Physical Inventory Management

Physical Inventory Management is a tool for physical inventory counts that goes several steps beyond the Inventory Adjustment. Physical Inventory Management allows Product balances to be frozen before the inventory count begins. It also allows multiple Users to enter partial Product counts, adding them together to get the final physical count.

Inventory balances can be frozen to allow time for physical counts to be reviewed before they are entered. Be sure inventory transactions are up-to-date (purchases, deliveries, and sales) and freeze balances immediately prior to the time the count will take place.

- **Show which Location's Products** – Select the Location for which counts are to be entered. One Location may be selected or there is an *All* option which shows Products with frozen balances from all Locations.

When it is not practical to stop inventory movement long enough to record the physical changes, Agvance has the ability to freeze inventory numbers. Inventory movement is stopped, the balances are frozen, and the count is taken. After the count is taken and inventory movement resumes, the counts can be entered into this area and the inventory adjustment is made based on the difference between the actual and the frozen numbers.

Note: It is strongly recommended to have only one User responsible for freezing inventory balances.

Tips for Using This Feature

- Be sure to be current on all inventory-related transactions before freezing balances.
- Freeze balances as closely as possible to the time of the physical count. Freezing Products too far in advance can result in incorrect posting.
- Put one User in charge of freezing Products to avoid conflicts and potential posting problems.
- Do not freeze additional Products while other Users are entering counts. Wait until all other Users are out of the utility.
- Print the Variances report before posting, and keep for records.
- Research large variances before posting, and contact SSI with any questions.
- As with any Inventory Adjustment, if posting an adjustment to a specific Lot, the overall amount on hand is also adjusted. If posting an adjustment to the overall Amount on Hand, no Lot balances will change.

Freeze Balances

The first step of the Physical Inventory Management utility is to freeze the balances of the Products to be counted. This utility is designed for situations when lots of Products are being counted in a specific block of time. Freezing balances allows normal activity to resume after the count has taken place, so counts do not have to be entered immediately as they would when using Inventory Adjustments. This allows time to research large variances.

At *Inventory / Physical Inventory Management* on the *Freeze Balances* tab, select the Products to be counted. If the
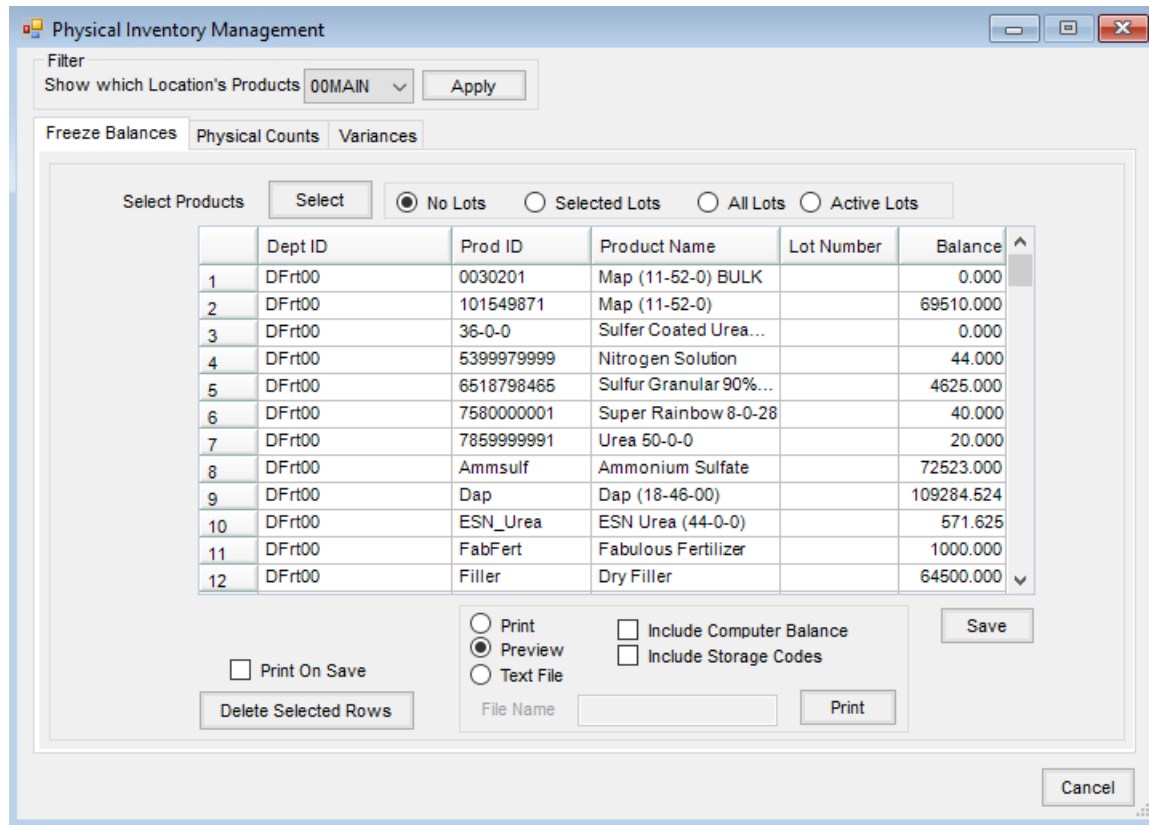
Products being counted have Lot Numbers, choose between *Selected Lots*, *All Lots*, or *Active Lots* before selecting the Products. The Products may be selected all at once or each Location can freeze balances independently.

