

# Oracle<sup>®</sup> Process Manufacturing PhysicalInventory

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**ORACLE<sup>®</sup>**

Enabling the Information Age™

# Oracle® Process Manufacturing Physical Inventory

Part No. A69853-01

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# Send Us Your Comments

## Reader's Comment Form

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Oracle Corporation welcomes your comments and suggestions on the quality and usefulness of this publication. Your input is an important part of the information used for revision.

- Did you find any errors?
- Is the information clearly presented?
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- Are the examples correct? Do you need more examples?
- What features did you like most about this manual?

If you find any errors or have any other suggestions for improvement, please indicate the topic, chapter, and page number below:

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Thank you for helping us improve our documentation.



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# Physical Inventory Preface

## Physical Inventory Welcome

Welcome to the *Oracle Process Manufacturing Physical Inventory*.

This user's guide includes the information you need to work with Physical Inventory effectively.

This preface explains how this user's guide is organized and introduces other sources of information that can help you.

## About Physical Inventory

This guide contains overviews as well as task and reference information about OPM Physical Inventory. This guide includes the following chapters:

- Physical Inventory Prerequisites
- Cycle and Inventory Count Prerequisites
- Cycle Count Definition and Entry
- Physical inventory Definition and Entry
- Physical Inventory Reports

## Audience for Physical Inventory

This guide assumes that you have a working knowledge of your business area's processes and tools. It also assumes that you are familiar with Physical Inventory. If you have never used Physical Inventory, we suggest you attend one or more of the Oracle Process Manufacturing training classes available through World Wide Education. For more information about Physical Inventory and Oracle training see Other Information Sources.

This guide also assumes that you are familiar with the Oracle Applications graphical user interface. To learn more about Oracle Applications graphical user interface, read the *Oracle Applications User's Guide*.

# Conventions

## **Bolded Text**

Buttons, fields, keys, menus, and selections are bolded in procedures only. For example: To access the next form click **OK**. Otherwise, references to these features appear in regular type.

## **Additional Menu Options**

Only nonstandard menu options are discussed. Standard menu bar options (such as Save) are not discussed. These standard options are described in the Oracle Applications User's Guide. Only menu options unique to the use of the specific form are discussed.

## **Field References**

References to fields within procedures are in bold type. References within the body of this guide appear in regular type.

## **Keyboard Mapping**

Some keyboards have an Enter key, while some have Return key. All references to this key appear as Enter.

## **Required Fields**

The word "Required" appears as the last word in the field descriptions of all required fields. When the field is required contingent on the entry in another field, or only in specific situations, "Required if..." is the last sentence of the field description.

## **Fields Reserved for Future Use**

Fields with no current processing implications are referenced by the statement, "This field is not currently used" or "Reserved for future use" is shown. Do not use these fields for your own reference data, because there are plans to link future functionality to these fields. Fields intended for informational use only are referenced by the statement, "This field is for informational purposes only".

## **Pending/Completed Transactions**

Discussions about processing transactions that use the words 'pending' and 'completed' refer to the status of a transaction. Pending and completed do not refer to the database tables that are updated as a result of transactions (for example, some completed transactions are stored in the Pending Transactions table).

## Procedures

Each chapter contains a procedure with numbered steps. Any actions which are subordinate to a step are assigned letters.

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**Note:** You can customize your Oracle Application, therefore, all procedures are suggestive only. Navigate to forms and between responsibilities in a way that works best for your particular setup. Also note that fields may appear on your screen in a different order than they are discussed in this guide.

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## Oracle Process Manufacturing Glossaries

A module-specific glossary is included.

### Use of Word "Character"

The word "character" means an alphanumeric character. Characters that are numeric or alphabetic only are referenced specifically.

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**Note:** Depending on your system security profile, you may not have access to all of the forms and functions described in this guide. If you do not see a menu option described in this guide, and you want access to it, contact your System Administrator.

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# Do Not Use Database Tools to Modify Oracle Applications Data

Because Oracle Applications tables are interrelated, any change you make using Oracle Applications can update many tables at once. If you modify the Oracle Applications data using anything other than Oracle Applications, you could change a row in one table without making corresponding changes in related tables. If your tables are synchronized with each other, you risk retrieving erroneous information and receiving unpredictable results throughout Oracle Applications.

When you use Oracle Applications to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also track who changes information. If you enter information into database tables using database tools, you could store invalid information. You also lose the ability to track who has changed your information because SQL\*Plus and other database tools do not keep a record of changes.

Consequently, we strongly recommend that you never use SQL\*Plus or any other tool to modify Oracle Applications data unless otherwise instructed by Oracle Support Services.

## Information Sources Related Physical Inventory

You can choose from many sources of information, including documentation, training, and support services, to increase your knowledge and understanding Physical Inventory.

### Online Documentation

All Oracle Applications documentation is available online on CD-ROM, except for technical reference manuals.

All user's guides are available in HTML and paper. Technical reference manuals are available in paper only. Other documentation is available in paper and sometimes PDF format.

The content of the documentation remains the same from format to format. Slight formatting differences could occur due to publication standards, but such differences do not affect content. For example, page numbers are included in paper, but are not included in HTML.

The HTML documentation is available from all Oracle Applications windows. Each window is programmed to start your web browser and open a specific, context-sensitive section. Once any section of the HTML documentation is open, you can navigate freely throughout all Oracle Applications documentation. The HTML documentation also ships with Oracle Information Navigator (if your national language supports this tool) which enables you to search for words and phrases throughout the documentation set.

## Other Information Sources

OPM Physical Inventory shares business and setup information with other Oracle products. The following Oracle Applications guides might be useful when you are setting up and using OPM Physical Inventory.

- **Oracle Applications User's Guide**  
This guide explains how to enter data, query, run reports, and navigate using the graphical user interface (GUI) available with this release. This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent processes.
- **Oracle Applications Flexfields Guide**  
This guide provides flexfields planning, setup and reference information for the implementation team, as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This manual also provides information on creating custom reports on flexfields data.
- **Oracle Workflow**  
This guide provides information about the Oracle Workflow product. It provides guidance and assistance for automating and routing information of any type according to business rules.
- **Oracle Applications System Administrators Guide**  
This guide provides planning and reference information for the Oracle Applications System administrator. It contains information on how to define security, customize menus and online help text, and manage processing.

## Oracle Process Manufacturing Guides

The following is a list of the documentation in each product group of OPM release 11.0.

### System Administration and Technical Reference

- *Oracle Process Manufacturing Implementation Guide*
- *Oracle Process Manufacturing Technical Reference Manuals*

### OPM Inventory Control

- *Oracle Process Manufacturing Inventory Management User's Guide*
- *Oracle Process Manufacturing Physical Inventory User's Guide*
- *Oracle Process Manufacturing EC Intrastat User's Guide*

## OPM Process Execution

- *Oracle Process Manufacturing Production Management User's Guide*
- *Oracle Process Manufacturing Process Operations Control User's Guide*

## OPM Product Development

- *Oracle Process Manufacturing Formula Management User's Guide*
- *Oracle Process Manufacturing Laboratory Management User's Guide*
- *Oracle Process Manufacturing Quality Management User's Guide*

## OPM Logistics

- *Oracle Process Manufacturing Order Fulfillment User's Guide*
- *Oracle Process Manufacturing Purchasing User's Guide*

## OPM Process Planning

- *Oracle Process Manufacturing Forecasting User's Guide*
- *Oracle Process Manufacturing Capacity Planning User's Guide*
- *Oracle Process Manufacturing MPS/MRP User's Guide*

## OPM Financials

- *Oracle Process Manufacturing Cost Management User's Guide*
- *Oracle Process Manufacturing Manufacturing Accounting Controller User's Guide*
- *Oracle Process Manufacturing Accounting Setup User's Guide*
- *Oracle Process Manufacturing and Oracle Financials Integration*
- *Oracle Process Manufacturing and Oracle Financials Implementation Guide*

# Other Sources

## Training

We offer a complete set of formal training courses to help you and your staff master Physical Inventory and reach full productivity quickly. We organize these courses into functional learning paths, so you take only those courses appropriate to your job's area of responsibility.

You have a choice of educational environments. You can attend courses offered by Oracle Education Services at any one of our many Education Centers, or you can arrange for our trainers to teach at your facility. In addition, Oracle training professionals can tailor standard courses or develop custom courses to meet your needs. For example, you may want to use your organization structure, terminology, and data as examples in a customized training session delivered at your own facility.

## About Oracle

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## Thank You

Thank you for choosing Physical Inventory and this user's guide.

We value your comments and feedback. At the beginning of this guide is a Reader's Comment Form you can use to explain what you like or dislike about Physical Inventory or user's guide. Mail your comments to the following address or call us directly at (650) 506-7000.

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# Physical Inventory Prerequisites

## Physical Inventory - Overview

The purpose of the guide is to provide reference information for end-level users of the OPM Physical Inventory Module. It presents:

- An overview of the situations in which you would run cycle counting and physical inventory counting.
- Setups and prerequisites needed to run cycle and physical inventory counting.
- Explanations of how count exception classes are used to for cycle counting items with zero or negative onhand balances.
- Procedures for establishing control groups of problematic or critical items that will be counted during selected cycles.
- Procedures for defining and entering cycle and physical count parameters, and for entering the resulting count quantities.
- Procedures for printing count sheets and tags used in cycle counting and full inventory counting.
- Instructions for posting full physical inventory counting and updating onhand inventory quantities.
- Procedures for printing variance reports to indicate where actual count quantities differ from onhand quantities.

The OPM Physical Inventory module includes selections for defining and running both full physical inventories (counting of every item in a warehouse) and cycle counting (periodic counting of selected items). These periodic countings will be referred to as cycle counting. Physical inventory will refer to the full physical inventory count of all items. Note that the menu sequence for the Physical Inventory module does not reflect the order in which you initially define your databases and process inventory counting.

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**Note:** Depending on your system security profile, you may not have access to all of the forms and functions described here. If you do not see a menu option described, and you want access to it, contact your system administrator.

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## Cycle and Inventory Count Prerequisites

This section describes the setup of data required to run cycle counting and complete physical inventory counting. The OPM Physical Inventory module consists of the data entry forms required to define cycle count and physical inventory count parameters. These parameters include the ABC rank codes that you assign to items to define how frequently they must be counted. Some of the required information is established on data entry forms outside the Physical Inventory module. These forms and the modules in which they can be found are noted. A brief introduction explaining the use of the forms in relation to inventory counting is provided. Examples of the types of data you can define may be given.

## Defining and Entering Cycle Counts

The procedures required to define data records are discussed. These procedures include any prerequisites necessary to complete the task. A detailed discussion of each field on the data entry form being discussed then follows. Field entry examples are given in some cases.

Menu options that are specific to the data entry form being discussed (and which may help in the definition of the data required to complete the form) are then referenced.

## Defining and Entering Physical Inventory

The physical inventory process is outlined. This process allows you to review quantities using a separate posting process. The parameters for a full physical inventory, and the processes of initiating, entering, and posting physical inventory are presented.

## Running Physical Inventory Reports

Physical inventory reporting and inquiry functions are presented. Explanations of the printed reports available from the Physical Inventory module are provided with the procedures for generating them. Descriptions of the information listed on these reports are also provided.

