

NETWORK BUSINESS SYSTEMS

SOFTWARE SYSTEM DOCUMENTATION

DEFECTIVE PROCESSING MODULE

FEATURES

- User defined notes by code for disposition analysis
- Notes can be printed or not
- Note can be allowed to edit or not
- Initial/Refinish/Scrap/Exchange inventory disposition
- Credit/Loss status
- Automatically assigns defective tag number
- Prints defective tag for physical identification while inventory is in the review stage
- Must be a valid part number
- Tracks FIFO or directly allocated cost
- Works from the manufacturing work order system
- Traceable to work order or purchase order
- Interfaced with the serial tracking system

REPORTS

- User-defined print out of material in any status, based on code.

INTEGRATED WITH:

- Inventory system
- Job cost system
- Purchase order system
- Serial inventory system

SYSTEM OVERVIEW

IBS's Defective inventory module interfaces directly with the inventory file for separate, defined management of all materials under review for possible defects.

Inventory is separated from use from all sales and manufacturing systems while in the defective system.

Each defective tag is controlled by a unique tag number, which is system assigned. If you know the tag number of an entry that is already entered in, then you will enter in that number to edit or review it.

When creating a defective entry, the system checks to see if the deduction will make a negative inventory entry. It will notify you of this condition and not allow you to enter in the item until you have corrected the inventory master record. Most likely the inventory master record is incorrect and you probably just need to make a positive adjustment.

DISPOSITION NOTE CODES

The defective system tracking is based on "DISPOSITION CODES" that you will set up. These codes are referred to in the actual defective entry, and set up the movement of the part from initial to final disposition. You will want to define initial codes and final codes based on certain conditions that may or may not allow note entry/edit. The codes you do not want to

edit can have pre- entered notes that automatically come up during processing in the defective entry. You will also want to set up codes that allow freelance note entry for detailing the defective entry. These codes can be told to print or not, your choice.

Here is an explanation of the types of disposition codes.

A: INIT - This is the initial disposition. When this status is used, the disposition field must be a number 1. This code must be used first when entering a defective tag. The initial disposition code tells the system that you are making a defective part and that inventory and costing data manipulation will happen. When this code is entered, the part that you have entered will be moved from RAW or FIN inventory to defective.

B: REFIN - This status is a final disposition. This status means that a part came back defective; it was reworked and put back into inventory. The disposition flag will be a number 1.

C: SCRAP - This status is a final disposition. When this code is used, the system will move inventory from DEFECTIVE to SCRAP. The disposition flag will be a number 1.

D: EXCH - This is also a final disposition. This code is used when a part received defective from a vendor is returned to the vendor and replaced with a good part of the same make. The disposition on this code will be a number 1. Using this code will remove the part from defective. Once you receive the new part, it will be put into inventory.

CREDIT VS. LOSS

You will also program the disposition codes to determine if the inventory defective entry is to be a credit or a loss. This only deals with final disposition codes. When the letter C is entered, this will tell the system that the defective parts cost was taken care of by another company, either the part was replaced or exchanged. When the letter L is entered this will tell the system that the defecting of this part is your loss manipulation will happen.

DEFECTIVE INVENTORY VALUE

Value of defective inventory is printable and reportable for financial purposes. Cost is associated to the inventory either by FIFO or direct allocation. The Defective inventory module is an optional sub-module of the inventory system.

WORK ORDER INTERFACE

This particular field is for reference only. At present it does not tie in any intelligence between the defective tag entry and the work order.

SERIAL NUMBERED ITEMS

If the part number you are entering is a serial numbered item, the program automatically operate a second part of the program which is the serial book entry. In this part of the program, you will enter serial numbers for that tag that you are making. You will not be able to skip this part of the program. Once it has chained to this program, you must enter serial numbers. You will not go any further until you do.

BASIC SYSTEM OPERATIONAL FLOW

1. Defective Processing:DEFECTS...This is the main program for entering in inventory into a defective/review process. Only one part number is allowed and only parts in the same status (RAW,WIP,FIN) should be grouped together. This program will ask to print the tag every time you get into it and exit through the quit routine.
2. Enter Defective Codes:DEFNTGUT...Here you will define the codes and conditions that your defective/review department will operate under. These codes set up the ability to report by code, so be thoughtful as to what you want to get out of your reports.
3. Defective Reports:DEFRPT1...You can report by tag number, part number, or code. Within each selection you can segregate inventory further for reporting purposes. All report print cost data on them. This value is not included in the inventory value but must be posted along with the standard monthly journal entry if it is to be included.

SYSTEM SETUP REQUIREMENTS

You will need to design your defective note codes and enter them into the system. You will also need to decide whether to use standard 3" X 5" tractor fed post cards for the tag, or plain paper. You will also need to determine the starting number for the defective tags, which will be set up in the IBS System setup file.

Enter Defective Codes:DEFNTGUT
System Setup File:SYSGUT

PROGRAM DOCUMENTS

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|----|-----------------------------------|---------|
| 3. | INVENTORY/MFG. | MENU #1 |
| 7. | DEFECTIVE PROCESSING | MENU #1 |
| | 1. Defective Processing:DEFECTS | |
| | 2. Enter Defective Codes:DEFNTGUT | |
| | 3. Defective Reports:DEFRPT1 | |