Performing a Physical Inventory

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Follow the steps below to perform a Physical Inventory for a Warehouse.

Count Day - Create the Physical Inventory Records

On the day of or the evening before the count, you will create the Physical Inventory record for each warehouse being counted. The date selected on the Physical Inventory record will be the date the warehouse becomes locked. No transactions may be processed until the Physical is released.

When creating the Physical Inventory record, make certain to select the desired sorting options. This is the order in which the parts will print on the count sheets and be displayed in the data entry form when entering the actual parts counted. There are three sorting option levels from which to select.

1. Navigate to the Main Application Menu and select the Physical Inventory\Adjustments option from the Inventory module.

2. The Physical List form will be displayed; click the New button located at the lower right of the form.

3. The Physical Edit form will be displayed. This form is divided into two tabs; Setup Information and Parts. Both forms will be described on the next page.

Data Entry Fields

Fill and make selections from drop-down list fields on the Setup Information form.

- Code - Enter a code for this physical count. This must be a unique value and may not be re-used. An example would be the count date followed by the warehouse code.
- Description - This field will auto fill with the code assigned in the previous field; this may be modified if desired.
- Warehouse - Select the Warehouse to be counted from the drop-down list.
- Start Date - Enter the date the Warehouse will become locked for the count.
- Lock Warehouse - This option will automatically be selected; do not un-check this option.
- Sort Count Sheet By - Select the three sort order options. These selections control the order in which the parts will print on the count sheets and be displayed in the data entry form when entering the actual parts counted. The Sort choices are: part code, description, detail description, product line, row, shelf, bin. Each sort field must contain a different value.
- Print Value on Variance - Check this box so that when viewing the variance report, you may see the dollar value of the variance.
- Print Quantity on Sheet - Typcially this box is left un-checked. If this box is checked, when printing the counts sheets, the on-hand quantity show in SedonaOffice will print. Since you probably want this to be a blind count, do not check this box.

- File Skipped Parts As Zero Quantity - If this box is checked, it is not necessary to enter 0 next to all parts for which you do not have a count. Leaving a zero in the count column will automatically generate a new on-hand count of zero for the part and a dollar variance will be created if zero count differs from the count that SedonaOffice calculated prior to the inventory.

Once all of the above information has been entered, click the button located to the right of the Lock Warehouse field.

4. The Parts form will be displayed listing all the Parts to count within the Warehouse. Click the Save button located at the lower right of the form.

5. You will be returned to the Physical List form where the new Physical Inventory record will be displayed in the list.

6. To print the Count Sheets, click once on the Physical Inventory record from the Physical List. Click the Sheets button located at the bottom of the Physical List.

7. The Counts Sheets will be displayed in Preview mode. Click the Print button located on the upper toolbar to send the Count Sheets to the printer.

Entering Part Counts

8. Once the physical count has been performed, the actual counts will be entered into the Count Sheet form. To enter the counts, open the Physical Inventory List; double-click on the Physical Inventory record where counts will be entered.

Multiple Users may be entering counts into the same Physical Inventory record at the same time to expedite the data entry process.

9. The Physical Counts form will be displayed. Prior to entering any counts, read the Physical Counts form options section on the next page.
Enter the actual number of parts counted into the +/- column of the form. When finished entering all counts click the Save button located at the lower right of the form. If you do not have time to enter all the counts during one session, save the counts then return to the form to continue entering additional counts.

Count Sheet Options

- Show Location - If this option is de-selected the Row, Shelf and Bin columns will be hidden from view. If your company does not use these location fields, hiding these columns will take up less space in the grid when entering your count quantities.
- New Part (button) - If a part is found that does not exist in your Inventory Parts List, it may be created by clicking this button. Clicking this button will open the Part Edit form for setting up the new Part.

- Add Exiting Part (button) - If a part is found that is an existing part number but does not appear on the count list, clicking the Add Existing Part button will open the Parts Lookup form to locate the existing part number to add to the count sheet.
- File Skipped Counts as Zero - If this field is dimmed out, this indicates that this option was selected on the Physical Edit form when initially creating the Physical Inventory record. If this field is not dimmed out, you may check this box if needed. This option controls whether you need to enter the quantity of zero if no quantity was found during the Physical Count. If this option is checked, and you do not enter a count quantity for a part, the software will assume no parts were found for a particular part number.