## Appendix

This is an appendix of navigator paths and profile options used in *Oracle Process Manufacturing Physical Inventory*.

## Glossary

This is the glossary of terms and definitions used in *Oracle Process Manufacturing Physical Inventory*.

## Index

This is the index for *Oracle Process Manufacturing Physical Inventory*.

# Types of Inventory Counting - Overview

OPM allows you to perform two kinds of counting to evaluate your inventory. Each involves counting stock quantities and updating onhand inventory records.

You can perform cycle counting in which you may select specific items or groups of items to count and reconcile on a frequent (perhaps daily) basis. Warehouses function normally during cycle counting.

You can also perform full physical counting on your inventory where every item in the warehouse is counted and reconciled in a single physical inventory cycle count. This usually requires that warehouse operations cease during the count.

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**Note:** In OPM, a warehouse is where inventory is maintained, from which inventory is consumed, and to which inventory is replenished. A plant consumes inventory from, and replenishes inventory to a warehouse.

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## Full Physical Inventory

In some industries the law requires that you perform a full physical inventory, usually at least once a year. A physical inventory count is the most accurate way to get an accounting of all material quantities purchased, manufactured, and sold, and update your onhand quantities accordingly. It also allows you to determine the value of your *entire* actual inventory quantities. In a full physical inventory, current quantities are frozen for the purposes of counting. Current quantities are copied to a temporary area (table). OPM then compares these frozen quantities to the actual count quantities to determine if there are discrepancies.

When you perform a physical inventory, all item quantities in the selected warehouse are frozen based on the criteria you specify (on the Physical Count form). Items are then counted and reconciled in one cycle. This usually requires that the warehouse be shut down, so that all items can be counted.

---

**Caution:** Freezing of the onhand inventory quantities does not prevent other users from processing transactions (such as sales orders or production batches) for that inventory. The physical inventory process contains no mechanism to reconcile the time of the transaction with the time of the count. If you allow any transactions during the counting period you will jeopardize the accuracy of the post-inventory records.

---

## Cycle Count

Some industries use items that are hazardous, expensive, or prone to shrinkage or other physical changes. These items may require counting more frequently (for example, weekly or daily) than the full inventory cycle. Cycle counting lets you rank each item based on the frequency with

which you count it. It also lets you define daily count schedules for groups of selected items in each warehouse.

You may cycle count selected items on a regular basis. Only the selected cycle count item quantities are frozen for comparison against the actual item count. Because of this, the remainder of the warehouse can function normally. By counting and reconciling this inventory more periodically, you can highlight discrepancies earlier than if you waited for the full physical inventory count.

OPM will create a cycle count schedule based on the parameters you define for each item. This allows you to spread the regular count of warehouse items over a number of days, rather than doing the regular count of all warehouse items on the same day. When you initiate a cycle count for a warehouse, the items scheduled for count appear on cycle count reports. Note that you cannot print, or view, a count schedule; this is a security precaution to prevent disbursement of advanced information on upcoming counting.

You can prioritize items for cycle count based on ABC rank, count class, or control group; you define all of these classifications in the Physical Inventory module. You can also define tolerance thresholds to control the extent to which you will accept variances between actual counting, and quantities onhand in OPM inventory.

## Generating Inventory Count Forms

There are three types of inventory count forms that you can generate. The following is a brief description of each:

### Count Sheet

This is an OPM-generated document that the person who will perform the actual inventory counting can use to enter results. It is printed with numbered lines that correspond to the items (and lots/sublots, locations, and QC grades) being counted in a specific cycle. It does *not* list the expected quantities for the count. Count sheets are used for both full physical inventories and cycle counting.

### Tags

Like the count sheets, count tags are generated and assigned numbers by OPM. However, each count tag is for one specific item, lot/sublot, location, and QC grade combination being counted. The individuals who perform the actual inventory counting can use these tags to enter the results. Count tags can be used for full physical inventories and cycle counting.

### Bulk Tags

Bulk tags are similar to regular count tags. Count tags are printed with lines that correspond to items, lots, and sublots, while bulk tags are printed with blank lines. The counter still enters the results of the count on these tags.

# Physical Inventory and Cycle Count - Processes

The following discusses:

- Cycle Counting and Physical Inventory Prerequisites
- Cycle Counting Process Flow
- Physical Counting Process Flow

## Cycle Counting and Physical Inventory Prerequisites

In addition to the setup discussed in detail here, the following setup data must be defined in the specified modules.

### Setting Up the System Administration Module

Set up the following in the OPM System Administration Module.

- Organizations
- Users
- Unit of measure
- Units of measure types
- Document ordering parameters
- Reason codes
- Geography codes
- Tax locations (if required)

### Setting Up the Inventory Module

Set up the following in the OPM Inventory Control Module.

- Items (for raw material, bulk finished goods, intermediates, packaging material, and packaged items)
- Warehouses
- Warehouse Rules (the items that you cycle count must be linked to the appropriate warehouses)
- Locations
- Lots and sublots
- Item/lot/sublot unit of measure conversions
- Item quantities (in lots and sublots)

### Setting Up the Order Fulfillment Module

Set up the following in the OPM Order Fulfillment Module.

- Tax locations

# Inventory Cycle Counting Process Flow

The following outlines the inventory cycle counting process flow:

Step	Module (Prerequisite Steps)	Task
1.	Inventory Control (IC)	Define the inventory calendar. Create items. Create warehouses. (See also the <i>OPM Inventory Management</i> user's guide for more information.)
2	Physical Inventory (PI)	Create ABC rank codes.
3	IC (1)	Create warehouse rules.
4	IC (1) (2)	Initialize the ABC rank schedules for warehouses.
5	PI (1)	Create count classes.
6	PI (1)	Create control groups.
7	PI (1)	Create a cycle count.
8	PI (1) (2) (7)	Add ABC rank requirements.
9	PI (1) (7)	Add additional items.
10	PI (7)	Initiate a cycle count.
11	PI (10)	Print cycle count sheets.
12	PI (10)	Count items and enter data.
13	PI (12)	Print cycle count entries report and audit its contents.
14	PI (13)	Enter any recount items.
15	PI (12)	Run the Cycle Count Audit Report and reconcile data.
16	PI (15)	Post the cycle count and review posting reports.
17	PI (16)	Purge the cycle count.

# Physical Inventory Counting Process Flow

The following outlines the physical inventory counting process flow:

Step	Module (Prerequisite Steps)	Task
1.	Inventory Control (IC)	Define the Inventory Calendar. Create Items. Create Warehouses. (See also the OPM Inventory Control module for more information.)
2	IC (1)	Create Warehouse Rules.
3	PI (1)	Create a physical cycle count, and close the warehouse to business.
4	PI (3)	Initiate a physical count.
5	PI (4)	Print physical count sheets.
6	PI (4)	Count Items and enter data.
7	PI (6)	Print physical count entries report and audit its contents.
8	PI (6)	Enter any recount items.
9	PI (6)	Post the physical count. Open the warehouse and resume business.
10	PI (9)	Purge the physical count cycle.





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# Cycle and Inventory Count Prerequisites

## Cycle and Inventory Count Prerequisites - Overview

The Physical Inventory module gives you the flexibility to perform inventory counting based on the scheduling routines that suit you. For example, if you do not perform cycle counting on a set plan, you can schedule and initiate a cycle count whenever you need one, for only the items that you think should be counted.

If you perform scheduled cycle counting, you can establish a count schedule in advance. If you perform predefined or regular counting, you can synchronize counting with your inventory calendar.

You may wish to count only specific types of items during certain count cycles. OPM allows you to define ABC rankings (ABC classification) that indicate how frequently certain items will be counted. You can then assign these rankings to the items that you want to count during pre-set cycles. During these cycles, OPM will select for counting, based on their ABC ranks, only those items scheduled to be counted.

You may want to include in counting (on a count-by-count basis) those items with zero or negative onhand balances. You may also want these items counted only if the zero or onhand balances appear in specific warehouses. OPM allows you to define count exception classes, then assign them to item and warehouse combinations on the Warehouse Rules form. Depending on the exception class definition, OPM will select these items for count during scheduled cycles, even if they have zero or negative balances in the specified warehouse or warehouses.

If a warehouse contains critical items that must be counted more frequently than the normal count cycles permit, you can group these critical items to be counted during every cycle. These groups are referred to as control groups.

The extent of prerequisite setup that is required is contingent on the degree of control you wish to have over your count schedules. The procedures are discussed in the (suggested) sequence in which the prerequisites should be set up for a high level of inventory count control. Those prerequisites designed to provide this higher level of control are appropriately noted; you may disregard them if they do not apply to you.

# Defining the Inventory Calendar

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**Note:** See *OPM Inventory Management* for details on producing an inventory calendar.

---

Your inventory accounting procedures may require that you close prior inventory periods to transaction postings in one or more warehouses. This allows you to perform inventory valuations in those warehouses. The inventory calendar divides the fiscal year into the periods in which inventory transactions will post. You can use cycle count results to determine the total inventory in your warehouses during a given period. With your count cycles synchronized with inventory calendar periods, you can use this count information to help you with your warehouse valuations.

## Defining ABC Ranks

OPM allows you to schedule upcoming cycle counting to include desired items. You do this by assigning a rank code to each item that you intend to include in the periodic cycle counting. Each ABC rank code represents the ABC classification frequency at which you want to count an item when stocked in a specified warehouse. OPM then refers to the rank code when generating the count tags and count sheets for the appropriate days.

## Defining Warehouse-Specific ABC Rankings

You specify a rank code on the Warehouse Rules form to indicate that the ABC classification ranking for the item is specific to the designated warehouse. The rank specified on the Item form is for reference purposes.

## Defining ABC Cycle Count Periods

Once ABC ranks have been defined and warehouse rules have been established you will need to schedule the cycle count periods. These are usually managed best when they span a business quarter, half year, or a full year. Business circumstances will control this. It is generally recognized that a month is too short a span, while greater than one year is too long.

All ABC Rank schedules should end simultaneously, since this makes it easier to administer them. A cycle count should cover a short duration, perhaps a week at most. It determines:

- How many items are to be counted in a cycle.
- How quickly the individual or individuals tasked with cycle counting can report the results of the count for processing (obviously before the next cycle begins).

The information defined allows OPM to produce an "internal" schedule of the items to be counted in the warehouse at similar intervals and with similar accuracy.

Part of the daily cycle count procedure is the initiation of the daily count. This freezes the onhand inventory quantities to give you a baseline, against which you can compare the quantities actually counted. This freezing of onhand inventory quantities is discussed in *Define and Enter Cycle Counts*

You define the Count Interval for each rank and warehouse combination. You may then enter this rank on the Warehouse Rule form for each item that you wish to count with the specified frequency. As a result of this established duration of count days, OPM is able to schedule counting of the items to which the ranking is assigned. OPM searches for the items that should be included in each count based on the ABC Rank assigned to each item. This is done as follows:

1. OPM counts the number of items in the warehouse that have been assigned a specific ABC Rank code.
2. OPM divides that total number of items by the number of days specified as the count interval for that ABC rank. For example, if 50 items are assigned rank A, and the count interval is 10 days, OPM will schedule 5 of these items per day to be counted throughout the 10-day counting cycle.
3. To choose which items to count each day, OPM sorts based on the last count date for each item. The items counted most recently are scheduled last.

