **Prior Average Cost** and the new **Average Cost** in Base Currency.

INVENTORY TRANSACTION ACCOUNTING

- 1. Search for and select the **Inventory Transaction Accounting** report.
- 2. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Items	Water Bottle
Transaction On or After	1 st day of previous month

3. Click **OK**. How many transactions are there?



<u>Note</u>: This report may be used to extract all accounting entries for a given inventory item, or an entire Inventory Site.



INVOICE VARIANCE COST ADJUSTMENTS

The invoice variance cost adjustment is used to recognize cost variances between the purchase order and the actual costs paid on a supplier invoice. Most cost variances result from differences in freight, taxes, or other charges.

Cost variances are automatically recorded toward the inventory item cost for inventory purchase items that are tracked as inventory. When the invoiced quantity exceeds the quantity of goods on hand, the system can be configured to use one of two methods to record these costs. From the Related Actions icon on an inventory company, select either:

- Excess variance is written off
- Excess variance is applied to current on hand quantity

It is important to note that when using the second option, a per unit variance is applied to the on-hand inventory quantity with the excess variance being written off. So only a portion of the variance is used to update the average unit cost.

Under the following conditions, the entire invoice price variance is written off.

- The on-hand quantity of the invoice item is zero.
- A purchase order line has been received to multiple inventory sites.
- There have been multiple put-aways for the purchase order line and goods were put away into stocking locations with different worktags.
- The invoice UOM cannot be converted to the put-away UOM.

Listed below is the account posting rule(s) used by this transaction type:

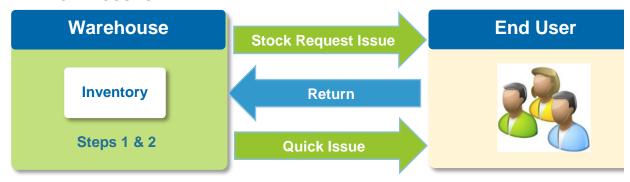
Invoice Variance	DR Posting Rule	CR Posting Rule
Cost Adjustment (+)	Spend	Receipt Accrual
Cost Adjustment (-)	Receipt Accrual	Spend
Write Off (+)	Inventory Cost Adjustment	Receipt Accrual
Write Off (-)	Receipt Accrual	Inventory Cost Adjustment

INVENTORY RETURN ORDERS

Internal inventory items may be returned to an Inventory Site from using the original Stock Request or Quick Issue document or Ad Hoc if the original document cannot be found. Keep in mind, and Ad Hoc Inventory Return Order cannot be created for an Inventory Item that has not been put-away at that Inventory Site.

An inventory Return is initiated from the <u>Create Inventory Return Order</u> task and will be for an item that was Issued (Quick Issue or Stock Request – Issue) or Transferred (Stock Request – Transfer) from the Return To Inventory Site. Each of these options are shown below:

INVENTORY ISSUES



For Inventory Issue transactions, there will be two steps within the system to complete the return transaction:

- 1. Create the Return Order in
- 2. Put-Away the returned items

INVENTORY TRANSFERS



For Inventory Transfer transactions, there will be three steps within the system to complete the return transaction:

- 1. Create the Return Order
- 2. Create a Return Adjustment
- 3. Put-Away the returned items

INVENTORY RETURN ORDER COSTING

When an inventory item is returned, and references the original Stock Request or Quick Issue document, the original item perpetual average cost and transaction worktags will be used to create the return order accounting transaction. An Ad Hoc Inventory Return Order will use the current perpetual average cost for the item at the Inventory Site and will not affect the perpetual average cost of an item in an Inventory Site.

INVENTORY RETURN ORDER ACCOUNTING

Accounting entries for Return Orders are only created for Inventory Items that are tracked as inventory items on the balance sheet. The system handles the return accounting entries differently depending if the item will go back into stock or be disposed of when received.

Issue Return accounting will reverse the original transaction worktags and costs from the source document using the account posting rule(s) used below:

Issue Return	DR Posting Rule	CR Posting Rule
Materials	Spend (Inventory Treatment)	Spend (from original transaction)
Markup	Inventory Markup (If applicable)	Spend (If applicable)

Disposal Return accounting will be done if a transaction is marked with a Return Reason Code with the "Dispose on Receipt" option selected. The original transaction costs and worktags will be used for the credit and a separate Inventory Adjustment account used for the debit by using the account posting rule(s) used below:

Disposal Return	DR Posting Rule	CR Posting Rule
Materials	Inventory Adjustment (Adjustment Expense)	Spend (from original transaction)
Markup	Inventory Markup (If applicable)	Spend (If applicable)

Accounting is created upon the completion of the Inventory Put-Away process.



Business Case: Verify that the accounting entries created for the Return Order – Stock Request Issue created in Activity 4.9 from the Main Warehouse are correct.

Sign in as Teresa Serrano (tserrano)

FIND INVENTORY TRANSACTION REPORT

- 1. Enter fin inv trans into the search box.
- 2. Select the **Find Inventory Transactions** task.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Main Warehouse
Items	USB Flash Drive
Transaction On or After	1 st of the Current Month

- 4. Click OK.
- 5. Locate the transaction for the Return of 2 USB Flash Drives by Teresa Serrano in Activity 4.9. What is the transaction type? Did the perpetual average cost change when the item was returned?
- 6. From the Related Actions on the USB Flash Drive inventory item returned in Activity 4.9, what are your options?
- 7. Were any accounting entries created? If none, why?
- 8. Run the Find Inventory Balance report.
- 9. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Main Warehouse

Items

USB Flash Drive

10. Click **OK**, and verify your results.



INVENTORY REPORTS

Workday delivers several worklet-enabled and tabular reports to assist in managing inventory item costs and transactions.

WORKLET-ENABLED REPORTS

- On-Hand Inventory Cost: All quantities on hand regardless if journals entries posted to ledger.
- <u>On-Hand Inventory Value</u>: Total value of goods on hand for all inventory transactions posted to the ledger.
- Top Issued Spend Categories: Issued Inventory by Site, Location, Worktags.
- Adjustment Transaction Value: Inventory adjustments by reason code.

TABULAR REPORTS

- <u>Inventory Transaction Accounting</u>: All accounting entries for filtered inventory transactions.
- Transactions Updating Average Cost: Used to analyze item unit cost variances.
- <u>Unposted Inventory Transactions</u>: Used to assist in monthly close process.
- <u>Find Inventory Transactions</u>: Allows search for inventory transactions by company, site, item, spend, types, locations, and dates.
- <u>Find Inventory Balance</u>: Allows search for inventory item balance by company, site, item, stocking locations.



