

Adding Freight/ Duty to Vendor Invoice Reconciliation

- Distributing to Average Landed Cost (ALC)
 - Using “Receipt” numbers when receiving to make VIR easier
- Creating separate bills in QuickBooks for separate vendors (parts, freight, duty)

This document is intended to demonstrate to the user how to distribute freight and duty charges to a third party vendor when doing Vendor Invoice Reconciliation. In this example I am creating a Purchase Order to Exide Technologies to order one part and they are using a third party vendor, called EZR to ship the part.

P1-30179 has been created ordering a quantity of one part #1002 from Exide Technologies for \$10.

Purchase Order Information							
Vendor Name	Exide Technologies			Order Lowest Cost Items Only	<input type="checkbox"/>		
PO Type	SPECIAL BUY			Ignore Overstock Locations	<input type="checkbox"/>		
By Barcode	<input type="checkbox"/>			Factor Order Delay	<input type="checkbox"/>		
Default Transaction Code	Normal Purchase			Include Consignments	<input type="checkbox"/>		
Default Delivery Preference	We will pick it up			Delayed Quantity on Order	<input checked="" type="checkbox"/>		
Order From Location	Bora Bora			Leave Cores On Hand	<input type="checkbox"/>		
Created By	admin						
Primary Supplier or Equivalent Parts Only	<input type="checkbox"/>						

Export as CSV Import as CSV
Save Data As Template:

Auto Complete Line Code :



#	Transaction	Line Code	Product #	Product Name	QoH	TA	Order Qty	Cost
1	Normal Purchase	TRN	1002	wheely bar	0	0	1	10
				1: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 2: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 3: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 4: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 5: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 6: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 7: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0 8: 0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0	MTD: 0 YTD: 0 LYS: 0 L12: 0 YDR: 0 LYR: 0	0, 0, 0, --N, --None-- 0	0, 0, 0 1, 0, 0, 1	Cost Ext: 10.000 C: \$10.000
			Add PO Part Notes					

Note that the current cost and average landed cost of this part were both \$10 prior to the process of distributing freight to the average landed cost.

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Select Location	
Current Cost (\$)	\$ 10.000
Avg Landed Cost (\$)	\$ 10.000
FIFO Cost (\$)	
Last Cost (\$)	
Lowest Cost (\$)	

When receiving the part I got an invoice along with it. The invoice number is 5643. Although NOT required, it can be helpful to enter a receipt number that ties this instance of receiving to an invoice and/or the Purchase Order number (note the PO# in parenthesis as part of the receipt number).

Receive by Product (PO)

Toggle Related SO Column: ☒ Scan PO Item


Save
Exit
Sort
Save As Pending

?
Receipt Number # :

INV 5643 (P1-30179)

may double-click to Validate the line.
move from one qty field to the next.
ore Price to make it editable.

USA

Vendor Line Code	Vendor Product #	Our Line Code	Our Product #	Received Qty	Purchase UOM	PO Number For Receiving Quantity	PO Cost Price
TRN	1002	TRN	1002	1	1 EACH	P1-30179 Exide Technologies <div style="display: flex; justify-content: space-between; align-items: center;"> Create PO Append to PO </div>	10.000 \$  C: \$10

When doing Vendor Invoice Reconciliation (VIR) you enter the vendor name, the invoice number, the vendor bill date and then you choose to load receiving data based on either the Purchase Order number or the receipt number. Using the receipt number allows the user to do VIR on part of a PO if the PO was received in multiple shipments and invoiced by shipment.

When doing VIR you can do it by individual receipt or purchase order, or do multiple receipts or purchase orders at the same time by choosing more than one.

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Vendor / Invoice Information

Vendor Name

Exide Technologies

Vendor Invoice Number

Add New Vendor Invoice

Load RECEIVING data based on

Receipt By Date

Receipt By Number

Purchase Order By Date

Purchase Order By Number

Return Goods Notification (RGN) PO By Date

Return Goods Notification (RGN) PO By Number

Vendor Bill Date

09-01-2014

The next step is to select the receipt # you are doing VIR for (or the Purchase Order number if searching by PO). Once selected click the GET RECONCILIATION FORM button.