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**Note:** To prevent disbursement of information regarding upcoming scheduled counting, you will not be able to print or view the cycle schedule that OPM generates.

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## Defining ABC Cycle Count Tolerances

On the ABC Rank Information form you can indicate the action OPM should take if variances occur between the actual count quantity and the quantity onhand in OPM inventory. For each ABC classification ranking you can define a count variance tolerance threshold. You base this threshold on the percentage of variance between recorded onhand quantity and count quantity.

When OPM compares an actual count quantity of an item to the recorded onhand quantity, it determines the variance between the two. OPM then warns against, or prevents, automatic acceptance of the count results if this variance exceeds the threshold.

# Defining ABC Rank Information

Use this form to specify the warehouse and cycle count parameters for ABC classification of items in a warehouse. You will also be able to define the count interval, tolerances for the count, and the warning and rejection thresholds for a cycle count.

## ABC Rank Information - Procedures

1. Navigate to the **ABC Rank Information** form.
2. Complete the fields as defined in the Fields topic.
3. Save the form.
4. From the Special menu, select **Initialize Schedule**.
5. The **Initialize Schedule** dialog box displays:
  - Specify the **Start Date**
  - Specify the **End Date**
  - Click **OK**.
6. "Schedule for Warehouse has been Created" displays to indicate that the ABC rank schedule has been initiated.

## ABC Rank Information - Fields

### Warehouse

Specify the warehouse in which the ABC rank you are defining will be effective. The cycle count parameters you specify on this form will apply to all items (in this warehouse) that have been assigned this code.

For example: If this is WAREHOUSE 2, and you are defining rank B, all items assigned rank B and stocked in WAREHOUSE 2 will be cycle counted based on the rules you specify on this form for rank B.

### ABC Rank

Specify the code that identifies the ABC classification rank for which you are defining cycle count interval and tolerance parameters. Note that A, B, and C are industry standard codes; the ranking codes need not be A, B, or C, and you can define them according to your needs. For example, if you are not ranking based on value, you could rank based on frequency of the count. The codes could be named WLY (weekly), (MLY) monthly, and YLY (yearly). Required.

### Description

Enter a brief description of the ABC rank parameters you are defining. Required.

## Count Interval

This is the duration of the cycle, in days, for items, in the specified warehouse that have been assigned this ABC rank. The number you specify here indicates the number of days between the *beginning* of new cycle counting for this rank.

For example: If you are defining rank code B in WAREHOUSE2, and you indicate an interval of 14 days, all the items in WAREHOUSE2 that are assigned a rank of B will be scheduled for counting every two weeks. Required.

---

**Note:** The following fields allow you to establish cycle count tolerance levels. OPM compares the onhand inventory balance for an item with the quantity actually counted. OPM then measures the variance between the two quantities (based on unit percentage variance and monetary value variance) according to the tolerance parameters you specify here.

---

## Unit Percent

(Tolerance Levels panel)

(Warning heading)

For items in the specified warehouse assigned this ABC rank, specify the threshold at which a variance in units counted will produce a warning message. You will not be able to accept a count that has crossed the warning threshold unless you enter a valid reason code. If you do not want OPM to produce warning messages for counting because of quantity variances, enter 100.

(Rejection heading)

For items in the specified warehouse assigned this ABC rank, specify the threshold at which a variance in the unit count will not be accepted. The acceptable variance is that unit quantity that falls between the warning level variance and the rejection variance.

For example: If you entered 2.000 (%) as the warning level tolerance quantity, and 10.000 (%) as the rejection level quantity, you may accept counting with a variance of 2 percent to 9 percent as long as you enter a valid reason code. Variances equal to or greater than 10% will not be accepted.

If you do not intend to reject counting based on quantity variance, enter 100. All counting will be accepted regardless of variance percentages.

## Currency Value

This field is reserved for future use.

## Accept Count/Reject Count

(Warning heading)

You have the option of accepting cycle counting for items assigned this ABC rank in this warehouse, even if the count variance produces a warning level message. For the Unit Percent entered under the Warning heading:

- If you wish to accept variances that are lower than this level select Accept Count.
- If you wish to reject variances that are lower than this level, select Reject Count.

(Rejection heading)

You have the option of accepting cycle counting for items assigned this ABC rank in this warehouse even when the count variance produces a rejection level message. For the Unit Percent entered under the Rejection heading:

- If you wish to accept variances that are more than the warning level, but less than the rejection level, select Accept Count.
- If you wish to reject variances that are more than the warning level, but less than the rejection level, select Reject Count.

---

**Note:** OPM will reject cycle count variances that surpass the *rejection level* threshold, regardless of the entry you make in the Accept Count field.

---

## Defining ABC Ranks - Daily Count Initiation - What to Do Next

If you intend to base your cycle counting on ABC classification rankings, you must link the ABC rank code to the item and warehouse combination on the Warehouse Rules form.

You initialize the ABC schedule by selecting Initiate Schedule from the Special menu. Note the *ABC Rank Information Form - Special Menu* discussion for more on initializing the ABC schedule.

Assign ABC rank codes to all inventory items that you wish to be scheduled for count during scheduled cycles. You specify an ABC code on the Warehouse Rules form in the Inventory Control module. See also *OPM Inventory Management* for procedures on entering warehouse rules.

## ABC Rank Report

### ABC Rank Report

This report lists the cycle count intervals and variance tolerances for each of the ABC ranks within a specified warehouse, or a range of warehouses. It also shows how many variance warnings and rejections occurred for each ABC rank and warehouse combination. Refer to *Physical Inventory Reports* for more information.

## ABC Rank Form - Special Menu

### Initialize Schedule

After you define the count parameters for the ABC classification rank and warehouse combination, you must define the schedule during which those parameters will be effective (a specific period, for example, 90 days). On initialization of this schedule, OPM generates an internal system calendar that suggests which items you should count on particular dates.

# Find ABC Ranks

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Ranks - Procedure

To find ABC ranks:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Ranks Fields topic.
3. Click **Find**.

## Find Inventory Types - Fields

### Warehouse

Enter the warehouse in which you wish to find ABC ranks.

### ABC Rank

Enter the ABC rank you wish to find.

### Count Interval

Enter the count interval for which you wish to find ABC ranks.

### Marked for Deletion

- Select Yes to find ABC ranks marked for deletion.
- Select No to find ABC ranks not marked for deletion.



# Defining Count Classes

Use the Count Classes form to define exception status classifications for groups of items. These classifications allow OPM to select items to be included in cycle counting, even if these items have zero, or negative, onhand balances. You may skip this if you do not intend to include items with zero or negative inventory balances in cycle counting.

If you indicate on the Daily Cycle Count form that you want exception status items included in the count, OPM will search the inventory for count classes linked to items with zero or negative balances.

## Count Classes - Procedures

1. Navigate to the **Count Classes** form.
2. Complete the fields as described in the Fields topic.
3. Save the form.

## Count Classes - Fields

### Class

Enter the code for this count exception classification. You can subsequently assign this code to items in specific warehouses on the Warehouse Inventory form. Required.

### Description

Enter a brief description of the count exception classification you are maintaining. For example, if this classification is for exception items with zero balances only, you may enter "Zero Balances". Required.

### Zero

(Balance panel)

Here you indicate if an item assigned this class code should be included in cycle counting if there is a zero onhand balance for the item.

- Select Include if the item should be counted even if there is an onhand balance of zero.
- Select Exclude if cycle counting should be skipped for items with an onhand balance of zero.

### Negative

(Balance panel)

Here you indicate if an item assigned this class code should be included in cycle counting if there is a negative onhand balance for the item.

- Select Include if the item should be counted even if there is an onhand negative balance.
- Select Exclude if cycle counting should be skipped for items with an onhand negative balance.

# Find Count Classes

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Count Classes - Procedure

To find count classes:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Count Classes Fields topic.
3. Click **Find**.

## Find Count Classes- Fields

### Count Class

Enter the count class you wish to find.

### Description

Enter a description of the count class you wish to find.

### Zero Balance

- Select **Include** to include finding count classes with a zero balance.
- Select **Exclude** to exclude finding count classes with a zero balance.

### Negative Balance

- Select **Include** to include finding count classes with a negative balance.
- Select **Exclude** to exclude finding count classes with a negative balance.

### Marked for Deletion

- Select **Yes** to find count classes that are marked for deletion.
- Select **No** to find count classes that are not marked for deletion.

# Defining Control Groups

If you have items that are extremely expensive or hazardous, and wish to count them more frequently during selected cycle counting, you may define a control group in each warehouse into which these items can be classified.

On the Control Groups form you can list those critical, high-priority, or problematic items in a specific warehouse that you wish to count more frequently than those items with regular ABC rankings. Items in the control group may be counted every time you execute a cycle count. You may skip this discussion if you do not intend to include control group items in specific counting.

During cycle counting, these items (by virtue of being in the control group) have priority over the ABC ranks initially associated with the items on the Warehouse Rules form. The control group count interval parameters supersede the ABC rank parameters for the items in this particular warehouse. Control Groups will be included in every warehouse counting cycle.

## Control Groups - Procedure

1. Navigate to the **Control Groups** form.
2. Complete the fields as described in the Fields topic.
3. Save the form.

## Control Groups - Fields

### Warehouse

Specify the warehouse for which you are establishing control group counting; the corresponding warehouse description displays automatically. Note that each warehouse can have only one control group, but you can selectively choose the cycles in which you count the items in this group. Required.

### Item

Specify the item for which you are defining a control count interval in the specified warehouse. This item must already be linked to the warehouse on the Warehouse Rules form. The item description from the Warehouse Rules form displays automatically.

### Interval

Indicate the desired duration of cycle counting for this item when stocked in the specified warehouse. For example, if you wish to count the item every 30 days, enter 30.

If at a later date you want to remove the item from the control group, enter 0 in the Interval field. The item will no longer have priority count status in this warehouse, and will not show on this form the next time the form is displayed.

## Control Groups - What to Do Next

At this point you should have all of your inventory count prerequisites. Proceed to *Define and Enter Cycle Counts* for procedures on generating cycle counting.

---

# Cycle Count Definition and Entry

## Defining and Entering Cycle Counts - Overview

At this point you should have completed all of the necessary setup steps in preparation for performing inventory counting.

- You have named the cycle frequencies. Each of the ABC Ranks exists with a separate cycle frequency and tolerances in each of your defined warehouses.
- You have associated each countable item to a named cycle using Warehouse Rules. Each item in the warehouse that you expect to count must have a rule. The ABC Code field names a rank. The rank you put on the item master is for reference only.
- You have set the ABC Rank Information parameters to establish the duration during which all items assigned the same ABC classification rank code will be counted.
- You have set Count Classes parameters to define how you want to handle items with zero or negative onhand balances.
- You may have set Control Group items to define those items you wish to count more frequently (or in exception to the scheduled ABC Rank items).

You can use the Additional Items capability to include items that would not normally be counted in the cycle. It is valid to conduct a cycle count with any one or combination of count classes, control groups or additional items.

This section explains how to define and initiate a cycle count, and also enter the resulting count quantities for the items that were counted.