- 1. True/False. Cost variances are automatically recorded toward the inventory item cost for inventory purchase items that are tracked as inventory.
- 2. True/False. Implicit Worktags are added to all inventory transactions, regardless of transaction type.
- 3. True/False. Perpetual Average Costs are displayed throughout the system and are real-time.
- 4. True/False. Stocking transactions record the receipt of inventory items into a stocking location.
- 5. True/False. Within Workday, Perpetual Average Cost is updated when an invoice price variance is recognized.

CHAPTER 6 - INVENTORY COUNTS

OVERVIEW

An important method of control with any Inventory System is the ability to reconcile a physical inventory count of items to the quantities contained in the system. This is typically done through an Inventory Count or Cycle Count process. Variances between physical inventory counts and the system are verified and the appropriate adjustments made to both the quantity and the inventory valuation for items tracked as an asset on the balance sheet. Cycle count adjustments can also be tracked and analyzed over time to provide greater insight into what types of problems may be occurring in inventory management.

The Workday Inventory Counts functionality supports the counting of inventory items on a periodic basis and reconciling inventory levels to those counts.

OBJECTIVES

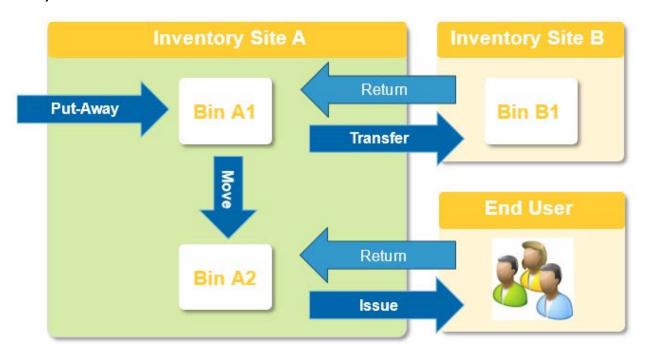
By the end of this chapter, you will be able to:

- Understand where errors can occur in inventory transactions.
- Understand the Cycle Count process in Workday.
- Understand the options available when selecting items for count.
- Understand how inventory adjustments are made.

INVENTORY TRANSACTIONS

As we have discussed earlier, multiple different transaction types occur within the Workday Inventory System. All the different inventory transactions listed below can affect the balance, the inventory valuation, or potentially both within the system.

- Put-Away Inventory
- Move Inventory
- Stock Requests
- Quick Issues
- Return Orders
- Picking
- Shipping
- Disposals
- Adjustments



As with all operations, discrepancies between a physical inventory count and the inventory system can happen. These are some of the more frequent causes:

- Damaged goods
- Items issued or received but not recorded in the system
- Received items not correctly recorded in the system
- Wrong item or quantity is picked for shipment

INVENTORY COUNT OVERVIEW

There are typically two different methodologies for counting inventory that are based on frequency. The selection is typically determined by the amount of time and resources available to do the count without affecting operations.

- Physical Counts are typically conducted 1-2x per year for all inventory items in a facility.
- Cycle Counts are typically completed on a periodic basis for a subset of inventory items in a facility.

Regardless of which methodology is used, two different Count Types may be selected for use. One of these two options is selected for each Inventory Site in Workday:

- Blind counts: This does not allow visibility to on-hand quantities when counting.
- **Guided counts**: This provides visibility to the quantity on hand when counting. This is the system default.

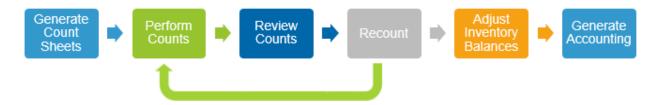
For each Inventory Site, there is an option to Include in Count. If selected at the site level before stocking locations are attached, it is automatically set for each stocking location. It may be overridden for an individual inventory stocking location. A stocking location must be marked Include in Count to be considered when selecting items for a Cycle Count.

A new <u>Mass Update Stocking Locations</u> task is available that allows the mass update of the Inventory Movement on Hold and Include in Count options on all stocking locations included in an Inventory Site hierarchy. This option is especially helpful when large numbers of stocking locations exist and need to be put on hold during a physical inventory.

ABC Classifications may be defined to be used as part of your Cycle Count Selection criteria. Configure your desired values in the <u>Maintain Inventory ABC Classifications</u> task, including the desired count frequency in days, and then update each Inventory Purchase Item with the appropriate value.

The cycle count process within Workday is fairly standard and includes the following steps:

- 1. Generate Count Sheets
- 2. Perform Counts
- 3. Review Counts
- 4. Re-Counts
- 5. Adjust Inventory Balances
- 6. Generate Accounting



The cycle count process in Workday is initiated by using the <u>Create Inventory Count Sheets</u> task, which then initiates the <u>Inventory Count Event</u> business process. This business process allows both review and approval steps and includes the ability to send back individual inventory items on a count sheet for re-count to the Inventory Specialist. Once the count sheets are approved, the necessary inventory adjustments are created in the system, including the related accounting entries based on the counts entered.

When the count results in an increase in inventory levels of an item, Workday creates an accounting entry that:

- Debits the account used by the Spend posting rule.
- Credits the account used by the Inventory Adjustment posting rule.

When the count results in a decrease in inventory levels of an item, Workday creates an accounting entry that:

- Debits the account used by the Inventory Adjustment posting rule.
- Credits the account used by the Spend posting rule.

CREATE INVENTORY COUNT SHEETS

When beginning a cycle count or physical inventory, the following options are available from the Create Inventory Count Sheets task:

Option	Description
Inventory Site	Select the Inventory Site for the cycle count
Counting Method	 Three different counting methods are available: ABC: classifies items based on a count frequency. Utilizes that count frequency and last count date on your item location to determine items to count. Random: items chosen to count at random. All Eligible: uses the selection criteria to determine items to count.
Adjustment Reason	Used for adjustment reporting. Determines the adjustment account posted when updating inventory balances.
Include All Eligible Counts	Select to include all items in all locations that meet the selection criteria. Example: Include all 1000 items in unique locations that match the criteria.
Total Counts in Event	Clear the Include All Eligible Counts check box to limit the total number of items to count in the event. <u>Example</u> : Count only 100 items today.
Counts per Sheet	Enter the number of counts in a sheet. Example: There are 100 items for 5 counters. Enter 20 counts per sheet, which generates 5 individual count sheets.
Location	Select one or more individual Stocking Locations within the Inventory Site.
ABC Classification	Select one or more of the ABC classifications on the Inventory Items to be included in the cycle count. The system tracks the last cycle count for each Inventory item but no date exists until it has been counted at least once.
Last Count Day Greater Than	Enter the number of days since the last count within which an item location should not be recounted. Example: Don't count item locations that have been counted within the last 10 days.
Include Zero Balance Locations Only	Select to count locations with a zero-inventory balance only.