Open Receipts

<input type="checkbox"/>	7982 - (Created On: 10-23-2012 09:51:53)	<input type="checkbox"/>	8318 - (Created On: 04-25-2013 13:26:17)
<input type="checkbox"/>	9101 - (Created On: 05-09-2014 10:02:15)	<input type="checkbox"/>	9146 - (Created On: 05-29-2014 09:31:22)
<input type="checkbox"/>	9224 - (Created On: 07-09-2014 10:57:37)	<input checked="" type="checkbox"/>	INV 5643 (P1-30179) - (Created On: 09-19-2014 08:38)

☐ Select / Deselect All

Get Reconciliation Form

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Once you have gone through the process of verifying that the part information is accurate, you can add the freight. The help file next to "Adding Freight/Duty?" directs you through the process.


1. Ensure all the line items for the PO you are adding freight for have been "matched".

FROM RECEIVING						MATCH	FROM INVOICE					
PO NUMBER	QTY RCVD	<div><div></div><div>RCVD COST?</div></div>	CORE RCVD	CORE COST	TOTAL LINE	<div><div></div><div>?</div></div>	PO NUMBER	QTY SHIP	BILL COST (\$)	CORE SHIP	CORE COST (\$)	FRT COST
P1-30179	1	\$10.000	0	\$0.000	\$10.000	<div><div></div><div></div></div>	P1-30179	1	10.000	0	0.000	<div><div></div><div>Distribute FRT Cost</div></div>
	1		0					1		0		

2. Click the "Add more line item entry" button at the bottom left of the VIR page.

NOTE:

1. Avoid adding custom line entries, they may cause iss
2. If line entry is loaded from already saved VI, then MA
3. If line entry is added using 'Add more line item entry'

DELETE	PRODUCT			
	PARTIAL RECONCILIATION ?	LINE CODE	PRODUCT #	P NUM
	<input type="checkbox"/>	TRN	1002	P1-3
Total Quantity				
Adding Freight ? ? Add more line item entry				

3. Put the product number for the freight product you have added to Fuse5. (If you haven't created a freight product you must do so prior to distributing on a VIR). By hitting enter after adding your freight product number you may have to choose from a drop down if you have multiple products with the same name. Ensure you are using line code FRT.

3. If line entry is added using 'Add more line item entry' button then MATC

DELETE	PRODUCT				
	PARTIAL RECONCILIATION ?	LINE CODE	PRODUCT #	PO NUMBER	QTY RCV
	<input type="checkbox"/>	TRN	1002	P1-30179	
	<input type="checkbox"/>	FRT	Freight		0
			Select Vendor		
Total Quantity					
Adding Freight ? ? Add more line item entry					

4. Put in the PO number you are distributing freight for (Case Sensitive).

PRODUCT			FROM RECEIVING				
PARTIAL RECONCILIATION ?	LINE CODE	PRODUCT #	PO NUMBER	QTY RCVD	RCVD COST ?	CORE RCVD	C
<input type="checkbox"/>	TRN	1002	P1-30179	1	\$10.000	0	\$
<input type="checkbox"/>	FRT	Freight	P1-30179	0	0.00	0	0.0
			Select Vendor				
Total Quantity				1		0	
g Freight ? ? Add more line item entry							

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- Enter a quantity of 1 in the Qty Received column.

FROM RECEIVING					
PO NUMBER	QTY RCVD	<input type="text"/> RCVD COST ?	CORE RCVD	CORE COST	TOTAL LINE
P1-30179	1	\$10.000	0	\$0.000	\$10.000
P1-30179	1	0.00	0	0.00	\$0.000
	2		0		

- Enter the \$ amount in the RCVD Cost column.

FROM RECEIVING						MATCH
PO NUMBER	QTY RCVD	<input type="text"/> RCVD COST ?	CORE RCVD	CORE COST	TOTAL LINE	<input checked="" type="checkbox"/> ?
P1-30179	1	\$10.000	0	\$0.000	\$10.000	<input checked="" type="checkbox"/>
P1-30179	1	2.990	0	0.00	\$2.990	<input type="checkbox"/>
	2		0			

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- Check the "match" box. The PO # will auto fill and the \$ amount you entered should show in green above the "Distribute FRT Cost" check box. (NOTE: the match box will NOT stay checked. Once checked the freight cost will show up in the FRT cost field and not in the QTY SHIP or BILL COST fields)

	MATCH	FROM INVOICE					
TOTAL LINE	<input checked="" type="checkbox"/> ?	PO NUMBER	QTY SHIP	BILL COST (\$)	CORE SHIP	CORE COST (\$)	FRT COST
\$10.000	<input checked="" type="checkbox"/>	P1-30179	1	10.000	0	0.000	\$0.00 <input type="checkbox"/> Distribute FRT Cost
\$2.990	<input type="checkbox"/>	P1-30179	0	0.000	0	0.000	\$2.990 <input type="checkbox"/> Distribute FRT Cost
			1		0		

- Check the box next to "Distribute FRT Cost". The \$ amount should disappear and be distributed among the products from that PO based on their "Bill Cost".