This section discusses the following topics:

- Defining a Counting Schedule
- Performing Cycle Inventory Counting
- Entering Cycle Count Quantities
- Reconciling and Posting Cycle Counts
- Purging Posted Cycle Counts

## Defining a Counting Schedule

You will construct each cycle's long range counting schedule. You will do this by selecting Initialize Cycle from the Special menu. Do this separately for every rank in the warehouse. This is where OPM counts the items belonging to the rank, and randomly assigns them in nearly equal numbers to each day in the cycle. Once this counting schedule is built, the pattern is duplicated from the start date to the end date. This process does not skip weekends, holidays or any other special non-working days. For example if you have 70 items with a weekly 7-day frequency, every Saturday and Sunday will each have 10 items assigned for counting.

# Performing Cycle Inventory Counting

Use the Cycle Count form to specify the warehouse and the dates on which cycle counting is to take place. You can choose to include control group, supercycle, or exception items, or any combination of the three, in the cycle count. You can also add any additional items that you wish.

OPM selects the items to be counted based on the first count date of the item and the schedule that was built when you scheduled each ABC rank for the warehouse. OPM assigns a number to the cycle count so that you can (later) enter actual count information.

Later, when you are actually ready to count inventory items, you must begin the count by selecting Initiate Count from the Special menu. This "freezes" the record of onhand quantities of the items to be counted during the cycle. You can continue to do business in the warehouse (processing inventory receipts and issues) while cycle counting proceeds because OPM compares the "frozen" onhand quantities to the actual items counted.

Upon completion of the count, run the Cycle Count Audit report to reconcile the frozen onhand inventory quantities with the count quantities. Variances between the two quantities are listed.

After the count has been reconciled with the inventory quantity balance, you must post the cycle. This process updates the old inventory balances with the variance quantities from the count. Variances are added to or subtracted from the inventory balances to produce new balances. The post process also closes the cycle and marks it as "complete".

## Daily Cycle Counts - Procedures

To run a daily cycle count, proceed as follows:

1. Navigate to the **Daily Cycle Count** form.
2. Complete the fields as described in the Fields topic.
3. Save the form.
4. From the **Special** menu select **Initialize Cycle**. Click **OK** to freeze onhand inventory quantities and initiate the count cycle. When you initiate the count cycle, OPM builds a daily list of the items that are to be counted.
5. Run the **Cycle Count Forms Report**. (See *Physical Inventory Reports* for more information on this report.)
6. Count the items in the warehouse. Use the count forms as a guide for the items you need to count. Record the counts on the printed form.
7. Navigate to the **Cycle Count Entries** form and enter all the item counts into OPM. (See *Cycle Count Entries* for more information on this process.)

---

**Tip:** Use the Query Find option to specify and retrieve the Warehouse Cycle. This will find all rows that are on the corresponding count forms, and enable you to scroll up and down the list of selected records to enter and save each entry.

---

8. Run the **Cycle Count Audit Report** to reconcile onhand quantities with cycle count quantities. (See *Physical Inventory Reports* for information on this report.) Repeat steps 6 through 8 as required to ensure accuracy of the counting and data entry.
9. From the **Special** menu select **Post Cycle** to update the inventory onhand quantities with any variances shown in the **Cycle Count Audit Report**. (See *Reconciling and Posting Cycle Counts* for more information.)
10. When you have completed the posting, from the **Special** menu select **Purge Cycle** to purge the cycle's data from the OPM database. (See *Purging Posted Cycle Counts* for more information.)

---

**Note:** It is common to find items in a specific lot/sublot/location that are not on the count forms, but which you feel should be included in the cycle count. You can enter these "found items" with a tag number or a page line that is higher than highest tag number or page line printed on the Cycle Count Entries form. For example, you could enter a "found item" at tag number 201, if the highest printed tag number was 200, by navigating to the Cycle Count Entries form and typing tag number 201. Save your entry. Repeat this as often as required until all "found items" are entered.

---

## Daily Cycle Counts - Fields

### Cycle

If you have established automatic assignment of cycle numbers in Document Ordering, OPM assigns a number to the cycle automatically after you save the Daily Cycle Count form ("NEW" displays while you are adding the new cycle). If you have established manual assignment of cycle numbers, enter the number that identifies this count cycle.

### Status

This field is informational only and will display:

- Open - to indicate that the cycle is open.
- Initiated - to indicate that the cycle has been initiated.
- Closed - to indicate the cycle is closed.
- Posted - to indicate the cycle has been posted.

### Description

Enter a brief description of this count cycle. Required.



## Warehouse

Specify the warehouse in which this cycle count will take place. The corresponding warehouse description displays automatically. Required.

## Start Date

Specify the date the cycle count should begin in the designated warehouse. The default is today's date.

## End Date

Enter the date you expect this cycle count to end. The default is tomorrow's date.

## Print Form

Specify the kind of print format that will be generated.

- Select Tags to print tags.
- Select Count Sheets to print count sheets.
- Select Bulks to print

## Control Groups

(Include panel)

Indicate if you want control group items (that is, those you count more frequently) to be included in the cycle count.

- Select the Control Groups box if you want cycle count items included.
- Clear the Control Groups box if control group items should be omitted from the count.

## Super Cycle

(Include panel)

Supercycle items are those that surpassed the tolerance thresholds defined for the items on the ABC Rank form of a previous count. These items should be included in every cycle count until the count quantities are within tolerance, or until you make an adjustment to onhand inventory quantities. OPM generates the list of supercycle items automatically.

Indicate if you want to include supercycle items in the count:

- Select the Super Cycle box if you only want super cycle items included.
- Clear the Super Cycle box if super cycle items should be omitted from the count.

## **Exception**

(Include panel)

Here you may indicate if exception items (that is, those items with zero or negative onhand balances) should be selected for this cycle count.

- Select the Exception box if exception items should be included in the cycle count.
- Clear the Exception box if exception items should be omitted in the cycle count.

# Find Cycles

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Cycles - Procedure

To find count cycles:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Cycles Fields topic.
3. Click **Find**.

## Find Cycles - Fields

### Cycle

Enter the count cycle you wish to find.

### Warehouse

Enter the warehouse for which you wish to find count cycles.

### Status

Enter the status for which you wish to find count cycles.

### Print Form

Enter the print form for which you wish to find count cycles.

- Select Tags - to find cycles with tags
- Select Control Sheets - to find cycles with control sheets
- Select Bulks - to find cycles with bulks

### Control Groups

- Select Include to include control groups in the search.
- Select Exclude to exclude control groups from the search.

### Super Cycle

- Select Include to include super cycle items in the search.
- Select Exclude to exclude super cycle items from the search.

### Exception

- Select the Exception if exception items should be included in the search.
- Clear the Exception box if exception items should be omitted in from the search.

## Using the Daily Cycle Count Form Special Menu

You can do the following from the Daily Cycle Count Form Special menu:

### Daily Cycle Count Special Menu - Initiate Cycle

After you have defined cycle count parameters, you must initiate the cycle inventory count itself by selecting Initialize Cycle from the Special menu. The number and description display for the warehouse in which you are performing the cycle inventory count, as well as the cycle number that was assigned to this inventory count. After you choose OK, OPM "freezes" the current inventory onhand quantities for the specified warehouse, then copies these quantities to a holding area. OPM compares the actual count quantities that you enter to these frozen onhand quantities.

---

**Note:** You may initiate the count immediately after you define the cycle, or any time thereafter. However, you may initiate a count only once for each cycle. OPM verifies that each cycle has not already been initiated. If you attempt to initiate a cycle that has already been initiated, a message displays suggesting that you void the current attempted cycle initialization, and define a new cycle.

---

### Daily Cycle Count Special Menu - Post Cycle

This selection posts the daily cycle count. You post the cycle to update the inventory onhand quantities with any variances shown in the Cycle Count Audit report. This action posts the variance quantity (if any) from the cycle count, and closes the cycle. It also prints a report that reviews the cycle count and the new adjusted onhand balance. The report also indicates whether or not the post process was successful.

### Daily Cycle Count Special Menu - Purge Cycle

This selection purges the cycle count. It is important to note that in many other OPM operations, items to be removed are only "Marked for Deletion" and are thereafter ignored by OPM. However, these items remain present in the database and may be "unmarked" for deletion. The Purge Cycle command does not operate this way. When you select it, all information about the chosen cycle number (except the generated inventory gain or loss transactions) is physically removed from the OPM database.

## Daily Cycle Count Special Menu - Additional Items

If you wish to include items in this cycle that would not normally be counted in this cycle, you may specify those items here. For example, if part of the inventory for an item is missing or damaged, you can include the item in the cycle to count how much of it is left or usable. On each line, specify the item that you want to include in the cycle. The corresponding item description displays automatically. These items will be included in *this* cycle, regardless of the ABC ranks associated with them.

## Daily Cycle Count Special Menu - ABC Rank Requirements

You select the ABC ranks to be included in the cycle count on the ABC Rank Requirements form. The form displays all of the ABC ranks that you defined on the ABC Rank form. You select the ones you want included.

## Daily Cycle Count Special Menu - Audit Report

Lets you submit a request for an Audit Report.

## Daily Cycle Count Reports

You can run the following reports that relate to the Daily Cycle Count.

### Count Entries Report

This report lists the actual quantities that were counted and recorded during a specific cycle count. You can select to print all count quantities, or only those for which there were variances between the count and the frozen onhand quantities. See also *Physical Inventory Reports* for details on the Count Entries report.

### Count Forms Report

This selection allows you to generate the count sheets or tags on which your inventory personnel will enter the count information from the cycle count. OPM assigns each item to be counted a tag number, or a count sheet and line number. When you are ready to record the item count quantity in OPM (using the Cycle Count Entry form), you will specify the tag number, or count sheet/line number. OPM will then cross-reference and display the corresponding item, for which you can enter the item count. See also *Physical Inventory Reports* for more information on the Count Forms reports.

### Cycle Audit Report

This report can provide assistance in the reconciliation of the count. It lists all transactions that occurred between the freeze of the inventory, and the time the inventory was actually counted. It also lists the variance between frozen inventory quantity balance and the counted inventory quantity balance. The variance (if any) is the adjustment quantity that will be posted as a result of posting the count cycle.

See also *Physical Inventory Reports* for more on the Cycle Audit report.

## Daily Cycle Count Form Menu - What to do Next

After initializing the cycle, you can run the Cycle Count Forms report. Your inventory personnel can use these formatted reports to record the results of the item counting during item count entry (discussed next).

# Entering Cycle Count Quantities

You can record the results of the inventory count in the specified warehouse using the Cycle Count Entries form. These are the count results that have been recorded by Inventory personnel on the Cycle Count Forms report you printed for this purpose. The Cycle Count Entry form prompts you to enter the count results for each item in the cycle. OPM prompts for item count entry based on the page number and line number of the Count Form report (or the tag number, if Count Tags were printed).

When you specify the actual count for each item, OPM compares the cycle count quantity to the frozen onhand quantity in the warehouse. Any variance between the two quantities is highlighted on the Count Entries report.

You must post the cycle count inventory quantities as a separate procedure, using the Post Counts selection on the Special menu. After you post these selections, the inventory is updated.

