

R11i Inventory Management - Physical Inventory

Student Guide

14852GC10
Production 1.0
October 2000
M0-13566

ORACLE®

Copyright © Oracle Corporation, 2000. All rights reserved.

This documentation contains proprietary information of Oracle Corporation. It is provided under a license agreement containing restrictions on use and disclosure and is also protected by copyright law. Reverse engineering of the software is prohibited. If this documentation is delivered to a U.S. Government Agency of the Department of Defense, then it is delivered with Restricted Rights and the following legend is applicable:

Restricted Rights Legend

Use, duplication or disclosure by the Government is subject to restrictions for commercial computer software and shall be deemed to be Restricted Rights software under Federal law, as set forth in subparagraph (c)(1)(ii) of DFARS 252.227-7013, Rights in Technical Data and Computer Software (October 1988).

This material or any portion of it may not be copied in any form or by any means without the express prior written permission of the Education Products group of Oracle Corporation. Any other copying is a violation of copyright law and may result in civil and/or criminal penalties.

If this documentation is delivered to a U.S. Government Agency not within the Department of Defense, then it is delivered with "Restricted Rights," as defined in FAR 52.227-14, Rights in Data-General, including Alternate III (June 1987).

The information in this document is subject to change without notice. If you find any problems in the documentation, please report them in writing to Worldwide Education Services, Oracle Corporation, 500 Oracle Parkway, Box SB-6, Redwood Shores, CA 94065. Oracle Corporation does not warrant that this document is error-free.

Oracle and all references to Oracle Products are trademarks or registered trademarks of Oracle Corporation.

All other products or company names are used for identification purposes only, and may be trademarks of their respective owners.

Author

Dan Gorman

Technical Contributors and Reviewers

Susan Ellsworth

Pamela Freeman

Anisa King

Denise Wagner

This book was published using:

Oracle[®] Tutor[™]



Table of Contents

R11i Inventory Management - Physical Inventory	1-1
R11i Inventory Management	1-2
Objectives	1-3
Agenda.....	1-4
Lesson 1: Introduction to Inventory Accuracy	1-5
Accuracy Tools.....	1-6
ABC Analysis Overview	1-7
ABC Analysis Concept.....	1-8
Cycle Counting	1-9
Cycle Counting Benefits.....	1-10
Physical Inventory	1-11
Why Perform Physical Inventories?	1-12
Physical Inventories and Cycle Counts.....	1-13
Review Question - Lesson 1	1-14
Answer to Review Question - Lesson 1.....	1-15
Lesson 2: Overview of Physical Inventory	1-16
Physical Inventory Overview.....	1-17
Physical Inventory Integration.....	1-20
Review Question - Lesson 2	1-21
Answer to Review Question - Lesson 2.....	1-22
Lesson 3: Physical Inventory Process Steps	1-23
Defining a Physical Inventory	1-24
Physical Inventory Approval Options.....	1-25
Approval Tolerances.....	1-28
Physical Inventory Scope.....	1-30
Physical Inventory Tags.....	1-31
Enabling Dynamic Tag Entry	1-32
Taking the Inventory Snapshot.....	1-33
The Inventory Snapshot.....	1-34
Options for Tag Generation	1-35
Generating Tags.....	1-36
Options for Tag Generation	1-37
Generating Tags.....	1-38
Options for Tag Generation	1-39
Digit Increments	1-40
Tags for Items under Serial Control.....	1-41
Entering Physical Inventory Counts	1-42
Voiding Tags	1-45
Approving Physical Inventory Adjustments	1-46
Performing Physical Inventory Adjustments	1-48
Reviewing Physical Inventory Information	1-51
Purging Physical Inventory Information.....	1-53
Review Question - Lesson 3	1-54
Answer to Review Question - Lesson 3.....	1-55
Lesson 4: Summary	1-56
Summary.....	1-57
Lesson 5: Physical Inventory Practice	1-59
Lesson 5 Practice Overview.....	1-60
Practice 5-1	1-61
Practice 5-2	1-64
Practice 5-3	1-70
Practice 5-4	1-73

Practice 5-5	1-75
Practice 5-6	1-77
Practice 5-7	1-78
Practice 5-8	1-80
Practice 5-9	1-82

Preface

Profile

Before You Begin This Course

Before you begin this course, you should have the following qualifications:

- A thorough knowledge and understanding of Oracle inventory structure, the item master, processing transactions and running reports is required.

Prerequisites

- Application Setup and Implementation for Inventory Management - 1 & 2.

