



## Article # 1195

---

### **Technical Note: Effects of the Inventory Maintenance Check On-hand and Update On-hand Settings**

**Difficulty Level:** Intermediate AccountMate User

**Version(s) Affected:** AccountMate 8 for SQL and Express  
AccountMate 7 for SQL, Express and LAN  
AccountMate 6.5 for SQL, MSDE and LAN

**Module(s) Affected:** IC, SO, AR, KT, MI, RA, RV

**Posting Date:** 01/12/2011

### **DESCRIPTION**

AccountMate users engaged in the service industry may not necessarily carry inventory stock as they count their skilled staff as their main resource. Since they count their skilled resources as their "inventory", they do not need to reduce their inventory on-hand quantity for services rendered. Also, processing outstanding customer orders may not require validation against on-hand quantity; at least not in the same way that manufacturing or merchandising companies do with respect to their stock items. To address these varying inventory needs, AccountMate gives users the ability to activate or deactivate the Check On-hand and Update On-hand features in Inventory Maintenance.

This Technical Note discusses how the Check-On-hand and Update On-hand settings affect various Sales Order (SO), Accounts Receivable (AR), Inventory Control (IC), Manufacturing (MI), Kitting (KT), and Return Authorization (RA and RV) functions.

### **SOLUTION**

#### **I. Update On-hand**

AccountMate allows users to set up inventory records that may represent consumable stock or non-consumable services. This is made possible by the Update On-hand setting in Inventory Maintenance.

Items with the Update On-hand unchecked will not be affected by most AccountMate functions that increase or decrease inventory on-hand quantity and total cost. The system will still calculate and update the item's on-order, in-transit, in-process, allocated, defective, and booked quantities. It also continues to assign cost to SO or RA shipments and AR invoices based on the last known inventory item cost.

Listed below are the AccountMate functions that affect inventory, and the effect that turning off the Update On-hand setting has on the item's on-hand quantity and total cost:

Functions	On-hand Qty Changes	Total Item Cost Changes	Remarks
Ship Sales Order	None	None	
Approve Advanced Billing	None	None	
Cancel Shipment	None	None	
Create Invoice	None	None	
Generate Recurring Invoice	None	None	
Inventory Adjustment		+ or -	Users will be unable to select a Bin or enter a Bin Quantity Adjustment
Bin Inventory Movement	None	None	
Warehouse Inventory Transfer	None	None	
Receive Warehouse Inventory Transfer	None	None	
Physical Count	+ or -	+ or -	Updates the item's on-hand quantity and total cost regardless of the Update On-hand setting
Post Work-in-Process	None	None	
Void Work-in-Process	None	None	
Post Finished Job	None	None	
Void Finished Job	None	None	
Build Kit Item	None	None	
Build Customized Kit Item	None	None	
Ship RMA	None	None	
Cancel Ship RMA	None	None	
Ship RTV	None	None	
Cancel Ship RTV	None	None	

**Table 1**

As shown in Table 1, most of the functions will no longer increase or decrease an inventory item's on-hand quantity and total cost when the Update On-hand setting is deactivated. The two exceptions are:

**a. Inventory Adjustment**

The Inventory Adjustment function allows users to enter quantity adjustments and cost adjustments. While turning off the Update On-hand setting prevents the user from entering quantity adjustments for the affective item, it does not prevent the user from entering cost adjustments. If the affected item currently has a non-zero on-hand quantity value, cost adjustment entered through this function will change the item's total cost.

### **b. Physical Count**

The Physical Count functions ignore an item's Update On-hand setting. If the user enters a non-zero count quantity for an item that is not set to Update On-hand, its on-hand quantity will change. If the item's total cost and its last known unit cost are not zero, Update Physical Count will also change the item's total cost.

The Update On-hand setting can be changed at any time. For most of the functions listed in the preceding table, the system validates the Update On-hand setting before updating an item's on-hand quantity and total cost.

## **II. Check On-hand**

Activating the Check On-hand setting in Inventory Maintenance causes the system to compare the transaction quantity against the item's on-hand or available quantity, depending on the nature of the transaction. This validation is performed in the functions listed in Table 2.

For kit and work order transactions, the system performs the validation based on the component's Check On-hand setting rather than that of the kit or parent item. For some transactions, additional settings must be activated before the system will perform the validation. This is true of the MI module's Explode Work Order, Post Work-in-Process and Post Finished Job functions will also require the *Check Inventory On-hand Quantity* checkbox in MI Module Setup to be marked for the validation to be performed.

When all the requirements are met, the system will validate the transaction quantity against the item or the component's *Available Quantity* or *On-hand Quantity*. Functions like Create Sales Order that do not decrease the on-hand quantity will compare the transaction quantity against the item's *Available Quantity* in the selected warehouse. Available Quantity is calculated as the difference between the *On-hand Quantity* and *Booked Quantity*. Other functions like Ship Sales Order that decrease the on-hand quantity will compare the transaction quantity against the item's *On-hand Quantity* in the selected Bin.

If during the validation AccountMate determines that the quantity is insufficient for a specific transaction, an error message to warn the user is generated. Except for the *Approve SQ, Explode WO, Post WIP, Post FJ, Bin Inventory Movement* and *Warehouse Inventory Transfer* functions, all other AccountMate functions grant users the option to proceed even when the item's Available or On-hand Quantity is insufficient. To proceed with the Approve SQ function in spite of insufficient Available Quantity, mark the *Allow to Overbook* checkbox. To proceed with the Explode WO, Post WIP and Post FJ in spite of the component's insufficient Available Quantity, mark the *Allow Overuse of Inventory for Components* checkbox in MI Module Setup.

When dealing with non-consumable inventory, you may not want to validate the transaction quantity against the inventory on-hand or available quantity. To turn off this validation, simply unmark the Check On-hand checkbox for the affected item.

<b>Functions</b>	<b>Validate Against</b>
Create Sales Quote	Available Qty
Approve Sales Quote	Available Qty
Create Sales Order	Available Qty
Release Blanket SO	Available Qty
Ship Sales Order	On-hand Qty
Approve Advanced Billing	On-hand Qty
Create Invoice	On-hand Qty
Bin Inventory Movement	On-hand Qty
Warehouse Inventory Transfer	On-hand Qty
Explode Work Order	Available Qty
Post Work-in-Process	Available Qty
Post Finished Job	Available Qty
Build Kit Item	Available Qty
Build Customized Kit Item	Available Qty
Ship RMA	On-hand Qty
RTV Transaction	Available Qty
Ship RTV	On-hand Qty

**Table 2**

AccountMate gives you the flexibility to set your inventory records to Check On-hand and/or Update On-hand. This article should help you better understand the effects these settings have on various AccountMate functions and how they affect your inventory on-hand quantity and cost balances.

---

This information is provided "AS IS" without warranty of any kind. AccountMate Software Corporation disclaims all warranties, either express or implied. In no event shall AccountMate Software Corporation be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits, or special damages, even if AccountMate Software Corporation has been advised of the possibility of such damages.

---