ACTIVITY 6.1 – UPDATE INVENTORY SYSTEM CONFIGURATION

Business Case: Teresa Serrano was reviewing the new Inventory System security and wants to make a few changes. First, she wants to update the Inventory Count Event business process so all inventory counts are reviewed. Second, she does not want Ian Murray to be assigned to the Inventory Accountant security role. Complete the updates.

Sign in as Teresa Serrano (tserrano)

FIND PAR COUNT

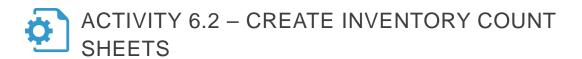
- 1. Enter bp: inv cou event into the Search box.
- 2. Select the Inventory Count Event (Default Definition) business process definition.
- 3. From the **Related Actions** icon next to the magnifying glass on Step b, go to **Business Process > Maintain Step Conditions**.
- 4. Accept today's date as the Effective Date.
- 5. Click OK.
- 6. In the Entry Conditions section, remove the Total Count Cost Variance > 10,000 condition rule by clicking the **Remove Row** icon.
- 7. Click **OK** and **Done**.

VIEW GLOBAL MODERN SERVICE, INC. (USA) ROLES

- 1. Enter *gms usa* into the Search box.
- 2. Select the Global Modern Services, Inc. (USA) Company entry.
- 3. From the Related Actions icon on the Company, select **Roles > Assign Roles**.
- 4. Accept today's date as the Effective Date.
- 5. Click OK.
- 6. Locate the Inventory Accountant Role.

- 7. Click in the Assigned To box and click the **X** in front of "Accounting Specialist AP Ian Murray" to delete his role.
- 8. Click **OK** and **Done**.
- 9. Sign out.





Business Case: As the Inventory Specialist, Ian Murray is going to initiate the first inventory physical count process for the new system. Create the Inventory Count Sheets.

Sign in as Ian Murray (imurray)

CREATE INVENTORY COUNT SHEETS

- 1. Enter cre inv cou into the Search box.
- 2. Select the **Create Inventory Count Sheets** task.
- 3. Select **Run Now** as the Run Frequency.
- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Request Name	First Physical Inventory
Inventory Site	Pleasanton Warehouse
Counting Method	All Eligible
Adjustment Reason	Physical Count
Include All Eligible Counts	(checked)
Counts Per Sheet	10

6. Click **OK** and **Done**.

FIND INVENTORY COUNT SHEETS

- 1. Enter fin inv cou she into the Search box.
- 2. Select the **Find Inventory Count Sheet** report.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Exclude Canceled	(checked)
Exclude Closed	(checked)



<u>Note</u>: Review all the available options to Find Count Sheets. All Counts Sheets start with a Draft Status and will end their lifecycle with either a Canceled or Closed status.

- 4. Click OK.
- 5. Note that only one count sheet was created for the Pleasanton Warehouse based on the criteria used when creating the count sheets. Record the number:
- 6. From the **Related Actions** icon on the count sheet in the grid, select **Inventory Count Sheet > Print**.
- 7. Note the Print button on the bottom of the page. This is an optional step but necessary if not using mobile devices to count.





ACTIVITY 6.3 - COUNT INVENTORY

Business Case: Now that the count sheets have been created, Ian Murray is ready to go and do his physical inventory. He records his count on a printout and goes back to his workstation to enter his results.

Sign in as Ian Murray (imurray)

COUNT INVENTORY

- 1. Enter cou inv into the Search box.
- 2. Select the **Count Inventory** task.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Pleasanton Warehouse
Inventory Count Sheet	From Activity 6.2

- 4. Click OK.
- 5. Enter First Inventory into the Memo category.
- 6. Click on the first Copier Paper item in Aisle 1 Bin B on the left. Enter a Quantity Counted equal to the Quantity on Hand plus one.



 $\underline{\text{Note}}$: If there is zero in stock, you must select the Zero On Hand check box.

- 7. Click on the second Copier Paper item in Aisle 2 on the left. Enter a Quantity Counted equal to the Quantity on Hand.
- 8. Click on the Water Bottle item in Aisle 2 on the left. Enter a Quantity Counted equal to the Quantity on Hand.
- 9. Click **Submit.** Expand **Details and Process** and **n**ote the Assigned To value.
- 10. Click Done.
- 11. Sign out.

Sign in as Teresa Serrano (tserrano)

REVIEW INVENTORY TRANSACTIONS

- 1. Enter fin inv trans into the Search box.
- 2. Select the **Find Inventory Transactions** report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Pleasanton Warehouse
Transaction Type	Adjustment
Items	Copier Paper
Transaction On or After	Yesterday's Date

- 4. Click OK.
- 5. From the **Related Actions** icon on the transaction, select the **Accounting > View Accounting** option.
 - A. What Account Posting Rule was used for the inventory count adjustment?
 - B. Are adjustments from physical Inventory Counts recorded into a separate GL Account from other adjustments for the Global Modern Services, Inc. (USA) company?
 - C. What cost was used to record the transaction?
- 6. Sign out.





- 1. True/False. ABC Classifications may be defined to be used as part of your Cycle Count Selection criteria.
- 2. True/False. Blind counts do not allow visibility to on-hand quantities when counting.
- True/False. Cycle count adjustments can also be tracked and analyzed over time to provide greater insight into what types of problems may be occurring in inventory management.
- 4. True/False. Physical counts are typically completed on a periodic basis for a subset of inventory items in a facility.
- 5. True/False. The cycle count process in Workday is initiated by using the Inventory Count Event business process.

CHAPTER 7 – REPLENISHMENT

OVERVIEW

Replenishment is the process of restocking depleted inventory. Workday monitors stock levels and replenishes inventory when the inventory levels drop below designated reorder points. The Replenishment process can be run manually online or scheduled to run on a periodic basis (e.g., daily, weekly).

Workday triggers replenishment when a Calculated Inventory Level is less than or equal to a Reorder Point Level. The reorder point is a level below which a restocking event needs to occur and is configured on purchase items.



OBJECTIVES

By the end of this chapter, you will learn how to replenish inventory items in your system using two different methods: the Min-Max Replenishment Method and the Fixed Reorder Point Replenishment Method.

You will also be able to run the replenishment process to generate the following replenishment requests based on the setup:

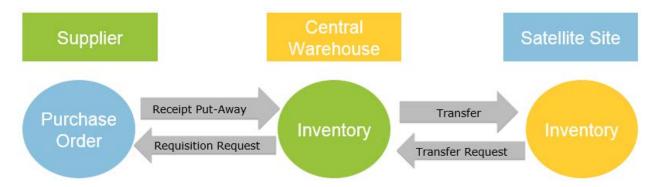
- Inventory Requisitions Requests
- Stock Transfer Requests
- Inbox Notification for Replenishment Requests

REPLENISHMENT OPTIONS

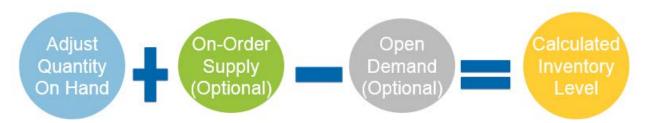
Workday provides four different replenishment options:

- Restock inventory through replenishment from an external supplier using a requisition.
- Restock inventory through a transfer stock request between inventory sites.
- Send an Inbox notification, listing each item in each site that requires replenishment.
- No Replenishment.