How This Course Is Organized

R11i Inventory Management – Physical Inventory is an instructor-led course featuring lecture and hands-on exercises. Online demonstrations and written practice sessions reinforce the concepts and skills introduced.

Related Publications

Oracle Publications

Title	Part Number
-------	-------------

None

Additional Publications

- System release bulletins
- Installation and user's guides
- *read.me* files
- *Oracle Magazine*

Typographic Conventions

Typographic Conventions in Text

Convention	Element	Example
Bold italic	Glossary term (if there is a glossary)	The <i>algorithm</i> inserts the new key.
Caps and lowercase	Buttons, check boxes, triggers, windows	Click the Executable button. Select the Can't Delete Card check box. Assign a When-Validate-Item trigger to the ORD block. Open the Master Schedule window.
Courier new, case sensitive (default is lowercase)	Code output, directory names, filenames, passwords, pathnames, URLs, user input, usernames	Code output: <code>debug.set ('I', 300);</code> Directory: <code>bin (DOS), \$FMHOME (UNIX)</code> Filename: Locate the <code>init.ora</code> file. Password: User <code>tiger</code> as your password. Pathname: Open <code>c:\my_docs\projects</code> URL: Go to <code>http://www.oracle.com</code> User input: Enter <code>300</code> Username: Log on as <code>scott</code>
Initial cap	Graphics labels (unless the term is a proper noun)	Customer address (<i>but</i> Oracle Payables)
Italic	Emphasized words and phrases, titles of books and courses, variables	Do <i>not</i> save changes to the database. For further information, see <i>Oracle7 Server SQL Language Reference Manual</i> . Enter <code>user_id@us.oracle.com</code> , where <i>user_id</i> is the name of the user.
Quotation marks	Interface elements with long names that have only initial caps; lesson and chapter titles in cross-references	Select "Include a reusable module component" and click Finish. This subject is covered in Unit II, Lesson 3, "Working with Objects."
Uppercase	SQL column names, commands, functions, schemas, table names	Use the <code>SELECT</code> command to view information stored in the <code>LAST_NAME</code> column of the <code>EMP</code> table.

Convention	Element	Example
Arrow	Menu paths	Select File—> Save.

Brackets	Key names	Press [Enter].
Commas	Key sequences	Press and release keys one at a time: [Alternate], [F], [D]
Plus signs	Key combinations	Press and hold these keys simultaneously: [Ctrl]+[Alt]+[Del]

Typographic Conventions in Code

Convention	Element	Example
Caps and lowercase	Oracle Forms triggers	When-Validate-Item
Lowercase	Column names, table names	SELECT last_name FROM s_emp;
	Passwords	DROP USER scott IDENTIFIED BY tiger;
	PL/SQL objects	OG_ACTIVATE_LAYER (OG_GET_LAYER ('prod_pie_layer'))
Lowercase italic	Syntax variables	CREATE ROLE <i>role</i>
Uppercase	SQL commands and functions	SELECT userid FROM emp;

Typographic Conventions in Navigation Paths

This course uses simplified navigation paths, such as the following example, to direct you through Oracle Applications.

(N) Invoice > Entry > Invoice Batches Summary (M) Query > Find (B) Approve

This simplified path translates to the following:

1. (N) From the Navigator window, select Invoice > Entry > Invoice Batches Summary.
2. (M) From the menu, select Query > Find.
3. (B) Click the Approve button.

Notations :

(N) = Navigator

(M) = Menu

(T) = Tab

(I) = Icon

(H) = Hyperlink

(B) = Button

Typographical Conventions in Help System Paths

This course uses a “navigation path” convention to represent actions you perform to find pertinent information in the Oracle Applications Help System.

The following help navigation path, for example—

(Help) General Ledger > Journals > Enter Journals

—represents the following sequence of actions:

1. In the navigation frame of the help system window, expand the General Ledger entry.
2. Under the General Ledger entry, expand Journals.
3. Under Journals, select Enter Journals.
4. Review the Enter Journals topic that appears in the document frame of the help system window.

Getting Help

Oracle Applications provides you with a complete online help facility.

Whenever you need assistance, simply choose an item from the Help menu to pinpoint the type of information you want.

To display help for a current window:

1. Choose Window Help from the Help menu, click the Help button on the toolbar, or hold down the Control key and type 'h'.

A web browser window appears, containing search and navigation frames on the left, and a frame that displays help documents on the right.

The document frame provides information on the window containing the cursor. The navigation frame displays the top-level topics for your responsibility, arranged in a tree control.