MATCH	FROM INVOICE							RECONCILIATION		
<input checked="" type="checkbox"/> ?	PO NUMBER	QTY SHIP	BILL COST (\$)	CORE SHIP	CORE COST (\$)	FRT COST	TOTAL LINE	PRODUCT VARIANCE	CORE VARIANCE	OTHER VARIANCE
<input checked="" type="checkbox"/>	P1-30179	1	10.000	0	0.000	\$2.990 <input checked="" type="checkbox"/> Distribute FRT Cost	\$12.990	\$0.000	\$0.000	\$2.990
<input type="checkbox"/>	P1-30179	0	0.000	0	0.000	\$0.00 <input checked="" type="checkbox"/> Distribute FRT Cost	\$0.000	\$0.00	\$0.00	\$-2.990
		1		0						

At this point the freight charges are set to be distributed to average landed cost. Distributing Freight/Duty to the ALC of the parts is OPTIONAL and should be based on your businesses standard operating procedures. If you do NOT want to distribute the freight and duty, just follow all the steps described OTHER than clicking "Distribute FRT Cost".

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The other issue to handle in this situation is that Exide Technologies is only charging us \$10 for the parts and the \$2.99 needs to be billed for the vendor EZR. Using the “Select Vendor” button you can choose the vendor and expense account you want the freight charges to go to.

Click “Select Vendor”:

DELETE	PRODUCT				
	PARTIAL RECONCILIATION 	LINE CODE	PRODUCT #	PO NUMBER	QTY RCV
	<input type="checkbox"/>	TRN	1002	P1-30179	
	<input type="checkbox"/>	FRT	Freight Select Vendor	P1-30179	1
Total Quantity					
Adding Freight 2  Add more line items enter					

Select the vendor and the Expense Chart of Account.

Select Vendor

Select Vendor

Vendor Name:

EZR

Chart of Account:

Freight

Select

Cancel

The **Expense Chart of Account** that you select should be previously set up by going to **PERSONAL & ADMIN > SETTINGS > QUICKBOOKS SETTINGS > expand the VENDOR INVOICE section (or Expand All) > Map Discrepancy**.

Map Discrepancy ?

Note: Expense Chart of Account
Used if the invoice received from your vendors do NOT match the expected cost when ordered.

Accrued Duty :	Accrued Duty Expense	Update Delete
Accrued FRT :	Accrued Freight Expense	Update Delete
CC Change :	Merchandise Inventory	Update Delete
CC Change Fiji :	Merchandise Inventory:Inventory Fiji	Update Delete
Damage :	Damage Discrepancy	Update Delete
DiscType :	DiscCoA	Update Delete
Discount Type2 :	Purchase Discounts	Update Delete
Freight :	Incoming Freight	Update Delete
Friend Family :	Purchase Discounts	Update Delete
Lost Disc :	Lost Discrepancy	Update Delete
PO Prepay :	PO Prepay	Update Delete

After selecting the vendor and the Chart of Account you are ready to save the VIR (assuming you have addressed any other cost variance, qty variance, discounts, and terms unrelated to the freight). After hitting save on the VIR you will get a pop up that allows you to update cost information. It is NOT necessary to choose Avg Landed Cost.....let me repeat....do NOT choose Avg Landed Cost if you want to update your ALC based on normal ALC calculations. Clicking the Avg Landed Cost button at this point will change your ALC to match the receiving cost on this VIR. This is NOT what most business want to do, but it is available.

Note : Please note that once reconciliation form is saved, changes can not be undone.

Do you want to overwrite any cost field with the vendor cost discrepancies ?

