

AuditWare

IDEA Applications

Manufacturing



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IDEA Applications for Manufacturing

Here are some examples of analyses that can be performed using IDEA Data from different systems can be brought together for complete analysis. Ultimately, you are only limited by your imagination.

Manufacturing companies have many of the standard ledgers, so purchasing and payroll can be key concerns. However, the main business area is inventory.

Inventories (Stocks) & Work-in-Progress

There is normally a master or balances file that contains details of inventory holdings at a particular date. Costs may be held in a separate file. Transaction history can be particularly useful although file sizes are often quite large. Selling prices normally have to be picked up from a separate file. Common tests include:

Analyses

- Age stock by date of receipt
- Compute the number of months of stock for each item held based on either sales or purchases Produce a summary of this information
- Stratify balances by value bands
- Analyse usage and ordering to improve turnover
- Summarise products by group, location, and type
- Create a report of products in order of profitability
- Reconcile physical counts to computed amounts

Calculations

- Cast (or total) the file, providing sub-totals of the categories of inventory
- Re-perform any calculations involved in arriving at the final stock quantities and values
- Re-perform material and labour cost calculations on assembled items

Gaps and Duplicates

- Test for missing stock ticket numbers
- Test for missing transaction numbers
- Identify duplicate stock items

Exception Tests

- Identify and total stock held in excess of maximum and minimum stock levels
- Identify and total obsolete or damaged stock
- Identify any items with excessive or negligible selling or cost prices
- Identify differences arising from physical stock counts
- Test for movements with dates or reference numbers not in the correct period (cut off)
- Identify balances which include unusual items (e.g. adjustments)

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- Identify work in progress which has been open for an unreasonable period
- Identify stocks acquired from group companies
- Isolate products with costs greater than retail price, with zero quantities, or with zero prices

Matching and Comparing

- Compare files at two dates to identify new or deleted stock lines or to identify significant fluctuations in cost or selling price
- Compare cost and selling price and identify items where cost exceeds net realisable value
- Compare the value of physical counts to General Ledger amounts
- Check work orders for accuracy against original sales orders

Other typical tests include:

Cash Disbursements

- Reconcile inter-company transfers
- Summarize cash disbursements by account, bank, group, and vendor
- Generate vendor cash activity summaries for contract negotiations

Purchase Orders

- Extract pricing and receipt quantity variations by vendor and purchase order
- Track scheduled receipt dates versus actual receipt dates
- Identify duplicate purchase orders or receipts without purchase orders
- Reduce inventory by comparing projected receipts to available stock
- Analyse late shipments for impact on jobs, projects, or sales orders due
- Reconcile receipts by comparing accrued payable to received items

Works-in-Progress

- Merge products on work orders and sale as orders for new demand analysis
- Use net demand analysis against inventory and purchase orders to generate a quick material requirement planning report
- Check work orders by size, priority, and for lease to shop floor
- Produce shop floor activity reports by any item
- Generate comparison of planned versus actual labour, materials, and time
- Reconcile job tickets or time cards to work order line items

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