One of these options is selected for each Inventory Site. Replenishment quantities are determined based on a combination of each purchase item's replenishment attributes and the inventory stocking locations usage options.



Workday calculates the inventory level on hand using this method:



Value	Description
Adjusted Quantity On Hand	Total inventory site quantity on hand, minus any individual stocking location quantity on hand that has been excluded from replenishment based on usage.
On Order Supply Expected replenishment requisitions and destination inventor site transfer stock requests that have not been put away.	
Open Demand	Open stock requests that have not been shipped.

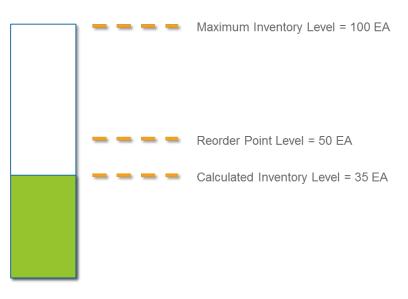
REPLENISHMENT METHODS

MIN-MAX REPLENISHMENT METHOD

Workday calculates min-max replenishment in the stocking/base unit of measure. You can specify a reorder point level and a maximum level in the Inventory Site Options tab of the <u>Create Purchase Items</u> task. When inventory drops below the reorder point level, Workday restocks inventory to the maximum level.



<u>Use Case</u>: You set the reorder point level for an item as 50 each and the maximum inventory level as 100 each. The replenishment process calculates the item's inventory level as 35 each. Since the calculated inventory level is less than the reorder point, Workday creates a replenishment request for 65 each. (Maximum Inventory Level (100 each) - Calculated Inventory Level (35 each) = Reorder Quantity (65 each)).





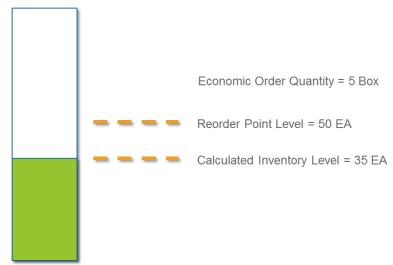
<u>Tip</u>: The Min-Max replenishment will generate variable order quantities every time replenishment runs. The customer will need to ensure that the calculated order size is viable from cost and operations perspective for what they are trying to achieve through replenishment.

FIXED REORDER POINT REPLENISHMENT METHOD

Workday calculates fixed reorder point replenishment in the base unit of measure. You can specify a reorder point level in the base unit of measure in the Inventory Site Options tab of the Create Purchase Item task. If the calculated inventory level drops below it, Workday creates an order in the economic order quantity that you define for the inventory item to meet the replenishment unit of measure you specify.



<u>Example</u>: You set an item reorder point level as 50 each and the calculated inventory level is 35 each. Since the calculated inventory of 35 is less than 50, replenishment would create a requisition for 5 boxes (5 in each box or 25 each), based on the economic order quantity and replenishment unit of measure set for the item.





<u>Tip</u>: When establishing the reorder point, customers will need to consider what levels of stock need to be kept ensuring the smooth and uninterrupted flow within the Inventory system versus what is the economic order point (i.e., what order quantity represents the best value for money).

REPLENISHMENT CONFIGURATION CHECKLIST

The following list summarizes the configuration options that are used by the replenishment process and that must be setup for the replenishment process to work.

Option	Description	
Maintain Inventory Usage	As noted earlier, there can be some storage locations in inventory for damaged or returned goods. Such storage locations will need to be appropriately flagged for the inventory usage. "Include in Replenishment" flag as defined for the Usage Type determines whether to include stocking location on hand in replenishment calculation.	
Maintain Inventory Site	 "Replenishment Option" will need to be set to indicate if requisitions, stock requests, or notifications should be created as a result of replenishment. "Source Inventory Site" will need to be defined for sites using stock requests for replenishment. "Source Requisition Company" is needed for sites using requisitions for replenishments. "Include On Order" (optional) is the replenishment calculation to include expected replenishment requisitions and destination inventory site transfer stock requests that have not been put away. "Include Open Demand" (optional) is the replenishment calculation to include open stock requests that have not been shipped. 	
Maintain Stocking Location	"Inventory Location Usage Type" will determine whether to include or ignore on hand inventory in replenishment calculation.	
Purchase Item Inventory Site Options – Fixed Reorder Quantity	 "Base Reorder Point Quantity" will need to be set up in the base unit of measure. "Economic Order Quantity" will need to be set to the maximum inventory level for the site in the base unit of measure. "Replenishment Unit of Measure" will need to be set up for the ordering unit of measure. 	

Option	Description	
Purchase Item Inventory Site Options – Min/Max Quantity	 "Base Reorder Point Quantity" will need to be set up in the base unit of measure. "Base Maximum Quantity" will need to be set to the maximum inventory level for the site in the base unit of measure. 	

REPLENISHMENT PROCESS

You can schedule a job to replenish inventory when levels drop below a desired reorder point.



Option	Description
Request Name	Enter free-form text to identify your schedule request.
Inventory Sites for Replenishment	Select the inventory sites requiring replenishment.
Spend Category	Select specific spend categories associated with the purchase items that need to be replenished.
Item	Select specific purchase items that need to be replenished.
Requisition Type Select the requisition type to create if you are using requisition to replenish your inventory. The requisition type must allow inventory replenishment. The Maintain Requisition Types task used to define the required requisition types.	
Auto Submit	Select this checkbox to automatically submit the requisition or stock request for review and approval. Clearing this checkbox creates the requisition or stock request in Draft status.

REPLENISHMENT INVENTORY - RESULTS

Once the Replenish Inventory process completes, the results page containing Replenish Inventory Criteria will show the following information for the requisitions and stock transfers that are created.

Value	Description
Inventory Site	Inventory site for which the replenishment requests are created.
Inventory Item	Inventory item associated with the replenishment request.
Adjusted Quantity On Hand	Total quantity on hand for all the storage locations that need to be included the replenishment.
On Order Quantity	Expected replenishment requisitions and destination inventory site transfer stock requests that have not been put away.
Open Demand Quantity	Total quantity representing open stock requests which the inventory site as source and have not been shipped.
Calculated Inventory Value	Calculated as "Adjusted Quantity On Hand" + "On-Order" – "Open–Demand."
Base Reorder Point Quantity	Trigger replenishment request only when "Adjusted Quantity On Hand" <= Reorder Point for the item.
Suggested Reorder Quantity	Quantity for the stock request or requisition to be created.
Unit Of Measure	Unit of measure for the replenishment request.
Replenishment Option	Indicated whether the created replenishment request is a "Transfer Stock Request" or "Requisition."

