Physical Inventory Tips and Pointers
DBA Classic & Evo-ERP

The Physical Inventory module in DBA & Evo-ERP is a powerful module but it is necessary to understand what it does and does not do. The PI module is designed to reconcile on-hand quantity of inventory counted with the on-hand quantity per the data base and make adjusting transactions. It is not designed to be used to edit unit costs of on-hand inventory so you need to get inventory unit costs as accurate as possible before using the PI module. **The PI module is looking at on-hand inventory; it does not include Work In Process**. It will prompt for Lot and Serial numbers for parts under Lot or Serial number control. The references to programs in this document refer to the menu choice. For example, PI-A refers to menu choice A on the PI menu button, Capture Frozen Inventory.

In a nutshell, the inventory is processed as follows: PI-A takes a snapshot of the on-hand quantities and costs. Items are counted and counts are entered manually or imported using PI-C. PI-F gives reports comparing the "frozen" on-hand and value to the counted. PI-G then posts transactions for the difference between frozen and counted quantity for each part number. If FIFO or LIFO costing is not used, then once counting is complete, other users can process inventory related transactions while the counts are being entered in PI-C because the PI module is isolated and is only comparing the counts to the frozen snapshot. Whatever happens after the snapshot is taken is immaterial to the PI results. For example, if the snapshot showed 10 widgets on hand and the count came up with 12, then the adjustment would be for +2 regardless of the on-hand quantity at the time the adjustment is posted.

Ahead of Time:

1. There are some Inventory Location related issues that have been fixed with the September 2009 update as well as improvements to SM-J-C, so updating to the current version is recommended both for the act of taking the Physical and to keep things in line when you go back to work.
2. Use IN-L-K to identify any items with inaccurate unit costs and correct them by adjusting the incorrectly costed parts out of stock and then enter a positive adjustment to put them back in at the correct cost.
3. If you still have a Blank Warehouse Location, it is recommended that you run UT-K-E and replace it with a named Location. If you have multiple Locations, the latest version of UT-K-E will allow you to select the one(s) you want to keep and consolidate the others.
4. Run SM-J-C both Master Level and Transaction level. Transaction Level method A is recommended but do it a day or 2 before you run PI-A so the date of those transactions is prior to the date of the inventory adjustment transactions that PI-G will ultimately generate.
5. Run UT-K-G to get the Book Value consistent with the extended inventory value.
6. For any customer shipments that have physically left the building, make sure the invoices are posted in SO-G before running PI-A.
7. For any PO Receipts that have arrived in-house and will be counted, receive the PO in the system before running PI-A.
8. Complete as many work orders as possible to minimize the potential impact of components in WIP, particularly if you backflush components.
9. For items issued to Work Orders, if you use WO-G to issue, make sure the issue has been processed.
10. Do a practice run by running PI-A for a small range of parts or a single class or category. Go through the entire process of counting, entering tags, running reports and posting the results so that if questions do arise, you can contact support for help.

On Inventory Day

1. Get all users out of the system to run PI-A. You can enter a prior date but be advised that the snapshot is of the current inventory status, not a recreation of prior on-hand quantities regardless of the date entered. When you run PI-A, you must select either a Type 1 or Type 2 inventory. The difference between the two is the way uncounted parts are treated. If the snapshot shows an on-hand quantity and no count is entered, for a Type 1 inventory, no correction will be made as it is assumed to be a partial inventory and the part was simply not counted. If the snapshot shows an on-hand quantity and no count is entered, for a Type 2 inventory an adjustment will be made zeroing out the on-hand quantity as the assumption is that a Type 2 is a complete inventory and all items are counted. If no count is entered, then there are none and the on-hand should be zeroed out. For a year-end inventory when everything is to be counted, use Type 2.
2. You can use the PI-B report as a count sheet or you can purchase pre-numbered 2 part tags from an office supply store (such as Office Depot catalog #504568). If you do not use pre-numbered tags, then you can use any sequence of numbers as "Tag Numbers". Once you have counted your inventory, if you are not using FIFO or LIFO costing then all other DBA users can go back to work and ship and receive inventory while you enter the counts and analyze the information.
3. For any material or components out at vendors as components of Make-Froms, get count verifications from the vendors so the counts can be entered.
4. If you backflush components at Finished Production then any components on the shop floor in WIP need to be counted as if they were still in the stockroom. If you issue Materials using WO-G and the beginning of the Work Order then materials and components on the shop floor in WIP can be ignored.
5. Counts are entered using PI-C, Enter Tag Counts, either individually or imported. A part can have more than one tag entered and the program will add the quantities together. If a part is subject to Lot or Serial Control, a separate tag count must be entered for each lot or serial number. Tags can include Bin Location and the employee number of the counter (both are optional). If a part is found during the counting process that does not already exist in the DBA/Evo inventory file, use PI-C to create it when the tag is entered. Do not use IN-B to create the part first.
6. Once all the counts are entered, PI-F gives the frozen quantities and value, the counted quantities and value and the difference. PI-F also offers a Physical Inventory Value report including the total counted and frozen value, and the difference subtotaled by product class and by GL Account.
7. PI-G posts the transactions for the difference between frozen and counted value and optionally makes GL postings as well. It will make a separate GL posting for every part number so you my well want to answer N to the GL posting and make a lump sum journal entry for the total vale of the correction.