2. If the document frame contains a list of topics associated with the window, click on a topic of interest to display more detailed information.

3. You can navigate to other topics of interest in the help system, or choose Close from your web browser's File menu to close help.

Searching for Help

You can perform a search to find the Oracle Applications help information you want. Simply enter your query in the text field located in the top-left frame of the browser window when viewing help, then click the adjacent Find button.

A list of titles, ranked by relevance and linked to the documents in question, is returned from your search in the right-hand document frame. Click on whichever title seems to best answer your needs to display the complete document in this frame. If the document doesn't fully answer your questions, use your browser's Back button to return to the list of titles and try another.

R11i Inventory Management - Physical Inventory

Chapter 1

R11*i* Inventory Management

Physical Inventory

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Objectives

After completing this course, you should be able to:

- **Verify the accuracy of system quantities that exist in your entire organization or in subinventories within your organizations.**
- **Generate tags to enter counts of actual quantities in your inventory sites.**
- **Define count discrepancy tolerances and enter approvals for counts that exceed the tolerances.**
- **Approve and process adjustments to reconcile system on-hand quantities with count quantities.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Introduction to Inventory Accuracy
- Overview of Physical Inventory
- Physical Inventory Process Steps
- Summary
- Physical Inventory Practice

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 1: Introduction to Inventory Accuracy

Lesson 1: Introduction to Inventory Accuracy

- ✓ • **Introduction to Inventory Accuracy**
- Overview of Physical Inventory
- Physical Inventory Process Steps
- Summary
- Physical Inventory Practice

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Accuracy Tools

Oracle Inventory Management provides several tools to aid users in controlling and improving the accuracy of inventory records:

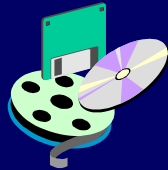
- **ABC Analysis**
- **Cycle Counting**
- **Physical Inventory**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

ABC Analysis Overview

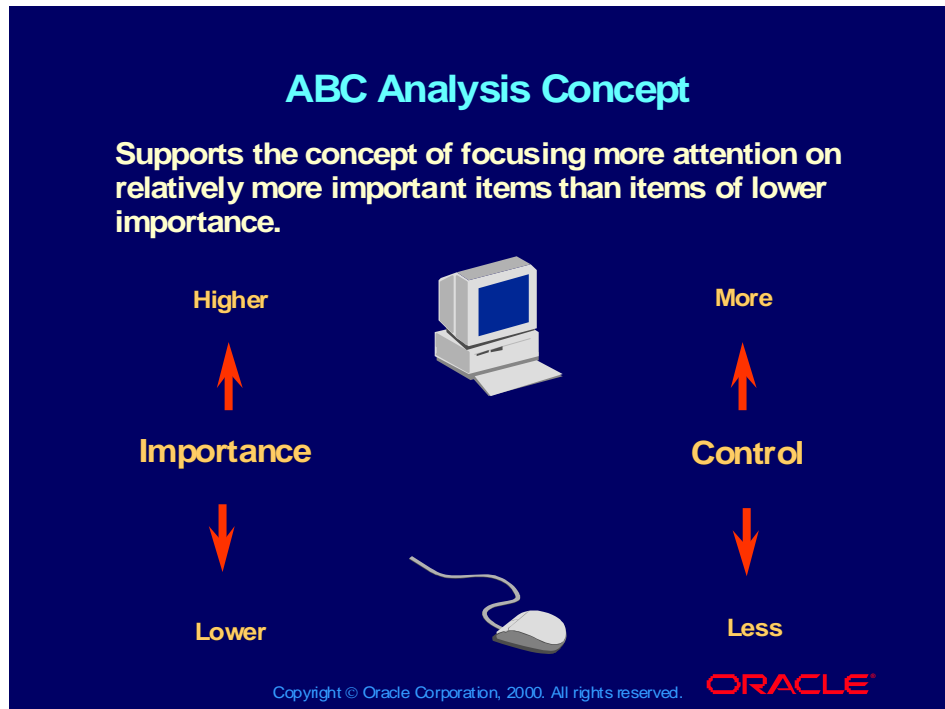
- **ABC analysis is a method of determining the relative Importance of items in your inventory sites.**
- **An ABC analysis involves ranking items according to a criterion and then grouping them into Classes.**
- **ABC refers to the rankings you assign to your items as a result of the analysis. “A” items might be more important than “B” and so on.**