## Cycle Count Entries - Procedures

1. Check that reason codes are established for count variations falling outside accepted tolerance levels. Reason codes are defined in the System Administration Module.
2. Print either the Cycle Count Forms report, or Cycle Count Tags and perform the count.
3. Navigate to the **Cycle Count Entries** form.
4. Complete the fields as described in the Fields topic.
5. Save the form.

## Cycle Count Entries - Fields

### Warehouse

Specify the warehouse for which you are entering cycle count quantities for an item. The corresponding warehouse name displays automatically. Required.

### Cycle

Enter the number of the count cycle for which you are making count quantity entries in the specified warehouse. Required.

### Count/Tag

From the printed Count Forms report, specify the count sheet number or tag number for which you are entering a count quantity for an item. Required.

**Line**

Specify the line number here if you are entering quantities from a count sheet. Required

With the entry of the four required fields, OPM retrieves and displays the item number that corresponds to the count/tag and line that you specified from the Count Forms report, or the Count Tag.

If this is a bulk tag, or if you entered a count/tag and line combination that does not exist, you will be able to enter the item, lot, subplot, location, and grade information as it applies to the selected item characteristics.

**Item**

Displays the item code and description on the Count/Tag and Line entered so that you can verify it.

**Lot**

If the item is lot controlled, displays the Lot on the Count/Tag and Line entered so that you can verify it.

**Sublot**

If the item is subplot controlled, displays the Sublot on the Count/Tag and Line entered so that you can verify it.

**Location**

If the item is location controlled, displays the Location on the Count/Tag and Line entered so that you can verify it.

**Grade**

If the item is grade controlled, displays the Grade on the Count/Tag and Line entered so that you can verify it.

**Count Date**

Specify the date on which the actual count of this item took place in this warehouse; the default is today's date. This date cannot be later than today, or earlier than the start date you defined for the cycle on the Daily Cycle Count form.

**Quantity**

Enter the quantity of the item counted in this warehouse (in the item's primary unit of measure). If the quantity is within the variance tolerance for the item, you will be permitted to proceed to the next field. Required.

---

**Note:** If the count quantity exceeds the tolerance for variance with the frozen onhand inventory quantity, a message indicates that the count is beyond the rejection tolerance level. The item is automatically added to the supercycle, and will be included in all cycle counting until the count quantity is within acceptance tolerance.

---



## Quantity2

Displays the quantity of the item in its secondary unit of measure (if the item is dual unit of measure controlled).

---

**Note:** It is possible to enter your count in terms of the dual unit of measure (when this field is available), and OPM will calculate to the primary unit of measure. You may need to make an appropriate adjustment to the count quantity.

---

## Count Person

You are only prompted for an entry here if the count quantity in the previous field did not violate the count variance tolerance. Enter a code that identifies the employee (for example, the OPM operator ID) who performed the actual count of the item.

## Reason Code

If the actual count quantity varies from the frozen onhand quantity, but is below the rejection tolerance level, enter the reason code that best defines the reason for the variance (for example, damage or theft).

Save the form. You can now enter a new count/tag and line number.

## Entering Cycle Count Quantities - What to Do Next

Save the form entries, then print the cycle count entry results and variances using the Count Entries selection from the Report menu. Return to the Daily Cycle Count form to reconcile and post the cycle count entries.

# Find Cycle Count Entries

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Cycle Count Entries - Procedure

To find cycle count entries:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Cycle Count Entries Fields topic.
3. Click **Find**.

## Find Cycle Count Entries - Fields

### Warehouse

Enter the warehouse for which you wish to find cycle count entries.

### Cycle

Enter the cycle for which you wish to find cycle count entries.

### Count/Tag

Enter the count or tag for which you wish to find cycle count entries.

### Line

Enter the line number for which you wish to find cycle count entries.

# Reconciling and Posting Cycle Counts

After you have completed count entries, return to the Daily Cycle Count form. At this point you must reconcile the count entries with the frozen inventory quantities, then post any quantity variances to the onhand inventory balances.

First, run the Cycle Count Audit report to reconcile the frozen inventory quantities with the count quantities (variances between the two quantities are listed). This report is illustrated and described in *Physical Inventory Reports*.

After you reconcile the count results with the inventory quantity balances, you must post the cycle. This process updates the old inventory balances with the variance quantities from the count. Variances are added to, or subtracted from, the inventory balances to produce new balances. The post process also closes the cycle and marks it as "complete".

The post process produces a report that reviews the cycle count and the variances that were posted. This report is illustrated and described in *Physical Inventory Reports*.

## Reconcile and Post Cycle Counts - Procedure

1. Navigate to the **Daily Cycle Count** form.
2. Run the Cycle Count Audit report to reconcile frozen quantities with cycle count quantities. (See *Physical Inventory Reports* for more information on how to do this.)
3. Select **Post Cycle** from the **Special** menu to update the inventory onhand quantities with any variances shown in the Cycle Count Audit report.

# Purging Posted Cycle Counts

After you have reconciled and posted the cycle counts, you must purge the cycle counts.

## Purge the Cycle - Procedure

1. Navigate to the **Daily Cycle Count** form.
2. Select **Purge Cycle** from the **Special** menu.
3. If the cycle has not been closed, OPM displays: "Warning! This cycle appears to still be open." You may wish to close it before proceeding. Click **OK** to continue, then click **Cancel** to exit the purge operation.
4. If the cycle has been closed properly, OPM displays: "Are you sure you wish to Purge the Data from this Cycle?" If you are sure, click **OK**. If you are not sure, click **Cancel**.

---

# Physical Inventory Definition and Entry

## Defining and Entering Physical Inventory - Overview

A full physical inventory is one that requires production and the warehouse to be shut down, and every item in the warehouse(s) counted and reconciled in a single cycle (for example, once a year). This allows you to get an accurate count of stock and identify count variances. It also lets you determine an accounting value for the entire onhand inventory.

Like the cycle count process, there is no immediate update of onhand quantities after you save actual physical count results. You must post inventory to update data records.

This section discusses the following topics:

- Performing Physical Inventory Counting
- Entering Physical Inventory Quantities
- Reconciling and Posting Physical Inventory Counts
- Purging Physical Inventory Cycle Counts

# Performing Physical Inventory Counting

You select the warehouse and the date on which the physical inventory count is to take place on the Physical Inventory form. OPM assigns a number to the physical inventory cycle so that you can (later) enter actual count information. Later, you can begin the count by selecting Initiate Count from the Special menu. This freezes onhand quantities of the items to be counted.

## Physical Inventory - Procedures

1. Navigate to the **Physical Inventory** form.
2. Complete the fields as described in the Fields topic.
3. Save the form. Close the warehouse to business.
4. From the **Special** menu select **Initialize Physical**. OPM displays the message: "OK to begin initiation process?" Click **OK**.
5. Run the **Physical Count Forms Report**. (See *Physical Inventory Reports* for more information on this report.)
6. Count the items in the warehouse. Use the count forms as a guide for the items you need to count. Record the counts on the printed form.
7. Navigate to the **Physical Count Entry** form and enter all the item counts into OPM (See *Entering Physical Inventory Quantities* for more information.) Enter any re-count items.

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**Tip:** Use the Query Find option to specify and retrieve the Warehouse Cycle. This will find all rows that are on the corresponding count forms, and enable you to scroll up and down the list of selected records to enter and save each entry.

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8. Run the **Cycle Count Audit Report** to reconcile onhand quantities with physical audit quantities. (See *Physical Inventory Reports* for more information on this report). Repeat steps 6 through 8 as required to ensure accuracy of the counting and data entry.
9. From the **Special** menu select **Post Cycle** to update the inventory onhand quantities with any variances shown in the **Cycle Count Audit Report**. (See *Reconciling and Posting Cycle Counts* for more information.)
10. Open the warehouse and resume business.
11. When you have completed the posting, from the **Special** menu select **Purge Cycle** to purge the cycle's data from the OPM database. (See *Purging Posted Cycle Counts* for more information.)

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**Note:** It is common to find items in a specific lot/sublot/location that are not on the count forms, but which you feel should be included in the cycle count. You can enter these "found items" with a tag number or a page line that is higher than highest tag number or page line printed on the Physical Count Entry form. For example, you could enter a "found item" at tag number 201, if the highest printed tag number was 200, by navigating to the Physical Count Entry form and typing tag number 201. Save your entry. Repeat this as often as required until all "found items" are entered.

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## Physical Inventory - Fields

### Cycle

If you have established automatic assignment of cycle numbers in Document Ordering, OPM assigns a number to the cycle automatically after you save the Physical Inventory form ("NEW" displays while you are adding the new cycle). If you have established manual assignment of cycle numbers, enter the number that identifies this physical count cycle.

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**Note:** If you have established automatic assignment of physical inventory cycle numbers in Document Ordering (System module), OPM assigns a number to the physical inventory cycle automatically after you save the form ("NEW" displays while you are adding the new physical inventory cycle). If you have established manual assignment of physical inventory cycle numbers in Document Ordering, enter the number that identifies this physical inventory cycle.

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### Status

This field is informational only and will display:

- Open - to indicate that the cycle is open.
- Initiated - to indicate that the cycle has been initiated.
- Closed - to indicate the cycle is closed.
- Posted - to indicate that the cycle has been posted.

### Description

Enter a brief description of the physical inventory cycle you are adding.  
Required.

### Print Form

Specify the format for the physical inventory forms that will be generated.

- Select Tags to print tags.
- Select Count Sheets to print count sheets.
- Select Bulks to print bulk tags.

**Warehouse**

Specify the warehouse in which this physical inventory count will take place. The corresponding warehouse description displays automatically. Required.

**Start Date**

Specify the date the physical inventory count should begin in the designated warehouse. The default is today's date.



## Using the Physical Inventory Form Special Menu

The following option is available from the Special menu on the Physical Inventory form.

### Physical Inventory Special Menu - Initialize Physical Inventory

After you have defined the physical inventory parameters on the Physical Inventory form, you must initiate the physical inventory count procedure itself by selecting Initialize Physical from the Physical Inventory form Special menu. The number and description display for the warehouse in which you are performing the physical inventory, as well as the cycle number that was assigned to this physical inventory count.

### Physical Inventory Special Menu - Post Count

Use the Post Count selection to replace the onhand inventory quantities with the new count quantities (from the Physical Count Entry form). Run a backup of your system prior to posting the physical inventory count. Posting of the physical inventory count replaces the previous onhand inventory counting; any subsequent changes to these onhand (perpetual) inventory quantities must be done on the Inventory Quantities form using the Adjust options. OPM will enter zero as the new onhand quantity for any item where no count was entered.

### Physical Inventory Special Menu - Purge Cycle

After you have reconciled and posted the physical inventory counts, you must purge the cycle counts. Use this Special menu option to purge all physical inventory cycle counts from OPM. It is important to note that in many other OPM operations, items to be removed are only "Marked for Deletion" and are thereafter ignored by OPM. However, these items remain present in the database and may be "unmarked" for deletion. The Purge Cycle command does not operate this way. When you select it, all information about the chosen cycle number (except the generated inventory gain or loss transactions) is physically removed from the OPM database.

# Physical Inventory Reports

You can run the following Physical Inventory reports:

## Count Entries Report

This report lists the actual quantities that were counted and recorded during a specific physical inventory count. You can select to print all count quantities, or only those for which there were variances between the count and the frozen onhand quantities.