If Yes ! then select location(s) & respective cost field OR leave unchecked

☒ Bora Bora

☒ Fiji

☒ Tahiti

☒ Samoa

☒ Easter Island

☒ Cook Islands

☒ Solomon Islands

☒ French Polynesia

Cost field	Overwrite field(s) (Yes/No) Toggle All <input type="checkbox"/>
Current Cost	<input type="checkbox"/>
Avg Landed Cost ?	<input type="checkbox"/>
Alternate Cost 1	<input type="checkbox"/>
Alternate Cost 2	<input type="checkbox"/>
Alternate Cost 3	<input type="checkbox"/>

Continue to Save
Close

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Once you have saved the Vendor Invoice Reconciliation you can look in the part record to see the impact on your ALC (Average Landed Cost)

Current Cost (\$)	\$ 10.000
Avg Landed Cost (\$)	\$ 11.495
FIFO Cost (\$)	

In order to review the impact on your accounting you can look to QuickBooks:

Accrued Purchases – decreased in the amount equal to the value of the parts that were originally on the PO. The freight was not included in accrued purchases, therefore doesn't make an entry here.

Accrued Purchases							
Go to... Print... Edit Transaction QuickReport							
Date	Ref	Payee		Increase	✓	Decrease	Balance
	Type	Account	Memo				
08/13/2014	9323			21,703.34			4,017,826.79
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9323				
08/14/2014	196400000			160.00			4,017,986.79
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 196400000				
08/21/2014	9330			2.00			4,017,988.79
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9330				
08/22/2014	9331			10.00			4,017,998.79
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9331				
08/26/2014	9335			31.24			4,018,030.03
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9335				
08/28/2014	9341			190.00			4,018,220.03
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9341				
08/29/2014	9342			13,332.00			4,031,552.03
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9342				
09/01/2014	5643	Exide Technologies				10.00	4,031,542.03
	BILL	Accounts Payable	INVOICE NUMBER: 5643				
09/10/2014	9343			100.00			4,031,642.03
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9343				
09/11/2014	9344			26.95			4,031,668.98
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9344				
09/11/2014	9345			56.00			4,031,724.98
	GENJNL	-split-	RECEIPT NUMBER: 9345				
09/11/2014	9346			7.42			4,031,732.40
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9346				
09/11/2014	9347			1.00			4,031,733.40
	GENJNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9347				
Ending balance							4,032,081.33

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Accounts Payable – Increased in the amount of \$10 to Excide Technologies and \$2.99 to EZR.

Accounts Payable							
Go to... Print... Edit Transaction QuickReport							
Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo					
07/31/2014	33333333	Exide Technologies	08/10/2014	1.50			19,380.23
BILL	-split-	INVOICE NUMBER: 333333333333					
07/31/2014	rpo0731	UNI-SELECT USA (10)				273.57	19,106.66
BILLCRED	-split-	PO# RGN-29918, Date:2014-07-31,					
08/01/2014	dssdsd	UNI-SELECT USA (10)				66.09	19,040.57
BILLCRED	Accrued Purchases	INVOICE NUMBER: dssdsd					
08/01/2014	rpo0801	UNI-SELECT USA (10)				65.09	18,975.48
BILLCRED	-split-	PO# RGN-29948, Date:2014-08-01,					
08/01/2014	rpo0801	UNI-SELECT USA (10)				65.09	18,910.39
BILLCRED	-split-	PO# RGN-29951, Date:2014-08-01,					
08/01/2014	rpo0801	UNI-SELECT USA (10)				65.09	18,845.30
BILLCRED	-split-	PO# RGN-29953, Date:2014-08-01,					
08/01/2014	rpo0801	Daves Wholesale				15.00	18,830.30
BILLCRED	-split-	PO# RGN-29959, Date:2014-08-01,					
08/01/2014	RGN-2994	UNI-SELECT USA (10)				65.09	18,765.21
BILLCRED	Accrued Purchases	INVOICE NUMBER: RGN-29949					
08/01/2014	RGN-2995	UNI-SELECT USA (10)				65.09	18,700.12
BILLCRED	Accrued Purchases	INVOICE NUMBER: RGN-29952					
08/01/2014	RGN-2995	UNI-SELECT USA (10)				65.09	18,635.03
BILLCRED	-split-	INVOICE NUMBER: RGN-29955					
08/01/2014	INV RGN-2	Daves Wholesale				15.00	18,620.03
BILLCRED	Accrued Purchases	INVOICE NUMBER: INV RGN-29960					
09/01/2014	5643	Exide Technologies	09/11/2014	10.00			18,630.03
BILL	Accrued Purchases	INVOICE NUMBER: 5643					
09/01/2014	5643	EZR	09/11/2014	2.99			18,633.02
BILL	Incoming Freight	INVOICE NUMBER: 5643					
09/19/2014	1	Dave's Test Vendor	10/01/2014	2.20			18,635.22
BILL	Accrued Purchases	INVOICE NUMBER: 1					
09/19/2014	1	Daves Wholesale	09/29/2014	5.00			18,640.22
BILL	Incoming Freight	INVOICE NUMBER: 1					
09/19/2014	Number	Vendor	Due Date	Billed		Paid	
	Account	Memo					

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If you go to PAY BILLS you will see a bill for both vendors.