INVENTORY REPLENISHMENT REQUISITIONS

You can create a requisition for Inventory Replenishment using either of the following options:

- Create Requisition UI (self-service UI for inventory managers)
 - Select a requisition type enabled for Inventory Replenishment.
 - Select the Requesting Inventory Site.
 - Confirm the Ship-to Address as the inventory site's primary shipping address.
 - In the Goods Line tab, link the purchase item to the web item/catalog item and enter the conversion factor (if override is applicable).
- The background process (API) that is automatically initiated when inventory stock levels for items go below re-order point, etc.

Using requisition sourcing rules (created using the <u>Maintain Requisition Sourcing Rules</u> task), you can identify a preferred supplier for purchase items. This information is required to automatically source your requisitions to a purchase order, thus streamlining the procurement process and reducing buyer workload.

A preferred supplier can be configured using combinations of the following attributes:

- Company
- Spend Category
- Ship-to Address
- Purchase Item

Alternatively, you can configure the default rule to use the Supplier with Purchase Item on Contract. The Source Requisition task will need to be used to manually source the requisition.



Business Case: On-hand balance for a purchase item in inventory is below its reorder point. Replenishment process needs to be run to create the stock transfer request as replenishment request.

Sign in as Teresa Serrano (tserrano)

VIEW PURCHASE ITEM

- 1. Enter *vie pur item* into the Search box.
- 2. Select the **View Purchase Item** report.
- 3. Select the Laptop Power Adapter Purchase Item.
- 4. Click OK.
- 5. Click the **Inventory** tab and then the **Inventory Site Options** tab.
- 6. Verify the following setup already exists for Inventory Site Options:

Field Name	Entry Value	
Inventory Site	Auxiliary Warehouse - East	
Replenishment Type	Fixed Reorder Quantity	
Reorder Point Quantity	25	
Fixed Order Quantity	25	
Fixed Order Unit of Measure	Each	

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the Search box.
- 2. Select the **Find Inventory Balance** report.
- 3. Enter the following information:

Field Name	Entry Value

Company	Global Modern Services, Inc. (USA)
Inventory Site	Auxiliary Warehouse - East
Item	Laptop Power Adapter

4. Click OK.

RUN REPLENISHMENT PROCESS AND VERIFY RESULTS

- 1. Enter *replen inv* into the Search box.
- 2. Select the Replenish Inventory task.
- 3. Select **Run Now** for the Run Frequency.
- 4. Click OK.
- 5. Enter the following information:

Field Name	Value
Request Name	Replenish Aux East
Inventory Sites for Replenishment	Auxiliary Warehouse - East
Item	Laptop Power Adapter
Auto-Submit	(checked)

- 6. Click OK.
- 7. Click **Refresh** until the process completes.
- 8. Verify the following values mentioned in the Replenish Inventory Criteria tab indicating that a stock transfer request for 25 each is created.

Field Name	Value
Inventory Site	Auxiliary Warehouse - East
Inventory Item	Laptop Power Adapter
Adjusted Quantity On Hand	0
On-Order Quantity	0
Open Demand Quantity	0

Calculated Inventory Value

Base Reorder Point Quantity

25

Suggested Reorder Quantity

Unit of Measure

Replenishment Option

Create Stock Request

FIND REPLENISHMENT REQUEST (STOCK REQUEST)

- 1. Enter *inv* sto req into the Search box.
- 2. Select the **Find Inventory Stock Request** report.
- 3. Enter the following information:

Field Name	Entry Value
Inventory Site	Main Warehouse
Order Date On or After	Today's Date
Transfer to Site	Auxiliary Warehouse - East

- 4. Click OK.
- 5. Note the following values of the created stock transfer requests:

Field Name	Value
Inventory Site	Main Warehouse
Status	Approved
Order Type	Transfer Request
Transfer to Site	Auxiliary Warehouse - East
Origin	Inventory Replenishment
Order Date	Today's Date

6. Sign out.



ACTIVITY 7.2 – REPLENISH INVENTORY – REQUISITION REQUEST

Business Case: The On Hand Balance for an inventory purchase item is below its reorder point. The Replenishment process needs to be run to create the inventory requisition as replenishment request.

Sign in as Ian Murray (imurray)

VIEW PURCHASE ITEM

- 1. Enter *vie pur item* the Search box.
- 2. Select the View Purchase Item report.
- Select the Laptop Power Adapter Purchase Item.
 Hint: Select Purchase Items by Spend Category > Stocked IT Supplies.
- 4. Click OK.
- 5. Click the **Inventory** tab and then the **Inventory Site Options** tab.
- 6. Verify the following configuration for the Inventory Site Options:

Field Name	Entry Value
Inventory Site	Main Warehouse
Replenishment Option	Fixed Reorder Quantity
Reorder Point Quantity	50
Fixed Order Quantity	50
Fixed Order Unit of Measure	Each

FIND INVENTORY BALANCE REPORT

- 1. Enter fin inv bal into the Search box.
- 2. Select the Find Inventory Balance report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Inventory Site	Main Warehouse
Item	Laptop Power Adapter

4. Click **OK**. Note that there are 25 Laptop Power Adapters on hand in the Main Warehouse.

RUN REPLENISHMENT PROCESS AND VERIFY RESULTS

- 1. Enter *replen inv* into the Search box.
- 2. Select the **Replenish Inventory** task.
- 3. Select **Run Now** for the Run Frequency.
- 4. Click OK.
- 5. Enter the following information:

Field Name	Value
Request Name	Replenish Main Warehouse
Inventory Sites for Replenishment	Main Warehouse
Item	Laptop Power Adapter
Requisition Type	Inventory Replenishment
Auto-Submit	(checked)

- 6. Click OK.
- 7. Click **Refresh** until completed.
- 8. Click Done.
- 9. Go to Ian Murray's Notifications.
- 10. Select the most recent **Replenishment Notification(s)**, and review the following information:

Field Name	Value

Message: Site: Main Warehouse Laptop Power Adapter Item: Adjusted Quantity On Hand: 25 Calculated Inventory Value: 0 Base Reorder Point Quantity: 50 Suggested Reorder Quantity: 50 Unit of Measure: Each Replenish Inventory Details:

9. Sign out.





CHAPTER 7 KNOWLEDGE CHECK

- 1. A preferred supplier can be configured using combinations of which of the following attributes: (Select 2 correct answers)
 - A. Inventory site
 - B. Spend category
 - C. Replenishment option
 - D. Purchase item
 - E. Min-Max replenishment
- 2. True/False. Replenishment is the process of restocking damaged inventory.
- 3. True/False. The Min-Max replenishment will generate variable order quantities every time replenishment runs.
- 4. True/False. You can identify a preferred supplier for purchase items using requisition sourcing rules.
- 5. True/False. You can schedule a job to replenish inventory when levels drop below a desired reorder point.

