

Outside Parts and Labor Procedures for using and reconciling Outside Parts and Labor

Software Development RIMSS Business Systems Technology

Company Confidential Copyright ©1983-2018 RIMSS Business Systems Technology Revised 5/26/2017

This Document contains information proprietary to RIMSS Business Systems Technology. Use or disclosure without written permission is expressly forbidden.

OUTSIDE PARTS AND LABOR

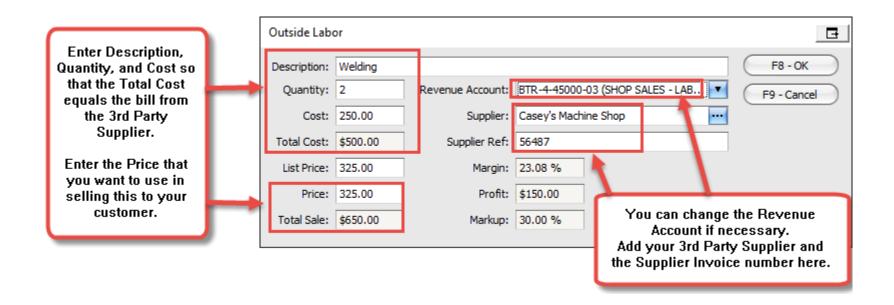
The Miscellaneous Charge for Outside Parts or Outside Labor is added to an Invoice or Repair Order in the following circumstances:

Outside Labor - Use this misc. charge when the cost of work performed by a third party will be billed to the dealership but the cost of this work and any markup, needs to be passed on to a customer. The misc. charge should be added when the final dollar amount of the charges are known. On the outside Parts and Labor pop up window, input the quantity and cost such that the Total Cost equals the amount of the bill to be received by the third party supplier.

Route the bill to the accounting department clearly marked as OUTSIDE LABOR (the accounting department may want to have a special in-box for outside parts and labor).

Outside Parts - Use this misc. charge to add an item to an invoice or repair order when you do not want to create an inventory master record for that item. If the part is going to be purchased and sold on a frequent basis, then a master record should be established and the misc. charge for Outside Part should not be used. Rather, the part should be inventoried and sold as you would any other item. If used, the misc. charge should be added when the final dollar amount of the charges from the supplier are known. On the outside Parts and Labor pop up window, input the quantity and cost such that the Total Cost equals the amount of the bill to be received by the third party supplier. Route the bill to the accounting department clearly marked as OUTSIDE PARTS (the accounting department may want to have a special in-box for outside parts and labor).

Complete the outside parts and labor pop up window as follows:



When a WinNetStar document including Outside Parts or Labor is settled, the system will create the following entry (entry assumes this is a non-taxable customer and the total of the invoice is charged to the customer's account):

Debit A/R Trade for the total of the invoice 650.00

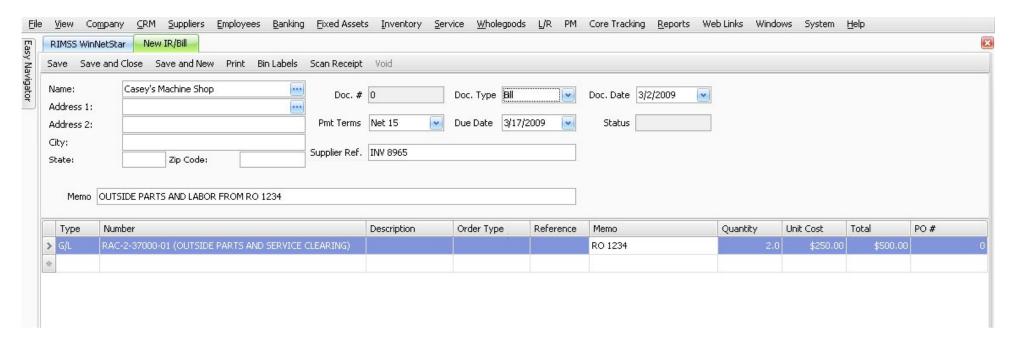
Credit Revenue for the total of the invoice (650.00)

