

**Visual ERP - Inventory Accuracy – Tip # 1**  
**Correcting Inventory Quantities**  
**Inventory Valuation - Negative Balance Costs Layers**

So you have parts showing on the Inventory Valuation Report – Negative Balance Costs Layers. The report might look like the picture below.

Part ID - Description		QTY	Material	Labour	Burden	Service	Unit Cost	Total Value
Trans ID	Reference							
<b>123456 - WIDGETS</b>								
41419	Rec W012345	26.00	15.00	7.50	35.00	14.00	71.50	1,859.00
	Neg Bal	<u>-26.00</u>	<u>12.71</u>	<u>7.04</u>	<u>15.08</u>	<u>3.00</u>	<u>37.83</u>	<u>- 983.58</u>
		0.00	0.00	0.00	0.00	0.00	0.00	875.42

What now?? First things first!! Test the solution in a copy of the database. 1. It gives you an opportunity to become more familiar with the tools. 2. You will have an idea of the expected financial impact. And 3. You will be able to assess the amount of time it will take to run the fix tools & costing utilities.

So here's the steps:

1. STOP - Run costing utilities, create and post all manufacturing journals BEFORE any changes are made.
2. Get values for WIP & Inventory in the General Ledger.
3. Make a back-up of the WIP & Inventory Balance Reports.
4. Run the following script. I like to use Visual ERP's Query Tool (Admin. Menu) but any method of querying will work.

```
SELECT * FROM INVENTORY_TRANS WHERE COSTED_QTY > QTY AND PART_ID IS NOT NULL
```

5. If the SCRIPT results show NADA, NOTHING, ZILCH, the utility VMFIXOHQ should be run for the parts from the report. This will fix the part & location on hand quantities. Only caveat is everyone has to be out of Visual ERP to run the utility AND the SYSADM user must run it.
6. If there are results from the script, your FIFO (FIRST IN, FIRST OUT) layers are out of whack.
  - a. Have a look at the Inventory Transactions to see if there is a hard link to an order. Most common is Customer Order is linked with a Work Order.
  - b. No link – Easy Fix. Run FORCE FIFO. This breaks all the FIFO layers & then puts them back together again. Kinda like humpty dumpty. ☺
    - i. Go to Admin
    - ii. Costing Tools
    - iii. Options
    - iv. Select Recalculate Distribution
    - v. Enter Part ID – in the beginning & ending field
    - vi. Enter Date from the Inventory Transaction
    - vii. Click on FORCE FIFO RE-EVALUATION.
    - viii. Click on Start.

This may take a bit of time if the part is used a lot.

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- c. If a work order is linked to a customer order, the link needs to be broken.
  - i. Go to the Customer Order
  - ii. If the order is closed, set to Released.
  - iii. Highlight the customer order line.
  - iv. Go to Edit, Assign Supply to Customer Order Line
  - v. Click on the delete button.
  - vi. If the order status was changed, set back to closed.
  - vii. Save the order.
  - viii. Then run FORCE FIFO as described above.
7. To confirm that all is fixed, run the Inventory Valuation – Neg. Balance Cost Layers Detail report again.
8. The inventory may need to be adjusted in & out so that Visual's on hand quantity equals what physically exists in the plant.
9. Run Costing Utilities & prepare the manufacturing journals.
10. Review postings to the General Ledger.
11. Get values for WIP & Inventory Balance Reports. Compare to the value prior to making the corrections. You want to make sure you are comfortable with the impact of these changes.
12. Once you are satisfied with the testing & results run the corrections in your live database.

Now that your quantities are correct, it's time to move onto the dollars. Stay tuned for the next steps.