CHAPTER 8 - PAR INVENTORY

OVERVIEW

Workday's approach to Inventory is designed to help a company manage its internal supply chain needs. The initial release of the product focused on the traditional ability to centrally manage, track, and cost internal inventory items. A new Par Inventory option is available that allows departments to stock and control essential items at a preset quantity and replenish them through the Par Count process. In this situation:

- A department controls access to the inventory.
- There is no tracking of the movement of the items.
- They are expensed when acquired
- Both Inventory Items and Purchase Items can be stocked.

OBJECTIVES

By the end of this chapter, you will be able to:

- Describe Workday's approach to Par Inventory.
- Identify the difference between Internal Inventory and Par Inventory.
- Configure Par Inventory Locations.
- Perform Par Counts and Replenishment.

PAR INVENTORY

Although conceptually different from the previous centrally managed internal inventory, Par Inventory does share many of same configuration attributes. It is also tightly integrated with the procurement system to facilitate the par inventory replenishment cycle. As we go through this section, we will compare the more traditional Internal Inventory Stocking Location to the Par Inventory Location functionality.



<u>Note</u>: Par Inventory is optional functionality. Some of the configuration elements have been completed in earlier activities or are already configured in your tenant.

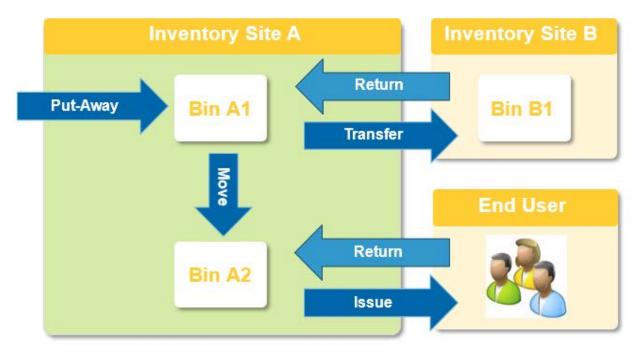
Earlier in this class, we talked about the process flows for handling a customer's internal inventory needs within the Workday Inventory System.

In general, the system will:

- Put-away, move, and transfer inventory using Inventory Sites.
- Issue inventory items to workers.
- Process the return of inventory items from either a Transfer or Issue event.

When using Internal Inventory, the Inventory System:

- Maintains a perpetual inventory balance (Expensed or Asset).
- Verifies and adjusts inventory balances using cycle/physical inventory counts.
- Maintains a perpetual average cost for inventory items at an inventory site (Asset).
- Tracks only stocked inventory items (determined by Spend Category).
- Allows stocked inventory items to be either expensed or treated as an asset.



With Par Inventory, we create individual Locations with a "Par" usage type that must include a physical address for each one (used for shipping). A par location cannot have an Inventory usage and must always be at the lowest level of a hierarchy. For each par location, you must define:

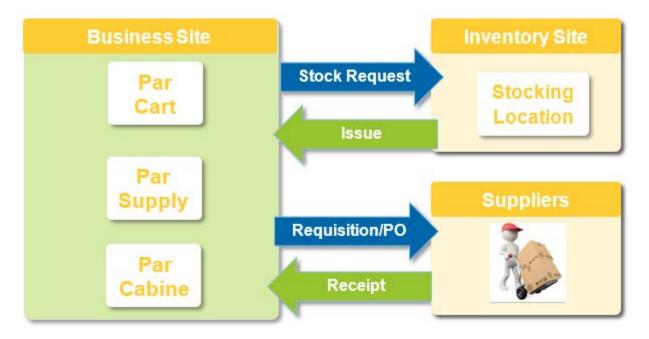
- The stocked inventory items or purchase items in the location.
- The par level quantity of each item.
- The replenishment method that is to be used for each item.

A par location is essentially a business site where access to the items is managed by the department that owns the inventory and is replenished by the Inventory Specialist using the <u>Par Count Event</u> business process.

When using Par Inventory, the Inventory System:

- Does not track perpetual inventory balances for items.
- Uses periodic counts to verify balances and replenish (Par Count).
- Does not maintain a perpetual average cost for items.
- May have both stocked inventory items and purchase items.

Inventory Items or Purchase Items will always be expensed when acquired.



REQUIRED PAR INVENTORY CONFIGURATION

The following configuration items must be configured in the system prior to using the Par Inventory Location functionality.

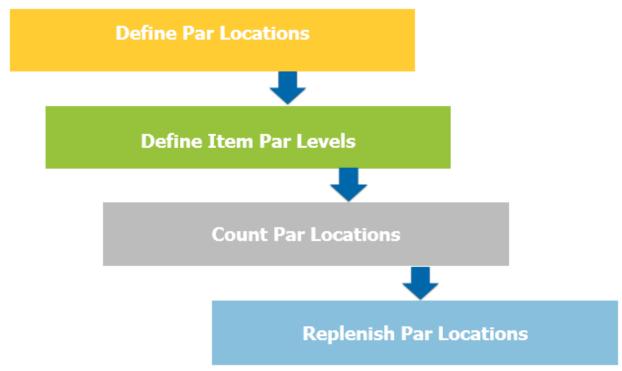
- The Sequence Generator must be configured for Par Count Sheets.
- The <u>Inventory Par Count Event</u> business process must be created and configured.
- A Requisition Type for Par Replenishment with the Par Replenishment Option must be selected.
- A Stock Request Type for Par Replenishment with the Par Replenishment Option must be selected.
- The Maintain Worktag Usage for Par Location must be completed and follow the same requirements as Procurement.
- Par Locations must be created and include the Site Address.
- Maintain Par Locations is used to add replenishment details, items, and quantities for the location.



<u>Note</u>: Custom validation and the Grant's worktag are not currently supported for Inventory.

PAR INVENTORY PROCESS FLOW

The overall process flow for Par Inventory is: Define Par Locations, Define Item Par Levels, Count Par Locations, and Replenish Par Locations.



MAINTAIN PAR LOCATIONS

Once par locations have been created (see Activity 2.5), they will need to be updated with Par Location Replenish Details using the <u>Maintain Par Location</u> task.

PAR LOCATION OPTIONS

The fields and options available for a par location are detailed in the following table.