## Count Forms Report

This selection allows you to generate the count sheets or tags on which your Inventory personnel will enter the count results from the full physical inventory. OPM assigns each item that will be counted either a tag number, or a count sheet number and line number combination. When you are ready to record the item count quantity in OPM (using the Physical Count Entry form), you will specify either the tag number, or the count sheet/line combination. OPM will then cross reference and display the corresponding item information, for which you can enter the item count.

## Physical Inventory Form - What to Do Next

After you initiate this physical inventory cycle, run the Cycle Count Forms report. Do this to produce either the tags or the count sheets on which inventory personnel will record the results of the item counting during physical count entry.

# Find Cycles

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Cycles - Procedure

To find cycles:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Cycles Fields topic.
3. Click **Find**.

## Find Cycles - Fields

### Cycle

Enter the physical inventory cycle you wish to find.

### Status

Enter one of the following statuses to find:

- Open - to find cycles that are open.
- Initiated - to find cycles that have been initiated.
- Posted - to find cycles that have been posted.

### Description

Enter a description of the physical inventory cycle you wish to find.

### Warehouse

Enter the warehouse for which you wish to find physical inventory cycles.

### Start Date

Enter the start date for which you wish to find physical inventory cycles.

# Entering Physical Inventory Quantities

Use this form to enter the actual quantities from physical inventory counting. The Physical Inventory Entry form is similar to the Cycle Count Entry form. In both cases you enter the warehouse, cycle, and count sheet/tag numbers for the count (the tag numbers and count sheet numbers appear on the Count Forms reports). OPM then displays the item numbers to which the tags or count sheets have been assigned as a result of the Initiate Physical Inventory procedure. You then enter the results that reflect the physical item count. OPM compares the count results to frozen onhand quantities; variances between the two are highlighted on the Count Entries report.

You must post the physical inventory quantities as a separate procedure, using the Post Counts selection on the Physical Inventory form Special menu. After you post these selections, the perpetual inventory is updated.

## Physical Count Entry - Procedure

1. Navigate to the **Physical Count Entry** form.
2. Complete the fields as described in the Fields topic.
3. Save the form.

## Physical Count Entry - Fields

### Warehouse

Specify the warehouse for which you are entering a physical inventory count for an item. The corresponding warehouse name displays automatically. Required.

### Cycle

Enter the number of the physical inventory cycle for which you are entering count quantities for the specified warehouse. Required.

### Count/Tag

From the printed Physical Inventory Count Forms report, specify the tag number or count sheet number from which you are entering the physical inventory count quantities. Required.

### Line

If you are entering quantities from a count sheet, specify the count sheet line number here.

With the entry of the four required fields, OPM retrieves and displays the item number that corresponds to the count sheet/line or tag that you specified from the Physical Inventory Count Forms report, or the Count Tags.

If this is a bulk tag, or you entered a count/tag and line combination that does not exist, you will be able to enter the item, lot, subplot, location, and grade information as it applies to the selected item characteristics.

**Item**

Displays the item code and description on the Count/Tag and Line entered so that you can verify it.

**Lot**

If the item is lot controlled, displays the Lot on the Count/Tag and Line entered so that you can verify it.

**Sublot**

If the item is sublot controlled, displays the Sublot on the Count/Tag and Line entered so that you can verify it.

**Location**

If the item is location controlled, displays the Location on the Count/Tag and Line entered so that you can verify it.

**Grade**

If the item is grade controlled, displays the Grade on the Count/Tag and Line entered so that you can verify it.

**Count Date**

Specify the date that the physical inventory count took place for this item. The default is today's date. The date cannot be later than today, nor can it be earlier than the start date you defined for the physical inventory cycle on the Physical Inventory form.

**Quantity**

Enter the quantity of the item for which you performed a physical inventory count in this warehouse. Enter the quantity in the primary unit of measure.

Displays the quantity of the item in the secondary unit of measure (if the item is dual unit of measure controlled).

**Quantity2**

Displays the quantity of the item in its secondary unit of measure (if the item is dual unit of measure controlled).

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**Note:** It is possible to enter your count in terms of the dual unit of measure (when this field is available), and OPM will calculate to the primary unit of measure. You may need to make an appropriate adjustment to the count quantity.

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**Count Person**

Enter a code identifying the person who performed the physical inventory count (for example, the OPM operator ID code).

### **Reason Code**

If the actual count quantity varies from the frozen onhand quantity, enter the reason code that best defines the reason for the variance (for example, damage or theft).

Save the form. You can now enter a new count/tag and line number.

### **Entering Physical Inventory Quantities - What to Do Next**

Run the Physical Inventory Count Entries report, available from the Physical Count Entry form Report menu. Review the actual inventory count and note any variances between the count and frozen onhand quantities. If you find variances, you can recount the item and enter an updated count on the Physical Count Entry form.

When you are satisfied with the count results, you must post the count quantities to update the onhand inventory.

# Find Physical Count Entry

There are several options for locating a record and populating a form. The List of Values option displays a dialog box with the appropriate records. The Query find option displays a separate block called the Find form, where you enter your search criteria.

## Find Physical Count Entry - Procedure

To find physical count entries:

1. Choose **Find** from the **Query** menu.
2. Complete the fields as described in the Find Physical Count Entry Fields topic.
3. Click **Find**.

## Find Physical Count Entry - Fields

### Warehouse

Enter the warehouse for which you wish to find physical count entries.

### Cycle

Enter the cycle for which you wish to find physical count entries.

### Count/Tag

Enter the count or tag for which you wish to find physical count entries.

### Line

Enter the line number for which you wish to find physical count entries.

# Reconciling and Posting Physical Inventory Counts

After you complete your physical inventory count entries, you should run the Count Entries report to insure that every item was counted, and to highlight any variances between onhand inventory and physical count quantities. If there are any variances, you can edit the original count entry to reflect the new quantity, then run the Count Entries report again to check that the variance has been eliminated.

You must then use the Post Count selection to replace the onhand inventory quantities with the new count quantities (from the Physical Count Entry form).

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**Note:** You should run a backup of your system prior to posting the physical inventory count. Posting of the physical inventory count replaces the previous onhand inventory counting; any subsequent changes to these onhand (perpetual) inventory quantities must be done on the Inventory Quantities form using the Adjust options. OPM will enter zero as the new onhand quantity for any item where no count was entered.

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Specify the code for the warehouse for which you are posting physical inventory count quantities; the corresponding warehouse description displays automatically. Enter the cycle number for the physical inventory count you are posting. Any item with a Warehouse Rule can be entered.

## Reconcile and Post Physical Counts - Procedure

1. Navigate to the **Physical Count Entry** form.
2. Run the **Count Entries Report** to reconcile reported quantities with physical count quantities. (See *Physical Inventory Reports* for more information on how to do this.)
3. Navigate to the **Physical Inventory** form.
4. Select **Post Cycle** from the **Special** menu to update the inventory onhand quantities with any variances shown in the **Cycle Entries Report**.



# Purging Physical Inventory Cycle Counts

After you have reconciled and posted the physical inventory counts, you must purge the cycle counts.

## Purge the Cycle - Procedure

1. Navigate to the **Physical Inventory** form.
2. Select **Purge Cycle** from the **Special** menu.
3. If the cycle has not been closed, OPM displays: "Warning! This cycle appears to still be open." You may wish to close it before proceeding. Click **OK** to continue, then click **Cancel** to exit the purge operation.
4. If the cycle has been closed properly, OPM displays: "Are you sure you wish to Purge the Data from this Cycle?" If you are sure, click **OK**. If you are not sure, click **Cancel**.



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# Physical Inventory Reports

## Physical Inventory Reports - Overview

The Physical Inventory module provides several pre-formatted reports. These include the options for printing the count sheets and count tags on which your Inventory personnel will enter cycle count or physical count results.

The following reports are discussed:

- ABC Rank Selection Report
- Control Group Report
- Count Class Report
- Cycle Count Forms Report
- Physical Count Forms Report
- Count Entries Report
- Physical Count Entries Report
- Cycle Count Audit Report
- Cycle Posting Results Report

# Running the ABC Rank Selection Report

This report allows you to list information for selected ABC rankings and other information previously entered on the ABC Rank Information form. You can print all ABC rank information, restrict the list to specific rank code ranges, or to all rank codes in a range of warehouses.

## Submitting the Report

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**Note:** See the *Oracle Applications* for detailed information on submitting a report.

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To submit the ABC Rank Selection Report:

1. Navigate to the **Submit Requests** form.
2. In the **Name** field, enter **ABC Rank Selection Report**. The Parameters dialog box is displayed.
3. Complete the **fields** as described in the Fields topic, and click **OK**. The Submit Requests form is displayed.
4. Complete the **fields** in the Submit Requests form and click **Submit**. You can then view or print the report.

## ABC Rank Selection Report - Parameter Fields

### Sort By

There are two ways to sort the report:

- Choose Rank to sort by ABC rank.
- Choose Whse to sort by warehouse.

### Order

There are two ways to order the report:

- Select Ascending to order the report in ascending order.
- Select Descending to order the report in descending order.

### From Whse

Enter the beginning warehouse in this field.

### To Whse

Enter the ending warehouse in this field.

### From Rank

Enter the beginning rank in this field.

### To Rank

Enter the ending rank in this field.

## Select Criteria

You can enter one of the following criteria:

- Select Active - to only select active items.
- Select All - to select both active and deleted items.
- Select Deleted - to select deleted items.

## ABC Rank Selection Report Description

The following information appears on the ABC Rank Selection report.

### Rank

The rank code is listed; the corresponding rank code description is also provided.

### Interval

This is the duration, in days, of each count cycle for items that have been assigned this rank code, in a specific warehouse.

### Warning %

This is the percentage threshold at which the variance between the "frozen" onhand item quantity and the actual item count quantity will trigger a warning message.

### Reject %

This is the percentage threshold at which the variance between the "frozen" onhand item quantity and the actual item count quantity will trigger rejection of the cycle count results. OPM will include these rejected items in the supercycle until the variance issue is resolved.

### Warning Value

This is the item value threshold at which the variance between the value of "frozen" onhand item quantity and the value of the actual, counted items will trigger a warning message.

### Reject Value

This is the item value threshold at which the variance between the value of "frozen" onhand item quantity and the value of the actual, counted items will trigger rejection of the cycle count quantity results. OPM will include these rejected items in the supercycle until the variance issue is resolved.

### Warning

If counting of items assigned this rank code should be rejected if count variances produce a warning message, "0" is listed. If the counting should be accepted when variances produce the warning messages, but not rejections, "1" is listed.

**Reject**

If counting of items assigned this rank code should be rejected if the count variances are over rejection tolerance, 0 is displayed. If the counting will be accepted even if the count variances exceed the rejection tolerances, 1 is displayed.

**Deleted**

If the rank code has not been deleted a 0 is listed. If the rank has been deleted a 1 displays.

# Running the Control Group Report

This report lists the control group items and count intervals that you entered on the Control Group form for each warehouse. Control groups are comprised of high-priority items that you want to count at more frequent intervals than those associated with the regular ABC schedule codes. You can list control group information for all warehouses, or restrict the list to a specific range of warehouses.

