

## SOP: Inventory Counts<sup>\*</sup>

**Customer:** Company Inc.

**Assigned to:** Dept./Position

### Aim

This document describes the process of recording the initial inventory count (performed when initializing the system), as well as subsequent routine inventory counts.

### Required Setup

- Run the [BPM Flow Chart-Inventory Counts](#) program to define the BPM workflow for inventory counts.

### Initial Inventory Count

Perform an initial inventory count when initializing the system or beginning to work with a new warehouse.

### Stage I: Recording an Inventory Count Document

1. Enter the [Inventory Count](#) form.
2. In the **Date** column, do **one** of the following:
  - If you are initializing the system, record the date one day before the system goes online.
  - If the count is for a new warehouse, record the date the count is performed.
3. In the **Warehouse** column, specify the code of the warehouse for which the count is being performed. A separate record should be recorded for each warehouse.
4. Enter the **Itemized Inventory Count** sub-level form.
5. Record all of the parts to be counted in the current warehouse. You can copy the list of parts from an Excel spreadsheet.
6. You can record up to 1000 items in this form. If there are more than 1000 items in this warehouse, record them in the parallel **Lines to be Displayed** sub-level form and its own **Itemized Inventory Count** sub-level.
7. For each item, record the actual counted quantity. Make sure to use the appropriate column, according to the counting unit: factory or buy/sell.

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<sup>\*</sup> Standard Operating Procedures should be used as guidelines for customers (and their consultants) to develop their own operating procedures. As you will note, the following procedures are very specific and customers are strongly advised not to use them without prior testing to make sure that they fit their own requirements and work practices.

8. To define the part's inventory balance in the system according to the counted quantity, flag the **Approve** column.
9. To check each recorded inventory balance against its corresponding counted quantity, run the [Inv. per Warehouse as of Date](#) report. As long as the count document remains open, you can go back and update the quantities according to repeat counts.
10. When all quantities have been approved, close the document by changing its **Status** to **Final**.
11. To reopen a closed inventory document, click **Reopen Document** from the list of Direct Activations.

## Stage II – Initial Past Balance

A past balance locks inventory balances on a given date. Past balances are used to calculate costing for a specific past date. A past balance should be run after completing the initial inventory count.

1. Run the [Calculate Balance for Date](#) program.
2. In the input screen, specify the **Date** of the inventory count – the day before the system is to go online.
3. If it is necessary to revise an inventory count after the past balance was run, run the [Delete Last Past Balance](#) program. Reopen the relevant count document, make the necessary revisions, close the document and rerun the past balance.

## Results

- As a result of the initial inventory count, warehouse balances are recorded in the system, allowing inventory transactions to be recorded.
- As a result of running a past balance:
  - costing can be run for the past balance date
  - it is no longer possible to change inventory balances for any date prior to the past balance date.

## Routine Inventory Count

### Stage I: Preparing the Count

Before recording the counted quantities, the inventory count must be prepared, either for the current date or for a previous date. The difference between the two is in the method of calculating the quantities against which the counted quantities are compared. It is very important to choose the correct program, as the preparatory calculations are based on different data.

- **Prepare Count for Past Date:** Run the [Prepare for Inventory Count](#) program. In the input screen, specify the **Warehouse**, **Part Number** and **Date**. The system will calculate quantities according to the inventory transactions recorded between the last past balance date and the designated count date.

- **Prepare Count for Today (Quick):** Run the [Prepare for Inventory Count](#) program. In the input screen, specify the **Warehouse** and **Part Number**. The system will calculate quantities according to the inventory transactions recorded between the last past balance date and today.

**Note:** For plant-floor warehouses you can only prepare inventory counts for a past date.

## Results

- Each preparation program prepares inventory count documents for the date in question.
- The calculated quantities of each part are recorded in the appropriate sub-level of the count document.

## Stage II – Performing the Count

1. Enter the [Inventory Count](#) form.
2. Retrieve the inventory count documents created by the preparation program, either by date or by a check mark in the **Last Count** column.
3. To prepare forms in which to record the actual count, click **Print Inventory Count Form** from the list of Direct Activations.
4. After performing the actual count, return to the form and enter the **Itemized Inventory Count** sub-level form.
5. For each part, record the counted quantity, using the appropriate column for factory or buy/sell units.
6. If the recorded quantity is ready for immediate authorization, flag the **Approve** column.
7. After recording the counted quantities, run the [Count Discrepancies](#) report.
8. Use this report to perform an additional physical count. Update the original count document with the recounted part quantities.
9. Approve all line items in order to synchronize the system's quantities with the counted ones. Approving lines in which a discrepancy exists between the two quantities updates the inventory balance recorded in the system for such parts to match its counted quantity. To do so, flag the **Approve** column for each line. You can also return to the upper-level form and click **Approve Inventory Count** from the list of Direct Activations. This program automatically approves all lines in the document.
10. When all quantities have been approved, close the document by changing its **Status to Final**.
11. To reopen a closed inventory document, click **Reopen Document** from the list of Direct Activations.

## Result

- Approving the counted quantities in an inventory count form automatically updates the inventory balances in the system.