Option	Description
Par Company	The company that owns the goods in the par location. You charge this company when issuing goods to the location.
Par Count Options	 Set one of these reorder options for items at the par location: Count Quantity: Select to have the inventory specialist count the goods on hand. If the counted quantity is less than the par level, replenishment will create a supply order to bring the on-hand quantity up to the par level. Order Quantity: Select to have the inventory specialist enter the quantity to order rather than count the goods on hand. Replenishment will create a supply order for the quantity entered.
Worktags	Configure the worktags based on par location worktag type. You charge these worktags when issuing goods to the location.
Default	 Set these header values for the par location when replenishing goods: Source Inventory Site: If you choose to source from inventory, select the inventory site that will fulfill the stock request. Source Replenishment Company: If you choose to source from procurement, select the company that will replenish the goods. Stock Request Type: If sourcing through a stock request, select the stock request type for the order. Requisition Type: If sourcing through a requisition, select the requisition type for the order.

PAR LOCATION ITEM DETAILS

Next, the individual inventory and/or purchase items that will be stocked in the par location will need to be defined.

PAR LOCATION ITEMS

The fields and the options available for Par Location Items are detailed in the following table.

Option	Description
Item	The Inventory or Purchase Item stocked at the Par Location.
Bin	(Optional) Define specific bins within this par location, to store items.
Replenishment Source	Select whether to restock an item from a stock request or a requisition.
Unit of Measure	Unit of measure you are tracking and replenishing in this par location. Should be Stocking Unit of Measure for Inventory Items.
Par Level	The quantity of an item you want to keep in stock in this par location.
	Select whether you require a count for the item in the par location.
Required	For the Count Quantity count option, you can't submit a par count until you have counted all required items.
	For the Order Quantity count option, mark an item as Required for informational purposes only.

COUNT PAR LOCATIONS

Once par locations replenishment options have been created and their items and par levels established, the <u>Create Par Count</u> task is initiated to replenish the locations items. This task initiates the <u>Inventory Par Count Event</u> business process, which creates the Par Counts Sheets. The business process can optionally allow either review or approvals steps as part of the process.

Once the item counts are entered for the par location and the business process approved, a stock request or requisition will be created to initiate the replenishment of the location. These documents flow through the normal procurement and fulfillment processes previously discussed.



ACTIVITY 8.1 – MAINTAIN PAR LOCATION

Business Case: Complete the configuration of the new Par Inventory location that will be used to stock office supplies for the Office of CFO in the San Francisco office location. This location was created previously in Activity 2.5.

Sign in as Teresa Serrano (tserrano)

MAINTAIN PAR LOCATION

- 1. Enter mai par loc into the Search box.
- 2. Select the Maintain Par Location task.
- 3. Select **Supply Room 3rd Floor** as the Location.
- 4. Click OK.
- 5. Enter the following information:

Field Name	Entry Value
Par Company	Global Modern Services, Inc. (USA)
Par Count Options	Count Quantity
Cost Center	50000 Office of CFO
Source Inventory Site	Main Warehouse
Source Requisition Company	Global Modern Services, Inc. (USA)
Stock Request Type	Par Replenishment
Requisition Type	Par Replenishment

- 6. In the Items section, click the Add Row icon.
- 7. Enter the following information:

Field Name	Entry Value
Item	Post-it Notes
Replenishment Source	Create Stock Request
Unit of Measure	Each
Par Level	50
Required	(checked)

- 8. Click the **Add Row** icon.
- 9. Enter the following information:

Field Name	Entry Value
Item	Copier Paper (Select the copier paper with the UPC-A item identifier)
Replenishment Source	Create Stock Request
Unit of Measure	Case
Par Level	5
Required	(checked)

- 10. Click the **Add Row** icon.
- 11. Enter the following information:

Field Name	Entry Value
Item	Desk Lamp
Replenishment Source	Create Requisition
Unit of Measure	Each
Par Level	1
Required	(checked)

- 12. Click **OK** and **Done**.
- 13. Sign out.





ACTIVITY 8.2 - CREATE INVENTORY PAR COUNT

Business Case: Now that the new Par Inventory location has been created to stock office supplies for the Office of CFO in the San Francisco office location, the replenishment process needs to initially stock the supplies.

Sign in as lan Murray (imurray)

CREATE INVENTORY PAR COUNT

- 1. Enter cre inv par into the Search box.
- 2. Select the Create Inventory Par Count task.
- 3. Select **Supply Room 3rd Floor** for the Par Location.
- 4. Click OK.
- 5. Enter the following count information for each item:

Field Name	Entry Value
Desk Lamp	Select Zero On Hand check box
Copier Paper	Select Zero On Hand check box
Post-it Notes	Select Zero On Hand check box

- 6. Click Submit.
- 7. Expand the **Details and Process** once completed.
- 8. Record the Par Count Sheet number.
- 9. On the bottom of the section, review the results of the Par Count Process, especially noting the following:
 - A. What is the Par Level for each item?
 - B. What are the business document lines associated with each Par Inventory Item replenishment?
- 10. Click Done.





ACTIVITY 8.3 - FIND PAR COUNT

Business Case: Ian Murray wants to see the results of his Par Count for the new Supply Room on the 3rd Floor to make sure the necessary items were requested. Use the Find Par Count report to review the results.

Sign in as Ian Murray (imurray)

FIND PAR COUNT

- 1. Enter fin par cou into the Search box.
- 2. Select the Find Par Count report.
- 3. Enter the following information:

Field Name	Entry Value
Company	Global Modern Services, Inc. (USA)
Par Location	Supply Room - 3 rd Floor

- 4. Click OK.
- 5. Specifically note the following:
 - A. The Filter Options on the left side of the report.
 - B. The worker who created and performed the count.
 - C. The Orders created from the Par Count Sheet, and the ability to drill into the supporting documents.
 - D. The Last Updated Date Time for each Par Count Sheet.
- 6. Sign Out.





CHAPTER 8 KNOWLEDGE CHECK

- 1. When replenishing a Par Inventory Location using a Stock Request, when are the items recorded as an expense to the worktags on the Par Location?
 - A. The completion of the Stock Request
 - B. The creation of the Pick List
 - C. The recording of the quantities Picked
 - D. The Shipment of the inventory items
- 2. When using Par Count Functionality to automatically replenish a Par Inventory Location using a Requisition, when are the items recorded as an expense and which worktags are used?
 - A. On completion of the Stock Request using the Par Location Worktags
 - B. On approval of the Receipt for the products using Purchase Order Worktags
 - C. On approval of the Supplier Invoice for the products using Par Location Worktags
 - D. On Issue of the Purchase Order using the Requisition Worktags
- 3. True/False. A Stock Request Type must be configured to allow Par Replenishment to occur.
- 4. True/False. Inventory Put-Away Rules are used to automatically record the receipt of Par Inventory items into a Stocking Location.
- 5. True/False. You may include Catalog Items on a Par Location.



Check your knowledge by completing the following in the Workday Learning Center: **Inventory** Consulting Core - Learn Independent Final Exam.

This exam covers the following areas:

- Understanding Workday Inventory.
- Configuring Workday Inventory.
- Material Movements.
- Fulfillment.
- Inventory Costing and Accounting.
- Inventory Counts.
- Replenishment.
- Par Inventory



Questions are based on information in the Inventory Course Manual. Please note, there may be exam questions based on you having completed all the activities in the course manual.

It is highly recommended that you complete all activities in the manual before launching the final exam.



You have 2 hours to complete the final exam. There are no time extensions. You must achieve at least 80% on the final exam to pass the class.

Good luck!

APPENDIX A: KNOWLEDGE CHECK ANSWER KEYS

INTRODUCTION

This section contains answers to questions posed throughout the Knowledge Checks in this course.



CHAPTER 1 KNOWLEDGE CHECK

- 1. True/**False**. An inventory item can be returned to an inventory site if it has never been stocked at that location.
- 2. True/**False**. Inventory stocking locations contain inventory sites.
- True/False. Stock requests are used for fulfillment and may originate from the following: Requisition sourcing, Ad hoc requests, Inventory replenishments, Web services.
- 4. Which of the following Inventory tasks does not have a direct relationship to Financial Accounting?
 - A. Manual Cost Adjustment
 - B. Transaction Cost
 - C. Return/Dispose Inventory
 - D. Invoice Price Variance
- 5. Which role is responsible for processing pick lists and shipments?
 - A. Inventory Cost Analyst
 - B. Inventory Administrator
 - C. Inventory Accountant
 - **D. Inventory Specialist**
 - E. Inventory Analyst



CHAPTER 2 KNOWLEDGE CHECK

- 1. **True**/False. A purchase item used for inventory will normally be set-up at a SKU or UPC level unless it is a generic commodity.
- 2. True/**False**. A spend category can be used both for Asset Tracking and Inventory Tracking.
- 3. **True**/False. A Workday utility has been provided to test Inventory Put-Away Rules to make sure they are working correctly.
- 4. **True**/False. Alternate Identifiers can be used to automatically associate catalog items and punchout items to purchase items either using a web service or manually through the UI.
- 5. True/**False**. Alternate Item Identifiers may only be used with Inventory Purchase Items.
- 6. True/**False**. An Inventory Adjustment Reason must be specified when creating an Inventory Cost Adjustment.



- 1. Beginning inventory balances should be added to the system using which method?
 - A. Ad Hoc Put-Away
 - B. Receipt of Inventory Items
 - C. Adjustment of inventory Items
- 2. Inventory Put-Away Rules can NOT be defined using which criteria?
 - A. Accounting Treatment
 - B. Company
 - C. Supplier
 - D. Spend Category
 - E. Ship-to Address
- 3. **True**/False. Inventory Put-Away Rules are evaluated sequentially until a condition rule is met?
- 4. True/**False**. Inventory Site or Inventory Stocking Location default worktags can be changed if there are items stored in the location.
- 5. The Move Inventory task can be used to:
 - A. Move inventory between stocking locations
 - B. Move inventory between inventory sites
- 6. True/**False**. When moving inventory items that have been expensed within an Inventory Site, accounting entries are always generated.
- 7. **True**/False. When moving inventory items within an Inventory Site, accounting entries created only when the worktags are not the same between the stocking locations.



CHAPTER 4 KNOWLEDGE CHECK

- True/False. Inventory Stock Requests are used to Issue and Transfer inventory items.
- 2. Inventory Stock Requests cannot be initiated by which of the following ways?
 - A. Inventory Replenishment Requests
 - **B. Inventory Return Orders**
 - C. Requisition Sourcing
 - D. Ad Hoc Stock Requests
- 3. True/**False**. The Quick Issue business process allows the option to use organizational role approvals.
- 4. True/**False**. The Quick Issue task only allows the use of the defaulted Inventory Site/Stocking Location worktags when issuing inventory items.
- 5. **True**/False. The use of Inventory Return Order allows customers to better control inventory by reflecting the correct inventory item cost originally incurred when it was issued or transferred when placing them back into inventory.



CHAPTER 5 KNOWLEDGE CHECK

- 1. **True**/False. Cost variances are automatically recorded toward the inventory item cost for inventory purchase items that are tracked as inventory.
- 2. **True**/False. Implicit Worktags are added to all inventory transactions, regardless of transaction type.
- 3. **True**/False. Perpetual Average Costs are displayed throughout the system and are real-time.
- 4. **True**/False. Stocking transactions record the receipt of inventory items into a stocking location.
- 5. **True**/False. Within Workday, Perpetual Average Cost is updated when an invoice price variance is recognized.



CHAPTER 6 KNOWLEDGE CHECK

- 1. **True**/False. ABC Classifications may be defined to be used as part of your Cycle Count Selection criteria.
- 2. **True**/False. Blind counts do not allow visibility to on-hand quantities when counting.
- True/False. Cycle count adjustments can also be tracked and analyzed over time to provide greater insight into what types of problems may be occurring in inventory management.
- 4. True/**False**. Physical counts are typically completed on a periodic basis for a subset of inventory items in a facility.
- 5. True/**False**. The cycle count process in Workday is initiated by using the Inventory Count Event business process.



- 1. A preferred supplier can be configured using combinations of which of the following attributes: (Select 2 correct answers)
 - A. Inventory site
 - B. Spend category
 - C. Replenishment option
 - D. Purchase item
 - E. Min-Max replenishment
- 2. True/**False**. Replenishment is the process of restocking damaged inventory.
- 3. **True**/False. The Min-Max replenishment will generate variable order quantities every time replenishment runs.
- 4. **True**/False. You can identify a preferred supplier for purchase items using requisition sourcing rules.
- 5. **True**/False. You can schedule a job to replenish inventory when levels drop below a desired reorder point.



CHAPTER 8 KNOWLEDGE CHECK

- 1. When replenishing a Par Inventory Location using a Stock Request, when are the items recorded as an expense to the worktags on the Par Location?
 - A. The completion of the Stock Request
 - B. The creation of the Pick List
 - C. The recording of the quantities Picked
 - D. The Shipment of the inventory items
- 2. When using Par Count Functionality to automatically replenish a Par Inventory Location using a Requisition, when are the items recorded as an expense and which worktags are used?
 - A. On completion of the Stock Request using the Par Location Worktags
 - B. On approval of the Receipt for the products using Purchase Order Worktags
 - C. On approval of the Supplier Invoice for the products using Par Location Worktags
 - D. On Issue of the Purchase Order using the Requisition Worktags
- 3. **True**/False. A Stock Request Type must be configured to allow Par Replenishment to occur.
- 4. True/**False**. Inventory Put-Away Rules are used to automatically record the receipt of Par Inventory items into a Stocking Location.
- 5. True/False. You may include Catalog Items on a Par Location.