To freeze a group of Products, select them at the *Freeze Balances* tab and choose **Save**. When the physical counts are entered, the variances will calculate from the Product's frozen balance. If receipts or deliveries are entered after a Product is frozen, its *Amount on Hand* will update as usual, but the variances for the adjustment will be calculated from the frozen balance.

Physical inventory counts can be entered in the Warehouse app once balances are frozen. See **Inventory - Warehouse** for more information.

If a Product is selected for this option but should not be included in the count, it can be deleted from this area by selecting the row number, then choosing **Delete Selected Rows**. Select **Save** to lock in those Products and their balances.

At *Accounting Reports / Inventory / Inventory Status / Inventory Statement*, choose the *Physical Worksheet* style. The computer's Amount on Hand may optionally be printed on this report.

- **Select** – Choose the Products being counted for the physical inventory.
- **No Lots/Selected Lots/All Lots/Active Lots** – Choose the Lot Number option necessary for the selected Products. If *Selected Lots, All Lots,* or *Active Lots* are chosen, the Products with Lot Numbers display a line for each Lot Number.
- **Print on Save** – This prints a Frozen Inventory Balances report while saving the selected Products which may be used by those counting to record quantities.

- **Delete Selected Rows** – Highlight the row by selecting the row number then choose **Delete Selected Rows**. The selected Products are removed from all tabs.
- **Print** – Select to *Print*, *Preview*, or create a *Text File* of the Frozen Inventory Balances report prior to saving the selected Products which may be used by those counting to record quantities.
- **Include Computer Balance** – This will include the Amount on Hand for the selected Products on the Frozen Inventory Balances report.
- **Include Storage Codes** – Storage Codes may be set on Products to identify where the Product is kept. Selecting this option prints the Storage Code on the report to make it easier for the employees to locate the Product to be counted.
- **Save** – This saves the Products selected with the inventory balances at the time of the save.

Physical Counts

Each User's count is entered on the *Physical Counts* tab. If multiple Users were assigned to count the same Product, their counts are added together to calculate the final physical count for that Product. As on the *Freeze Balances* tab, there is an option to filter the Products by Location.

Enter the inventory counts at *Inventory / Physical Inventory Management* on the *Physical Counts* tab. In the case where the same Product is stored in two different places at the same Location and perhaps counted by two different people, their counts may be entered independently. The sum of the changes entered from each User for each Product affects the inventory when the variance is posted.

- **User** – Select the User for the counts being entered. This allows multiple counts to be entered in the event that inventory is stored in multiple warehouses or counted by several people. Agvance sums the quantities for all Users on each Product.
- **Count** – Enter the count for the specified User.
- **Recount** – Recounts performed using a Mobile Inventory scanner are displayed in this area. Recount numbers may also be manually entered. When saved, these amounts are copied into the *Physical Recount* column on the *Variances* tab.
- **Zero non accepted recounts** – Any recount numbers not marked as *Accepted* on the *Variances* tab are zeroed when this is selected.
- **Save** – After all counts and/or recounts have been entered for the selected User, save the information.

The recount numbers can also be entered in the Warehouse app. For more information on Physical Inventory Counts in Warehouse, see **here**.

Variances

When all entries have been made, go to *Inventory / Physical Inventory Management* on the *Variances* tab to review and post the changes.

Once all the counts have been entered, the *Variance* tab will need to be reviewed. In the above example, counts have not been entered for two of the Products yet; this would have to be corrected before posting. Look for large variances, and research the problem before posting by running Inventory Detail, Purchase, and Sales reports. If the variance is caused by an incorrect transaction, it is better to fix the transaction itself instead of just doing an adjustment. A little research time can also help catch tank leaks, faulty meters, and even theft.