## Submitting the Report

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**Note:** See the *Oracle Applications* for detailed information on submitting a report.

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To submit the Control Group Report:

1. Navigate to the **Submit Requests** form.
2. In the **Name** field, enter **Control Group Report**. The Parameters dialog box is displayed.
3. Complete the **fields** as described in the Fields topic, and click **OK**. The Submit Requests form is displayed.
4. Complete the **fields** in the Submit Requests form and click **Submit**. You can then view or print the report.

## Control Group Report - Parameter Fields

### Sort By

There are two ways to sort the report:

- Choose Item to sort by item.
- Choose Whse to sort by warehouse.

### Order

There are two ways to order the report:

- Select Ascending to order the report in ascending order.
- Select Descending to order the report in descending order.

### From Whse

Enter the beginning warehouse in this field.

### To Whse

Enter the ending warehouse in this field.

### From Item

Enter the beginning item in this field.

**To Item**

Enter the ending item in this field.

**Select Criteria**

You can enter one of the following criteria:

- Select Active - to only select active items.
- Select All - to select both active and deleted items.
- Select Deleted - to select deleted items.

## Control Group Report Description

The following information appears on the Control Group report.

**Warehouse**

The number of the warehouse in which the item is stocked is listed. The corresponding description of the warehouse is also listed.

**Item**

This is the number of the item in this control group (that is, warehouse) for which you want to establish a special cycle count interval. The corresponding item description is also listed.

**Interval**

This is the number of days between cycle counting for the item when stocked in this warehouse.



# Running the Count Class Report

This report allows you to list count exception class information for the exception classes you specify. The listed information is entered from the Count Class form.

## Submitting the Report

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**Note:** See the *Oracle Applications* for detailed information on submitting a report.

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To submit the Count Class Report:

1. Navigate to the **Submit Requests** form.
2. In the **Name** field, enter **Count Class Report**. The Parameters dialog box is displayed.
3. Complete the **fields** as described in the Fields topic, and click **OK**. The Submit Requests form is displayed.
4. Complete the **fields** in the Submit Requests form and click **Submit**. You can then view or print the report.

## Control Group Report - Parameter Fields

### Sort By

Class is the default.

### Order

There are two ways to order the report:

- Select Ascending to order the report in ascending order.
- Select Descending to order the report in descending order.

### From Class

Enter the beginning Class in this field.

### To Class

Enter the ending Class in this field.

### Select Criteria

You can enter one of the following criteria:

- Select Active - to only select active items.
- Select All - to select both active and deleted items.
- Select Deleted - to select deleted items.

## Count Class Report Description

The following information appears on the Count Class report.

### **Class**

This is the code for the count exception classification.

### **Description**

The description of the count classification is listed (for example, "Negative Balances").

### **Zero bal Ind**

This flag indicates if items assigned this class code will be included in cycle counting, even if they have onhand balances of zero.

- If 1 is listed, items assigned the class code will be counted.
- If 0 is listed, items will be skipped during counting if onhand balances are zero.

### **Neg bal Ind**

This flag indicates if items assigned this class code will be included in cycle counting, even if they have negative onhand balances.

- If 1 is listed, items assigned this class code will be counted.
- If 0 is listed, items will be skipped during counting if there are negative onhand balances.

# Running the Cycle Count Forms Report

These selections generate the count sheets, or count tags, on which Inventory personnel will record the results of a cycle count or full inventory count. The count forms formats are identical for cycle counting and full physical inventories. For each listed item to be counted, OPM assigns a tag number (for tag-count items), or a page and line number for the count sheet. Space is allowed for entry of the item quantity counted. When you eventually enter the cycle count results (on the Cycle Count Entry form) or the physical count results (on the Physical Count Entry form), you must specify the tag numbers and/or count sheet numbers. OPM then searches and identifies the item that was counted based on these count form numbers.

## Submitting the Report

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**Note:** See the *Oracle Applications* for detailed information on submitting a report.

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To submit the Cycle Count Forms Report:

1. Navigate to the **Submit Requests** form.
2. In the **Name** field, enter **Cycle Count Forms Report**. The Parameters dialog box is displayed.
3. Complete the **fields** as described in the Fields topic, and click **OK**. The Submit Requests form is displayed.
4. Complete the **fields** in the Submit Requests form and click **Submit**. You can then view or print the report.

## Cycle Count Forms Report - Parameter Fields

### Warehouse Code

Enter the warehouse code for this cycle count.

### Cycle

Enter either the cycle count or full physical inventory count for which you are generating count forms.

### From Count

Enter the beginning cycle count number in this field.

### To Count

Enter the ending cycle count number in this field.

### Sort By

COUNT NUMBER is the default.

# Cycle Count Forms Report Description

## Cycle

This is the number of the cycle (either cycle count or full physical inventory count) for which you are generating count forms.

## Warehouse

The number for the warehouse where inventory is being counted (corresponding warehouse description included).

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**Note:** Spaces are provided for entry of the following information by the Inventory personnel performing the count:

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## Report Date

Prints the report date and time.

## Cycle

Prints the cycle count number.

## Counter

Enter the name or code for the operator performing the count on this inventory count.

## Count Date

Enter the date that the inventory was counted may be entered.

## Operator

Enter the operator code or employee number of the individual performing the count.

## Entry Date

Enter the date the count results were entered into OPM (using the Cycle Count Entry form or the Physical Count Entry form) may be recorded.

## Cycle Count Forms Report - What OPM Retrieves

The report lists the item information for the inventory items to be counted during this cycle. On count sheets, this begins with page 1, line 1. On tags, this begins with tag 1.

OPM retrieves the following information about the item:

- Item code
- Description
- Lot Number (if lot controlled)
- Sublot Number (if sublot controlled)
- Location (if location controlled)
- Grade (if grade controlled)

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**Note:** OPM numbers tags and bulk tags sequentially for the lot or item to count. Pages are numbered sequentially with three lines per page. Space is then provided for the entry of the count Quantity for this item in the primary unit of measure (listed automatically).

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# Running the Physical Count Forms Report

This report generates the count sheets, or count tags, on which Inventory personnel will record the results of a physical inventory count. The count form formats are identical for cycle counting and full physical inventories. For each listed item to be counted, OPM assigns a tag number (for tag-count items), or a page and line number for the count sheet. Space is allowed for entry of the item quantity counted. When you eventually enter the physical count results (on the Physical Count Entry form), you must specify the tag numbers and/or count sheet numbers. OPM then searches and identifies the item that was counted based on these count form numbers.

## Submitting the Report

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**Note:** See the *Oracle Applications* for detailed information on submitting a report.

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To submit the Cycle Count Forms Report:

1. Navigate to the **Submit Requests** form.
2. In the **Name** field, enter **Physical Count Forms Report**. The Parameters dialog box is displayed.
3. Complete the **fields** as described in the Fields topic, and click **OK**. The Submit Requests form is displayed.
4. Complete the **fields** in the Submit Requests form and click **Submit**. You can then view or print the report.

## Physical Count Forms Report - Parameter Fields

### Warehouse Code

Enter the warehouse code for this cycle count.

### Cycle

Enter either the cycle count or full physical inventory count for which you are generating count forms.

### From Count

Enter the beginning cycle count number in this field.

### To Count

Enter the ending cycle count number in this field.

# Physical Count Forms Report Description

## Cycle

This is the number of the cycle (full physical inventory count) for which you are generating count forms.

## Warehouse

The number for the warehouse where inventory is being counted (corresponding warehouse description included).

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**Note:** Spaces are provided for entry of the following information by the Inventory personnel performing the count:

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## Report Date

Prints the report date and time.

## Cycle

Prints the physical count number.

## Counter

Enter the name or code for the operator performing the count on this inventory count.

## Count Date

Enter the date that the inventory was counted may be entered.

## Operator

Enter the operator code or employee number of the individual performing the count.

## Entry Date

Enter the date the count results were entered into OPM (using the Physical Count Entry form) may be recorded.

## Physical Count Forms Report - What OPM Retrieves

The report lists the item information for the inventory items to be counted during this physical count. On count sheets, this begins with page 1, line 1. On tags, this begins with tag 1.

OPM retrieves the following information about the item:

- Item code
- Description
- Lot Number (if lot controlled)
- Sublot Number (if sublot controlled)
- Location (if location controlled)
- Grade (if grade controlled)

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**Note:** OPM numbers tags and bulk tags sequentially for the lot or item to count. Pages are numbered sequentially with three lines per page. Space is then provided for the entry of the count Quantity for this item in the primary unit of measure (listed automatically).

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# Running the Cycle Count Entries Report

This report lists the actual count results that were recorded for a cycle count. You can select to restrict the printed count results to those count quantities that varied from the "frozen" onhand quantities.

## Cycle Count Entries Report Description

The following information appears on the Count Entries report.

### Warehouse

The code for the warehouse in which the count was conducted is listed; the corresponding warehouse description is also provided.

### Cycle

The number of the count cycle is listed (with the corresponding cycle description).

### Item

The code for the item that was counted is listed.

### Description

The description of each item that was counted is listed.

### Lot

The number is listed for the lot of the item that was counted.

### Location

The code for the location in which the item lot was counted displays.

### Count

This is either the page/line number combination from the count sheet, or the tag number. Either of these appear on the Count Sheet or Count Tags produced using the Count Forms report options.

### Counter

The code for the individual who counted this item; this is generally the person's OPM operator ID code).

### Date

The date the count occurred for the item is listed.

### Frozen

The quantity of the item at the time the cycle or physical count was initiated (that is, "frozen") is listed.

**Counted**

This is the quantity of the item actually counted during this cycle or full physical count.

**Net Difference**

The variance quantity between the frozen onhand quantity and the actual counted quantity is listed.

**Reason**

This is the reason code that was entered if the count was out of tolerance. See the *Count Entries* discussion.

**Comp**

This indicates if the count has been completed (that is, it has been posted to the onhand inventory). If the count has not yet been posted, "0" is indicated; "1" is indicated if the count is complete.

**Recnt**

This indicates if the count entered represented a recount from the supercycle. If this is a recount, "1" is indicated; "0" is indicated if this is not a recount entry.

# Running the Physical Count Entries Report

This report lists the actual count results that were recorded for a full physical count (on the Physical Count Entry form). You can select to restrict the printed count results to those count quantities that varied from the "frozen" onhand quantities.

## Physical Count Entries Report Description

The following information appears on the Count Entries report.

### **Warehouse**

The code for the warehouse in which the count was conducted is listed; the corresponding warehouse description is also provided.

### **Cycle**

The number of the count cycle is listed (with the corresponding cycle description).

### **Item**

The code for the item that was counted is listed.

### **Description**

The description of each item that was counted is listed.

### **Lot**

The number is listed for the lot of the item that was counted.

### **Location**

The code for the location in which the item lot was counted displays.

### **Count**

This is either the page/line number combination from the count sheet, or the tag number. Either of these appear on the Count Sheet or Count Tags produced using the Count Forms report options.

### **Counter**

The code for the individual who counted this item; this is generally the person's OPM operator ID code).

### **Date**

The date the count occurred for the item is listed.

### **Frozen**

The quantity of the item at the time the cycle or physical count was initiated (that is, "frozen") is listed.