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

ABC Analysis Concept



Cycle Counting

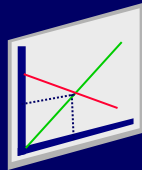
- The periodic counting of individual inventory items throughout the year.
- With ABC analysis you can use cycle counting to count items of greater importance more frequently than those of less importance.
- Supports random counting based on value or counting by location.
- Can be set up at the organization level or the subinventory level.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Cycle Counting Benefits

- Keeping inventory records accurate by correcting errors between the system on-hand (perpetual) and actual on-hand (physical) quantities.
- Cycle counting can also be a valuable tool to help identify patterns in the errors found. Analysis of these patterns can suggest and help to prioritize improvements in training, tools, and processes. Over time these improvements will increase the average level of inventory record accuracy.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Physical Inventory

- A physical inventory is a periodic reconciliation of system on-hand balances with physical counts in inventory.
- You can perform physical inventories whenever you choose to verify the accuracy of your system on-hand quantities.
- You can perform a physical inventory for an entire organization or for particular subinventories within an organization.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Why Perform Physical Inventories?

Why Perform Physical Inventories?

- **Accurate on-hand quantities are essential for effective planning and for minimizing inventory investment.**
- **Accurate on-hand quantities are required for tax and audit purposes.**



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventories and Cycle Counts

- Physical inventories and cycle counting can both be a part of an annual program to manage and improve inventory record accuracy. Cycle counting would be a daily, weekly or quarterly activity. Physical inventories might be performed at periodic intervals - monthly, quarterly, semi-annually, and so on.
- One strategy is to only perform physical inventories as required to satisfy your auditors. The goal would be to discontinue them when random sampling of counts consistently showed that cycle counting had increased the average accuracy to a level accepted by the auditors.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Review Question - Lesson 1

Which of the following are true?

- 1. Cycle counting is only done at the subinventory level.**
- 2. Physical inventories are only done at the organization level.**
- 3. ABC analysis tells you to count everything every month.**
- 4. ABC analysis can be used with cycle counting.**
- 5. ABC analysis can be used with physical inventory.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Answer to Review Question - Lesson 1

Which of the following are true?

1. Cycle counting is only done at the subinventory level.
2. Physical inventories are only done at the organization level.
3. ABC analysis tells you to count everything every month.
4. **ABC analysis can be used with cycle counting.**
5. ABC analysis can be used with physical inventory.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 2: Overview of Physical Inventory

Lesson 2: Overview of Physical Inventory

- Introduction to Inventory Accuracy
- ✓ • **Overview of Physical Inventory**
- Physical Inventory Process Steps
- Summary
- Physical Inventory Practice

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Overview

Physical Inventory Overview

- A physical inventory is performed by executing these steps :

