

# Raw Material Usage Report

## Report Module Guide: Raw Material Usage Report (BOM Variance Report)

### Module Location

Inventory > Reports > Raw Material Usage Report

### Module Objective

The **Raw Material Usage Report** is a crucial production and cost analysis tool. Its purpose is to compare the **standard quantity** of raw materials (according to the recipe or Bill of Materials - BOM) that should have been used to produce a finished good, with the **actual quantity** of raw materials that were really consumed during the production process. This report is used to measure efficiency and identify potential waste.

## 1. Report Parameters (Conceptual)

To generate an analysis report like this, you typically need to define filters such as:

- **Finished Good:** Select the final product whose raw material usage you want to analyze.
- **Production Order:** Select a specific batch number or work order for a more focused analysis.
- **Production Period:** Specify the production date range.

## 2. Reading the Report (Based on a Template)

The generated report will detail the usage comparison for each raw material for the finished good you are analyzing.

### Key Column Explanation

- **Item/Service Code:** The code for the Raw Material or Packaging Material.
- **Standard Qty:** The quantity of raw material that should have been used according to the standard recipe/BOM to produce a certain amount of finished goods.
- **Actual Qty:** The quantity of raw material that was actually withdrawn from the warehouse and used during the production process.

### How to Analyze the Report

The main focus of this report is the comparison between the **Standard Qty** and **Actual Qty** columns.

- If **Actual Qty > Standard Qty**, this indicates an inefficiency or waste (**negative variance**).
- If **Actual Qty < Standard Qty**, this indicates an efficiency (**positive variance**).

### Tips & Important Notes

- This report is a key analysis tool for **Production Managers** and **Cost Accountants**.

- Use the variance found in this report to investigate problems on the production floor, such as material spills, raw material quality issues, or operator errors.
  - The **Actual Qty** data is pulled from the goods issue transactions to production, while the **Standard Qty** data is pulled from the **Bill of Materials (BOM)** master data.
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