Debit Cost of Goods Sold for the Total Cost from the Outside Parts and Service pop up 500.00

Credit Outside Parts and Labor Clearing for the Total Cost from the Outside Parts and Service pop up (500.00)

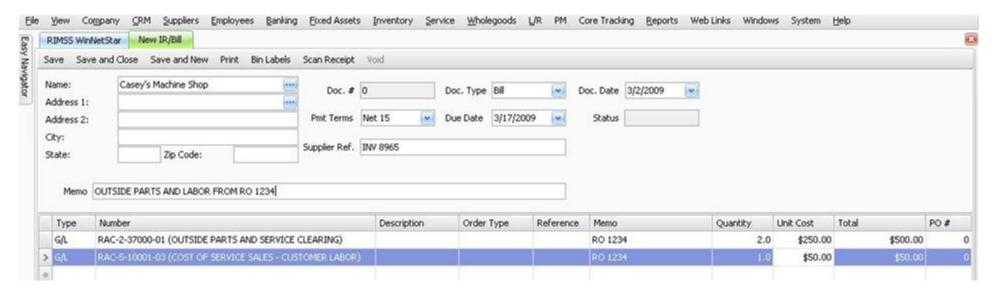
The credit to Outside Parts and Labor Clearing should match the bill from the third party supplier that was routed to accounting. The accounting dept. should review the supplier bill and match it to the amount in the Outside Parts and Labor Clearing Account and then move this credit to Accounts Payable under the correct supplier. This can be done using an IR / Bill document using a G/L line Type in the grid and selecting the outside parts and labor clearing account. This can also be done using a Journal Entry document with a debit to outside parts and labor clearing and a credit to accounts payable.

A sample IR/Bill document might look like this:

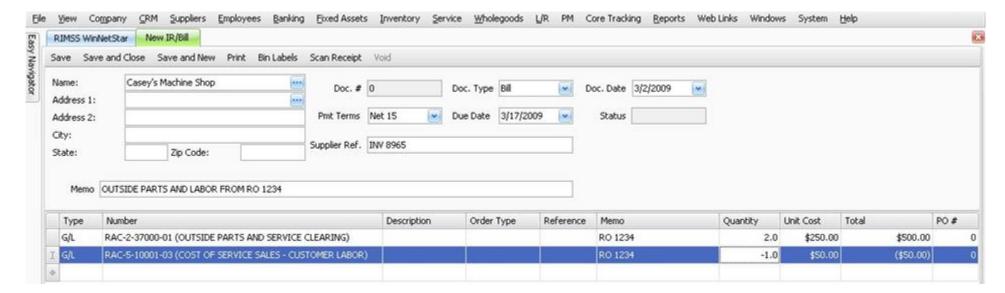


The bill is now ready to be paid in the normal course of business.

Occasionally, the amount input into the pop up window for outside parts and labor will not equal the amount on the bill (when the exact amount is not known when the invoice or repair order needs to be settled). In these cases, the difference between the amounts entered on the pop up and the actual amount of the bill from the vendor will require an adjustment to the Cost of Goods Sold account. For instance, in the above example where 500.00 was input as the cost on the pop up window; if the bill from the supplier amounted to 550.00, the IR/Bill document would be as follows:



Or, if the actual amount of the bill from the supplier amounted to 450.00, the IR/Bill document would be as follows:

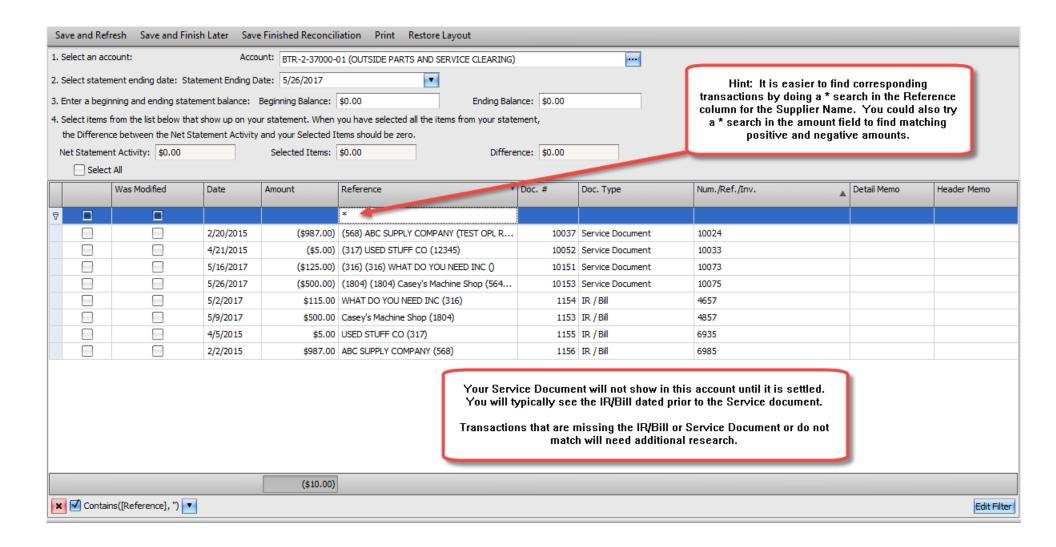


Periodically, accounting will want to reconcile the Outside Parts and Labor clearing account.

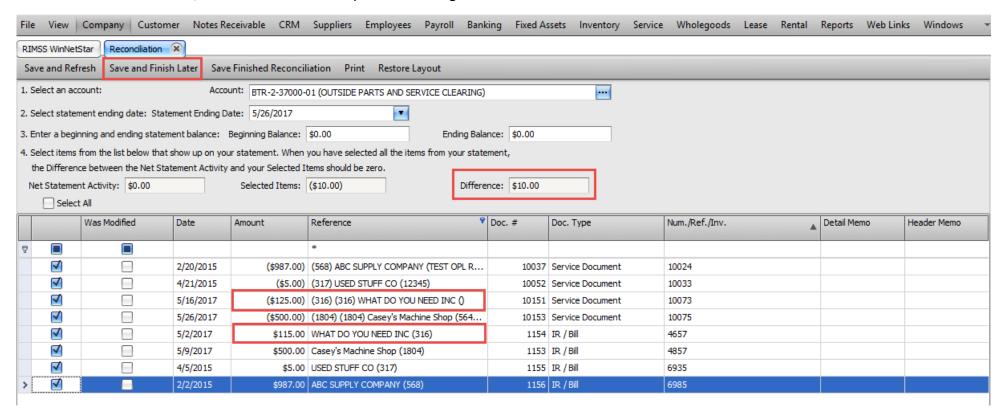
Go to: Banking > New > Reconciliation

Choose the "Outside Parts and Service Clearing" account. The document will populate with all unreconciled amounts. As this is a "Clearing Account", your beginning and ending balances will always be 0.00. You will want to checkmark the corresponding transactions. For example, Casey's Machine Shop shows a Service Document in the amount of 500.00 and an IR/Bill in the amount of (500.00).

An example of an Outside Parts and Service Clearing account reconciliation is as follows:



In this example, after checking all of my corresponding transactions, I have a discrepancy of \$10.00. This may be due to a keying error or that the amount was not corrected on the initial IR/Bill or Service Document prior to finalizing



If you can still edit the IR/Bill, you can correct that document to account for the discrepancy then refresh your Reconciliation. Otherwise, you will need to create a journal entry to clear your Outside Parts and Service Clearing account to \$0.00. An example of a journal entry to correct the difference is as follows:

