



## March 2013 Newsletter

### Controlling Purchases

Are you still ordering pads of pre-printed Purchase Orders? Are you then keeping them in a folder until the product is received, and then entering the product into Accounts Payable when you finally receive the invoice? Are you scanning through these 'un-received' pieces of paper trying to figure out when production of a part, or shipment of an item can be started?

With the Purchase Order application you can issue a Purchase Order to a Vendor for Inventory or non-Inventory items. Enter the quantity, and cost, assign a 'Requested Ship Date' and keep this order on file until the goods and the invoice has been received. For inventory items the quantity that has been ordered on each Purchase Order automatically updates that Inventory Item with the quantities 'On-Order'.

Once your Purchase Orders are on file you can run reports by Requested Ship Dates, Vendors, or Items, to know when you are expecting the product to be delivered. These Purchase orders remain on file until all goods are received and invoiced, or they are cancelled or completed.

Once the product is 'Received' and the Purchase Order updated with the quantities, the goods are immediately placed into the Inventory Item in Inventory as 'On-Hand' with the 'cost' that was entered on the original 'New order'. Should the cost be known to be different when the items are received then the cost can be changed at that time and the item entered into Inventory with the 'updated' cost.

When the actual invoice itself is received, Accounting can then pull up the Purchase Order that has already been received and apply the invoice to each of the line items that have been completely processed. At this point if there is a difference in the originally entered cost and the invoiced cost this can be researched and changed if necessary. The difference in the 'received' cost and the 'invoiced' cost is then applied to the COGS account within the Inventory Items.

The beauty of this process is that Accounting no longer has to guess if this was the correct cost or not when invoiced.

With optional ACCRUALS turned on, General Ledger Entries are made to 'temporary' accounts for Inventory, Expense, and Accounts Payable when the items are received. These entries are then reversed when the Purchase Order is 'Invoiced' and the actual G.L. accounts are then debited and credited. This allows your General Ledger to match your Inventory Valuation Report at all times. (However many users prefer to print a accrual report at the end of each month and manually book a single accrual entry to the GL.)

If you are not using the Inventory application Purchase Order can still assist by keeping all ordered product in a file where you can run reports by Vendors, Ship Dates, etc to keep up with materials you have ordered and are waiting on.

### TRAVERSE Conference

Yes, you are probably getting sick of seeing this each month, but just one more reminder that the TRAVERSE Customer Conference will be held at the Rio In Las Vegas May 8-9.



This Conference is two days packed with break out sessions for TRAVERSE, training, access to the Learning Lab, and Vendor Booths that will show you various software and programs that can enhance your current suite of applications.

Go to [www.osas.com](http://www.osas.com) to register or contact us and we can assist you. Registration includes all classes, materials, meals and entertainment.

## TRAINING

### TRAVERSE INTERNET

Sales Order Processes 101  
3/19/13 9-11 CST  
3/20/13 2-4 CST

### TRAVERSE DEMO'S

TRAVERSE 11 @ 11—3/14/13 11-12CST  
TRAVERSE CRM—3/19/13 11-12 CST  
INFO ALERT—3/26/13 1-2 CST

Give us a call and we can get you registered for these internet demonstrations, presentations, and classes. Of course we can always schedule a one on one class or demo for your Company.

## Editing GL Transactions

2

When you have made errors in entering Periods or General Ledger Accounts in Accounts Payable, Accounts Receivable, Bank Reconciliation, Inventory, etc it is very tempting to want to just jump into 'edit transactions' in the General Ledger and change the account of the period.

This is a short cut but you need to understand that it does not change the subsidiaries- any of the histories or Open Invoices in those applications. When you run history reports, open invoice reports, and aged trial balances these reports will still reflect the original account number and period that had been entered.

If this is *not* important to you in the future or now then you can 'take the shortcut' and edit, but, if it is important for your application history to match your GL then do not edit transactions. As a rule of thumb we do NOT recommend editing GL transactions.

## Inventory Items

Inventory always conjures up the thought of 'you purchase it, you receive it, you sell it' and you always know what you have on-hand.

While that is basically true for a distribution company there are also many other ways to use the Inventory application and the items set up within it.

One way I personally use the Inventory application is for the 'Services' that I provide my clients. You have the ability to set up an Inventory Item as a 'service'. As a service you do not make purchases to the item, but you do 'sell' the item. Since it is a service there is no 'cost' associated with it but 'prices' for this service can be set up.

For example, tech support that you supply can be set up in increments of a minimum amount, an hourly amount, a monthly amount, an annual amount, etc.

Once set up this way the item description will print out. You can then run reports out of both Accounts Receivable and Inventory to know exactly how much you have done by using the service account.

If you need to 'think out of the box' using Inventory, give us a call and we can assist you with the setup.



For those states that fall under the Credit Reduction such as NY and WI (because the state owes the federal government 'borrowed' unemployment amounts), both OSAS and TRAVERSE are calculating this 'extra' amount that is actually not owed until December 31, 2013 and not payable until January 31, 2014.

This 'extra' amount is debiting the expense account assigned to it and crediting the liability account assigned to it.

Even though this amount is being calculated on your quarterly reports you are not required to pay this 'extra' amount now.

Should your state make payment to the federal government before the year end this amount may not even be owed and you could have a possible overpayment, which you can claim on the Form 940 next January when you file it.

If you do not want this 'extra' amount to calculate with each payroll you can change the table amount to only calculate the standard .6% of the first \$7,000 of wages and exclude this 'extra amount that may or may not be due come the year end.

You have your choice:

1. Pay the 'extra' each quarter
2. Only accrue but not pay



## Electronic Banking (e-Banking)

I can't help but write again about this application and the cost savings, benefits, and fraud prevention that this application brings to your Company.

With the Banking application you can create Automatic Clearing House (ACH) delivery of payments to your vendors. Once you set the Vendor up to have payments be electronic rather than paper, when you are processing payments instead of printing a check for this vendor you will generate an ACH file that is sent to the bank and payment is made directly into your vendor's account. In addition you can email a payment voucher to your vendor to alert them that the money has been deposited into their account.

Positive Pay files can be generated which protect your company against fraud. When check printing is completed a listing of the Check Number, Date, and Amount is uploaded to your Bank and only those checks that match are cashed by your bank.

Magnetic Ink Character Recognition (MICR) support allows you to print machine-readable information on your checks. This allows you to buy 'blank check stock' and print all the necessary information on the checks rather than having to pay a third party printer to imprint this information onto checks. Especially if you have multiple companies this can be a real money saver. You use the same checks for all companies.

The Reconciliation Import and Direct Deposit features for Payroll are also found in the Banking application with TRAVERSE.