Enter Bills

Previous Next Save Find History Attach

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: Exide Technologies Date: 09/01/2014

Address: Exide Technologies
Exide Technologies
P.O. BOX 933479
Atlanta, GA 31193

Ref. No.: 5643

Amount Due: 10.00

Bill Due: 09/11/2014

Terms:
Memo: INVOICE NUMBER: 5643

Expenses \$10.00 **Items** \$0.00

Account	Amount	Memo	Customer:Job	Billa...	Class
Accrued Purchases	10.00	INVOICE NUMBER: 5643			Bora Bora

Enter Bills

Previous Next Save Find History Attach

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: EZR Date: 09/01/2014

Address:

Ref. No.: 5643

Amount Due: 2.99

Bill Due: 09/11/2014

Terms:
Memo: INVOICE NUMBER: 5643

Expenses \$2.99 **Items** \$0.00

Account	Amount	Memo	Customer:Job	Billa...	Class
Incoming Freight	2.99	INVOICE NUMBER: 5643			Bora Bora

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Incoming Freight (Expense Account) – Increase of \$2.99 for the charge to EZR.

Type	Date	Num	Name	Memo	Split	Amount
Incoming Freight						
Bill	04/25/2014	5345	UNI-SELECT USA (...)	INVOICE NU...	Accounts Pa...	3.01
Bill	04/25/2014	P1-3...	Dave's Test Vendor	INVOICE NU...	Accounts Pa...	44.44
Bill	05/29/2014	INV P...	Dave's Test Vendor	INVOICE NU...	Accounts Pa...	44.44
Bill	07/29/2014	1	Dave's Test Vendor	INVOICE NU...	Accounts Pa...	28.00
Bill	09/01/2014	5643	EZR	INVOICE NU...	Accounts Pa...	2.99
Bill	09/19/2014	1	Daves Wholesale	INVOICE NU...	Accounts Pa...	5.00
Total Incoming Freight						127.88
TOTAL						127.88

At this point you have done Vendor Invoice Reconciliation, distributed the freight to the Average Landed Cost of the parts, and pushed two separate bills to QuickBooks for two separate vendors.

The process for distributing “duty” is exactly the same. Fuse5 identifies duty very specifically as product # DUTY or Duty and line code FRT. This is absolutely critical to ensuring proper flow of “Duty”.

If you add freight or duty to a VIR and do NOT select a vendor, it is assumed that you are paying the freight and duty to the same vendor for which you are paying for the parts. In this case the freight and duty will be included in ONE bill to the vendor and the expense for these will flow to QuickBooks in the account you have selected by going to PERSONAL & ADMIN > SETTINGS > QUICKBOOKS SETTINGS > expand the VENDOR INVOICE section (or Expand All) > Here you will find both “Freight” (Freight added to an invoice must have the line code FRT associated with it in order to be classified correctly as freight in QuickBooks. FRT added to a PO either when created or when doing the Vendor Invoice Reconciliation will NOT show up in Accrued Purchases, only as part of the Accounts Payable when VIR is complete.) and “Duty” (Duty added to an invoice must have the line code FRT and a part number of DUTY associated with it in order to be classified correctly as duty in QuickBooks. Duty added to a PO either when created or when doing the Vendor Invoice Reconciliation will NOT show up in Accrued Purchases, only as part of the Accounts Payable when VIR is complete. The duty charges will be credited to Accounts Payable and debited to the expense account chosen with this setting.)

<div>Freight ?</div> <div>Note: Expense Chart of Account</div> <div>CoA used when Freight Charges are added when doing Vendor Invoice Reconciliation.</div>	<div>Main Chart of Account:</div> <div>Freight Expense</div> <div>Sub Chart of Accounts:</div> <div></div> <div>Enter each option on new line. ?</div>
<div>Duty ?</div> <div>Note: Expense Chart of Account</div> <div>CoA used when Duty Charges are added when doing Vendor Invoice Reconciliation.</div>	<div>Main Chart of Account:</div> <div>Duty Expense</div> <div>Sub Chart of Accounts:</div> <div></div> <div>Enter each option on new line. ?</div>