In the bottom left, there is an option to print a report that shows the information from this tab. Selecting **Remove Zeros** will remove all Products that have a zero variance.

The variance is calculated based on the frozen balance and the physical count. When posting, an Inventory Adjustment is created that changes each Product's balance based on the variance. The Product's Amount on Hand may not match the physical count if any changes were made to the Product's Amount on Hand while its balance was frozen.

Selected Products display with the *Frozen Balance*, the sum of the *Physical Count*, *Variance*, *Variance %*, *Recount Mode*, *Physical Recount*, *Recount Accepted*, *Recount Variance,* and *Recount Variance %*.

The total count for all Users for each Product is summed to create the *Physical Count* column. Check the *Print on Post* option before selecting **Post**.

- **Report Options** – Optionally *Print* or *Preview* the Frozen Inventory Balances report which includes the Products with the *Lot Number* (if applicable), the *Frozen Count*, the *Physical Count*, the *Variance*, the *Variance %*, and the *Cost* difference.

- **Notes** – Enter any notation like *end of month physical*. This becomes part of the audit trail.

- **Date** – Enter the date the adjustment was made.

- **Print Grid** – This allows the grid of Products with frozen balances to be printed.

- **Remove Zeros** – This removes all the Products from the grid that have zero variance. This makes the printout and adjustment more concise.

- **Save Recount Info** – Selecting this saves the status of the *Recount Mode* and *Recount Accepted* options.

- **Tag/UnTag Dept.** – Selecting these tags or untags the *Post* column for all Products in the department last used.

- **Tag All** – Choose this to tag the *Post* column for all Products in the grid.

- **UnTag All** – This untags the *Post* column for all Products in the grid.

- **Include Storage Code** – When selected, the *Storage Code* is included on the report under the *Product Name*. If multiple Storage Codes exist on a Product, they print successively and wrap to the following row if needed.

- **Recount Mode** – A checkbox exists on each Product line. This communicates with the Mobile Inventory scanner to let it know that it is in *Recount Mode*. This option must be selected, and the **Save Recount Info** button must be chosen for the scanner to be in *Recount Mode*.

- **Physical Recount** – This column auto-populates with the quantities entered in the *Recount* column on the

Physical Counts tab.

- **Recount Accepted** – To accept the recount numbers, select this option. When this option is selected, the *Physical Recount* amount will hold the recount amount for that Product. *Post* must be selected and saved for the quantity on the Product to change.
- **Total Cost** – This is updated when the recount is accepted.
- **Print on Post** – Optionally print the Inventory Adjustment report.
- **Post** – Selecting this will save the Inventory Adjustment. The new recount amounts will be saved as the inventory on hand amounts.

Items may be deleted from the grid on this screen so they do not post. This does not delete them from the *Freeze* or *Physical Count* tabs.

Note: Select the column heading to sort by that column.

Physical Inventory Management Process

This process allows inventory balances to be frozen before physical counts begin and allows multiple Users to enter Product counts.

1. Navigate to *Accounting / Inventory / Physical Inventory Management*.
2. At the top of the screen, the *Show which Location's Products* drop-down allows the option to view Products from other Locations upon selecting **Apply**.
3. On the *Freeze Balances* tab, select the appropriate Lot option for the count and choose the Products to be counted from the *Select Products* window. On the *Physical Inventory Management* window, select **Save** to freeze the Product balances.
   Note: Once Product balances are frozen, the balance remains frozen in the window until the changes are posted on the *Variances* tab or the Products are deleted from the window. It is important that inventory transactions are current and no inventory movement takes place until the physical count is complete.
4. On the *Physical Counts* tab, select the *User* for whom the counts are to be entered.
5. Enter the *Counts* for the Products in the grid and select **Save**. Multiple entries may be made if inventory is stored in several Locations or counted by several people. The quantity is summed for all entries on each Product.
   Note: The physical count should be done quickly after freezing the inventory. The effect of all entries to inventory (Invoices, Purchase Invoices, Purchase Receipts, Loaded Delivery Tickets, Loaded Blend Tickets) does reflect in inventory regardless of the inventory count being frozen in this area.
6. On the *Variances* tab, select **Report** to preview and/or print the Variance report.
   Note: To require a recount, select the *Recount Mode* option. Enter the *Recount* quantities on the *Physical Counts* tab and select the *Recount Accepted* option to use the recount quantity.

7. Select **Post** to post the counts. An Inventory Adjustment is saved in the background.