To make data entry easier, column widths may be adjusted or moved to make it easier on the eyes of the person performing the data entry. The +/- Column is where counts will be entered; this column may be dragged to the left of the User column if desired. To move a column, highlight the entire column then drag and drop to the desired location. In the example below, the part number and count fields have been placed side by side.

Review Variances

10. To view and print the Variance List, open the Physical Inventory List; highlight the Physical Inventory record then click the Variance button at the bottom of the form.

The Variance List will be displayed. The list may be resorted by clicking any column title. This report may be printed or exported to Excel then sorted on the Adjustment column. In the Excel spreadsheet, the User may hide all rows where there was no variance, and then focus on just the parts with variances.

To print or export the Variance List, click the Print Preview button on the Function Button toolbar while the Variance List is being viewed.

The Variance report will be displayed in preview mode; to Print click the Print button from the upper toolbar. If exporting the report to Excel, click the Excel button from the upper toolbar and save the file.

Entering Recounts

11. Once the Variance Report has been reviewed, if any changes need to be made to the counts, open the Physical Counts form again to make the count adjustments.

Count changes are again entered into the +/- column. If the number of parts needs to be increased over the original count, type in just the change quantity.

Example 1:
The original count saved was 2, however the recount number is 5; the User will enter 3 into the +/- column.

Example 2:
The original count saved was 3, however the recount number is 2; the User will enter -1 into the +/- column.

Once all adjustments have been entered, click the Save button. The Variances will be recalculated.

If your company is finished with all counts and recounts and is ready to accept any variances, it is recommend to print a final Variance Report either to paper or to an electronic file.

Releasing the Physical

11. Once all Variances have been investigated and adjustments have been made to the counts, the Physical Inventory may be posted and released.

If your company has determined the count was not accurate and does not have time to perform a new inventory count at this time, the Physical may be released without making any changes to the warehouse on-hand quantities or values. Both Physical Release options will be described below.

Release Only Option

Using this option will close out the Physical Inventory but will not make any changes to your inventory on-hand quantities or values.

From the Physical List, highlight the Physical Inventory record then click the Edit button at the bottom of the form.

The Physical Inventory Setup form will be displayed, click the Release Physical button located at the lower left of the form.

From the Physical Release form, **select the Release Only radio button**, and then click the Save button located at the lower right of the form. A confirmation message will be displayed asking the User if they are ready to release the Physical; click the Yes button to proceed.

Releasing the Physical - Auto Adjust and Release Option

If your company is finished with the physical inventory and ready to record any/all variances, then you will use the Auto Adjust and Release option.
From the Physical List, highlight the Physical Inventory record then click the Edit button at the bottom of the form.
The Physical Inventory Setup form will be displayed, click the Release Physical button located at the lower left of the form.

On the Physical Release form, select the Auto Adjust and Release radio button.

Data Entry Fields

- Variance Date - The Variance date will automatically fill in with the Physical Start Date; this date should not be modified.

- Account Code - This field will automatically fill in with the default Physical Adjustment COGS account; this may be changed if necessary. This will be the offset account to the inventory account assigned to the warehouse used for posting any variances to the G/L.
- Category Code - Select the appropriate Category Code from the drop-down list.
- Memo - An optional note may be entered into the Memo field.
- Apply to all Current Physical Inventories - This is a checkbox located at the lower left of the form. If you have one or more Physical Inventories that you want to release all at the same time using the same G/L Account, Category and Memo, then select this option.

This will release all of the in-process inventories at the same time. Otherwise you would need to release each Physical individually.

Once all fields have been populated, click the Save button located at lower right of the form.

Two confirmation messages will be displayed.

The first message will ask if you are ready to release the Physical; click the Yes button to proceed.

The second confirmation message will ask you to confirm the adjustment account and date; click the Yes button to proceed if both the account and date are correct.