### **Counted**

This is the quantity of the item actually counted during this cycle or full physical count.

**Net Difference**

The variance quantity between the frozen onhand quantity and the actual counted quantity is listed.

**Reason**

This is the reason code that was entered if the count was out of tolerance. See the *Count Entries* discussion.

**Comp**

This indicates if the count has been completed (that is, it has been posted to the onhand inventory). If the count has not yet been posted, "0" is indicated; "1" is indicated if the count is complete.

**Recnt**

This indicates if the count entered represented a recount from the supercycle. If this is a recount, "1" is indicated; "0" is indicated if this is not a recount entry.

# Running the Cycle Count Audit Report

The Cycle Count Audit report provides help for count managers to reconcile the cycle count quantities with the existing inventory. It lists existing inventory balances, count quantities, and all transactions that occurred between the freeze of the inventory and the time the inventory was actually counted.

The report lists the variance between current onhand inventory quantity balance and the counted inventory quantity balance. The variance (if any) is the adjusted quantity that will be added to, or subtracted from the inventory balance as a result of posting the count cycle.

## Cycle Count Audit Report - Procedure

To run the Cycle Count Audit Report:

1. Navigate to the **Cycle Count** form.
2. Query the desired **Cycle** number you wish to audit.
3. From the **Special** menu select **Audit Report**.
4. The **Cycle Count Audit Report** form displays.
5. Complete the fields as described in the Fields topic.
6. Click **OK** to print the report.

## Cycle Count Audit Report - Parameter Fields

### Copies

Enter the desired number of report copies.

### Style

Select Landscape.

### Printer

Select the desired output printer.

# Cycle Count Audit Report - Description

## **Item/Description**

Prints the item code and item description.

## **Location**

Prints the location of the item (if the item is location controlled).

## **Lot/Sublot**

Prints the item lot/sublot (if the item is lot/sublot controlled).

## **Summary Recap**

Recaps the frozen and counted quantities, variances and variance percentages both in the primary and secondary units of measure for all items counted.

## **Frozen Quantity**

Prints the quantity of the item at the freeze of the count cycle in its primary unit of measure.

## **Counted Quantity**

Prints the counted quantity of the item expressed in its primary unit of measure.

## **Variance Pctg**

Prints the difference between the expected Frozen Quantity value (F) and the actual Counted Quantity value (C) as a percent of the Frozen Quantity value, where:

$$\text{Variance Pctg} = (F - C) / F * 100\%$$

For example: If an item is frozen at 4500 and counted at 100, there is a 97.8% variance percentage.

$$\text{Variance Pctg} = (4500 - 100) / 4500 * 100\% = 97.77777 = 97.8\%$$

## **Count Date**

Prints the count date and time.

## **Variance (To be Posted)**

Prints the variance to be posted in the item's secondary unit of measure (if the item is dual unit of measure controlled).

## **Frozen Quantity2**

Prints the frozen quantity of the item expressed in the item's secondary unit of measure (if the item is dual unit of measure controlled).

## **Counted Quantity2**

Prints the counted quantity of the item expressed in the item's secondary unit of measure (if the item is dual unit of measure controlled).

**Variance2 (To be Posted)**

Prints the variance between the frozen quantity and the counted quantity in the item's secondary unit of measure (if the item is dual unit of measure controlled).

**Completed Transactions During Period**

Prints the transactions that have taken place since the freeze and running the report.

**Transaction Date**

Prints the transaction date and time.

**Transaction Description**

Prints the transaction description.

**Transaction Quantity**

Prints the transaction quantity

**Calculated Balance**

Prints the calculated balance at the time of running the report.

# Running the Cycle Posting Results Report

The Cycle Posting Results Report prints frozen and counted quantities with their respective variances. The report is a review of the cycle count and the new adjusted onhand inventory balances. The report also indicates if the posting process was successful.

## Cycle Posting Results Report - Procedure

To run the Cycle Posting Results Report:

1. Navigate to the **Cycle Count** form.
2. Query the desired **Cycle** number you wish to audit.
3. From the **Special** menu select **Post Cycle**.
4. The **Cycle Count Post & Report** form displays.
5. Complete the fields as described in the Fields topic.
6. Click **OK** to print the report.

## Cycle Posting Results Report - Parameter Fields

### Copies

Enter the desired number of report copies.

### Style

Select Landscape.

### Printer

Select the desired output printer.

## Cycle Posting Results Report - Description

### Item/Description

Prints the item code and item description.

### Location

Prints the location of the item (if the item is location controlled).

### Lot/Sublot

Prints the item lot/sublot (if the item is lot/sublot controlled).

### Frozen Quantity2

Prints the frozen quantity of the item expressed in the item's secondary unit of measure (if the item is dual unit of measure controlled).



**Counted Quantity2**

Prints the counted quantity of the item expressed in the item's secondary unit of measure (if the item is dual unit of measure controlled).

**Variance Quantity 2**

Prints the variance between the frozen quantity and the counted quantity in the item's secondary unit of measure (if the item is dual unit of measure controlled).

**Frozen Quantity**

Prints the quantity of the item at the freeze of the count cycle in its primary unit of measure.

**Counted Quantity**

Prints the counted quantity of the item expressed in its primary unit of measure.

**Variance Quantity**

Prints the variance to be posted in the item's secondary unit of measure (if the item is dual unit of measure controlled).

**Posted**

- YES indicates the variance has been posted.
- NO indicates the variance has not been posted.



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# Appendixes

## Physical Inventory Navigator Paths

Although your System Administrator may have customized your Navigator, typical navigation paths are described in the following tables. In some cases, there is more than one way to navigate to a form. These tables provide the most typical default path.

<b>Form</b>	<b>Path</b>
ABC Rank Information	OPM Inventory > OPM Physical Inventory > Setup > ABC Rank
ABC Rank Requirements	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Special > ABC Rank Requirements
ABC Rank Selection Report	OPM Inventory > OPM Physical Inventory > Reports > Run
Additional Items	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Special > Additional Items
Control Group Reports	OPM Inventory > OPM Physical Inventory > Reports > Run
Control Groups	OPM Inventory > OPM Physical Inventory > Setup > Control Groups
Count Class Report	OPM Inventory > OPM Physical Inventory > Reports > Run
Count Classes	OPM Inventory > OPM Physical Inventory > Setup > Count Classes
Cycle Count Audit Report	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Special > Audit Report
Cycle Count Entries	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count Entry

<b>Form</b>	<b>Path</b>
Cycle Count Forms Report	OPM Inventory > OPM Physical Inventory > Reports > Run
Cycle Count Post & Report	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Special > Post Cycle
Daily Cycle Count	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count
Find Count Classes	OPM Inventory > OPM Physical Inventory > Setup > Count Classes > Query > Find..
Find Cycle Count Entries	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count Entry > Query > Find..
Find Cycles	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Query > Find..
Find Physical Count Entry	OPM Inventory > OPM Physical Inventory > Physical Inventory > Physical Count Entries > Query > Find..
Find Ranks	OPM Inventory > OPM Physical Inventory > Setup > ABC Rank > Query > Find..
Initialize Schedule	OPM Inventory > OPM Physical Inventory > Setup > ABC Rank > Special > Initialize Schedule
Initiate Cycle	OPM Inventory > OPM Physical Inventory > Cycle Inventory > Cycle Count > Special > Initialize Cycle
Initiate Physical Inventory	OPM Inventory > OPM Physical Inventory > Physical Inventory > Physical Count > Special > Initialize Physical
Physical Count Entries Report	OPM Inventory > OPM Physical Inventory > Reports > Run
Physical Count Entry	OPM Inventory > OPM Physical Inventory > Physical Inventory > Physical Count Entries
Physical Count Forms Report	OPM Inventory > OPM Physical Inventory > Reports > Run
Physical Inventory	OPM Inventory > OPM Physical Inventory > Physical Inventory > Physical Count
Post Count	OPM Inventory > OPM Physical Inventory > Physical Inventory > Physical Count > Special > Post Count

# Setting Physical Inventory Profile Options

During your implementation, you set a value for selected profile options to specify how your Physical Inventory application controls access to and processes data. Physical Inventory uses the listed profile option:

- PISPIPH\_REASON\_CODE

You can set up this profile option when you set up other applications prior to your Physical Inventory implementation. Refer to the other product user's guides for more details on how these products use this profile option.

Your System Administrator sets user profile options at one or more of the following levels: Site, Application, Responsibility, and User. Use the Personal Profile Options window to view or set your profile options at the user level. You can consult the *Oracle Process Manufacturing Implementation Guide* for a complete description of the profile options listed. Consult your *Oracle Applications System Administrator's Guide* for a list of profile options common to all Oracle Applications.



## **ABC Classification**

Each ranking code represents the frequency at which you count an item when stocked in a specified warehouse. It is also the classification of a group of items in a decreasing order of annual dollar volume (price multiplied by projected volume) or other criteria. This array is then split into three classes (commonly called: A, B, and C). According to the APICS definition: "The A group usually represents 10% to 20% by number of items and 50% to 70% by projected dollar volume. The next grouping, B, usually represents about 20% of the items and about 20% of the dollar volume. The C class contains 60% to 70% of the items and represents about 10% to 30% of the dollar volume. The ABC principle states that effort and money can be saved through applying looser controls to the low-dollar-volume class items."

## **Bulk Tags**

Tags printed with blank lines. They do not relate to a specific item, lot/sublot, location, or grade in a cycle count or physical inventory.

## **Control Groups**

Groups of critical items that can be scheduled for count during every count cycle, regardless of their original ABC rank.

## **Count Sheet**

A printed document that lists the items to be counted for a specific cycle count or physical inventory. Space is provided for entry of count quantities.

## **Cycle Count**

The periodic count of selected inventory items. A schedule is established to provide for counting of these selected items on a regular basis. According to the APICS definition: Cycle counting is "an inventory accuracy audit technique where inventory is counted on a cyclic schedule rather than once a year. A cycle inventory count is usually taken on a regular defined basis."

### **Cycle Count Interval**

The number of days during which items that are assigned a specific rank will be counted.

### **Exception Classes**

A classification of items (called exception items) that are to be selected for count even if they have zero or negative onhand balances.

### **Full Physical Inventory**

The counting of every item in a plant or warehouse. All onhand inventory quantities are frozen, usually requiring that the facility be shut down during the counting process.

### **Initiate Count**

The process of freezing onhand inventory quantities and beginning the count cycle or physical inventory.

### **Post Count**

The process by which the onhand inventory quantities are replaced by the item count quantities from a full physical inventory.

### **Rejection Level**

The count quantity threshold at which a variance in count will produce rejection of the count.

### **Super Cycle**

The process in which items that have surpassed count tolerance thresholds are included in every subsequent count, until count quantities are within acceptance tolerance.

### **Tags**

Documents generated by OPM, each of which is for one specific item, lot/sublot, location, and grade in a cycle count or physical inventory. Like count sheets, space is available for entry of count quantities by plant or warehouse employees.

### **Tolerances**

Quantity thresholds that cycle count or physical inventory count results must not exceed. Count results that exceed thresholds are subject to warnings and/or count rejection.

### **Warning Level**

The count quantity threshold at which a variance in count will produce a warning message. Counts that have crossed the warning threshold may be accepted with valid reason codes.



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