



Buckingham Commons
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Part of How-To Series:
Physical Inventory

For further information on Integrated Management Solutions and our **FoodConnex** software and services, call **1-800-366-3836** ext **18**, email sales@foodconnex.com, or visit our website www.foodconnex.com

Food Connex Inventory Procedures

Physical Inventory

What is a Physical Inventory?

A physical inventory is a count of what is currently in stock in the warehouse, comparing that count to what the computer thinks is in stock, and making any necessary adjustments to get the computer counts to match the warehouse counts. Food Connex will post the costs of those physical count adjustments to General Ledger and provide an inventory variance report for you to see where your counts were off, and by how much.

Some warehouses do a full warehouse physical inventory only once a year. Others do a full warehouse count on a monthly basis. Frequently, you will find warehouses that do >cycle counting=, which means that, usually on a more frequent basis, selected parts of the warehouse or specific products are counted.

When do I use the Physical Inventory function?

The physical Inventory option can be used to do full warehouse counts or cycle counts. If you plan on doing cycle counts, keep in mind that cycle counts can most easily be done by item category, pick location or by using the inventory item ABC code.

What do I have to do to prepare for a Physical Inventory?

Whether doing a full warehouse physical count or a cycle count, you are comparing what is actually in the warehouse to what the computer has recorded as being in stock out in the warehouse. Therefore it is necessary to make sure that what you have done in the warehouse has been entered on the computer **and has been posted**. It is also important that what you have entered into the computer has in fact been completed in the warehouse.

Have all items that have been received into the warehouse been entered into the computer and put away out in the warehouse? Have the receipts been posted?

You want to make sure that any stock picked to fill orders has been Filled and Shipped on the computer and posted. Have all of your picked orders been filled and shipped, invoiced and posted?

You do not want to include stock that has been used to fill orders in your counts. Has all stock that has been picked to fill orders but has not yet left the warehouse been segregated from the rest of your stock and marked as picked?

Have you posted all of your stock adjustments?

Have all items that have been transferred out of the warehouse or transferred into the warehouse been entered into the computer, posted and put away in the warehouse? Have you posted all of your stock transfers?

When you are sure that you have synchronized the computer with the state of the warehouse, you are ready to start the **Physical Inventory Process**.

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What do I have to do to process a Physical Inventory?

The following procedures should be followed to complete the Physical Inventory Process:

Process and post all transactions that will affect inventory counts:
Inventory Receipts (Inventory Processing and PO Receiving)
Inventory Adjustments
Inventory Transfers
Orders that have been filled and shipped

This will keep your inventory transaction history sequenced properly.

Put away all of the items you are counting in the warehouse

Segregate stock that has been used to fill orders in Food Connex but has not physically left the warehouse from the rest of the warehouse.

STOP ALL STOCK MOVEMENT IN THE WAREHOUSE.

STOP ALL COMPUTER PROCESSING IN THE FOLLOWING AREAS: INVENTORY, ORDER ENTRY AND PURCHASE MANAGEMENT

Run a Stock Status Report for the items which you are going to count. This will show you the in stock, allocated and on order quantities in all units of measure. It is a record of your inventory status BEFORE you begin the Physical Count cycle. ***Note that a stock status report reflects the current status of stock in the warehouse; there is no way to back date this report.***

Run an Inventory Valuation Report for the item which you are going to count. This will show you the value of your inventory BEFORE you begin the Physical Count Cycle. ***Note that a stock status report reflects the current value stock in the warehouse; there is no way to back date this report.***

Run a Physical Count Inventory Freeze. This will record your current item counts (cases, eaches and pounds). After you have entered your physical counts on the system, stock adjustments will be made against the >freeze quantities= instead of against the in stock quantities. This allows you to start processing as soon as you are done counting your items, instead of having to wait until your counts are entered into the system and posted.

Run a Physical Count Worksheet using the same parameters you used to run the Freeze. Use the worksheet to record your counts, and as a source for entering the counts.

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What do I have to do to process a Physical Inventory?

continued

Record the warehouse counts on the Physical Count Worksheets,.

WHEN ALL OF THE COUNTS HAVE BEEN RECORDED ON THE WORKSHEETS, you may begin processing on the computer and moving stock through the warehouse, **BUT DO NOT RUN ANY POSTS** until your physical counts have been entered and posted in Food Connex.

Enter you physical counts into Food Connex using the **Physical Count** function.

Run a Count Variance Report which will reflect the counts entered into the system and the difference between the physical count and what the computer had recorded as being in stock.

Make any necessary adjustments and re-run the Count Variance Report until you are satisfied that the entered counts are correct.

Post the Physical Counts. You will receive a final **Physical Count Variance Report** when you run the register and a G/L Post of the value of the adjustments to your Inventory Adjustment account defined in the Inventory G/L Setup file.

Run an Inventory Valuation Report for the items which you counted. *If you waited to start processing until your counts were posted*, the difference between the item values on this report compared to the item values on the Valuation Report you ran before the physical should match the variance for each item on the Variance Report.

Run a Stock Status Report for the items which you counted. *If you waited to start processing until your counts were posted*, the in stock quantities should match the quantities recorded on the Physical Count Worksheets.

Save the above reports until your next Physical for those items. They will provide a valuable tool as a starting point if there comes a time that you have to reconcile an item count.

Keep the Register and Post at least until the next Physical Count is run for these items.

If you need further information on your Physical Inventory and are a Food Connex customer, please call Integrated Management Solutions support team for assistance.

If you are not Food Connex customer and would like to learn more about Food Connex features and capabilities please contact our sales team at 1-800-336-3836 ext. 18 for further information.

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