1. Define Physical Inventory

2. Take snapshot of on-hand quantities

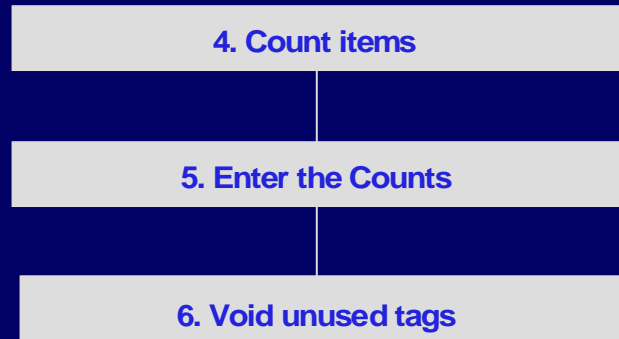
3. Generate Tags

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Overview

- **Physical Inventory steps (continued):**



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Overview

- **Physical Inventory steps (continued):**

7. Approve the counts

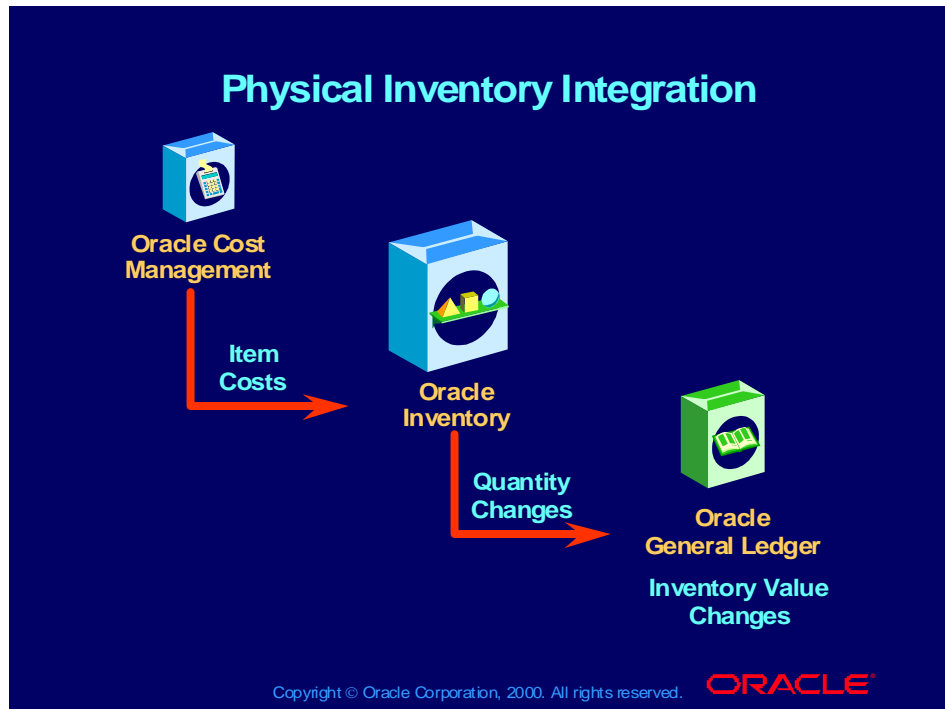
8. Run adjustment program

9. Purge physical inventory

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Integration



Review Question - Lesson 2

Can you arrange the following physical inventory steps into the correct sequence?

1. Void tags
2. Count items
3. Approve counts
4. Define physical inventory
5. Run adjustments program

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Answer to Review Question - Lesson 2

Can you arrange the following physical inventory steps into the correct sequence?

- 1. Define physical inventory**
- 2. Count items**
- 3. Void tags**
- 4. Approve counts**
- 5. Run adjustments program**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 3: Physical Inventory Process Steps

Lesson 3: Physical Inventory Process Steps

- Introduction to Inventory Accuracy
- Overview of Physical Inventory
- ✓ • **Physical Inventory Process Steps**
- Summary
- Physical Inventory Practice

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Defining a Physical Inventory

Defining a Physical Inventory

Use the Physical Inventories window to enter:
The physical inventory definition.

1. Choose when to approve adjustments

2. Enter tolerances

3. Specify scope

4. Enable or disable dynamic tag entry

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Physical Inventory Approval Options

- **First Option - Approval is required: Always**
 - You use the Physical Adjustments Summary window to approve all adjustments.
 - Approval is required for all adjustments regardless of whether they are within tolerances.
 - You can not run the adjustments program until all adjustments are approved.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Approval Options

- **Second Option - Approval is required: If Out of Tolerance**
 - You can enter quantity and / or value adjustment tolerances.
 - Use the Approve Physical Adjustments Screen to approve adjustments that exceed tolerances.
 - Adjustments exceeding tolerances must be approved before running the adjustments program.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Approval Options

- **Third Option - Approval is required: Never**
 - You do not use the Approve Physical Adjustments Screen to approve any adjustments.
 - You can run the adjustments program without approving any adjustments.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Approval Tolerances

- **Quantity Variance Tolerances**
 - A user defined limit for the difference between the system tracked quantity and the actual count quantity.
 - You express the positive and negative variance tolerances as a percentage of the system on-hand quantity.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Approval Tolerances

- **Adjustment Value Tolerances**
 - A user defined limit for the total value of a physical inventory adjustment.
 - Adjustment value = (actual count - system count) x item cost.
 - You express positive and negative adjustment value tolerances as amounts in your functional currency.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Physical Inventory Scope

You can choose to perform the physical inventory for the entire organization or for one or more of the subinventories within the organization.

- In the Count Subinventories area of the Define Physical Inventory Screen:
 - Select: All
or
 - Select: Specific and enter the subinventories to be counted.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Physical Inventory Tags

- A tag is a tool for recording the on-hand quantity of a specific item in a particular location.
- A tag is usually a piece of paper posted at the location of the item.
- You refer to a tag by its alphanumeric identification code (id).
- Oracle Inventory can automatically generate tag ids that you can use to enter physical inventory counts.
- The system also supports using tag ids generated outside of Oracle Inventory.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Enabling Dynamic Tag Entry

You must specify if dynamic tag entry will be allowed for your physical inventory.

- **Dynamic Tag entry is not allowed when you use Oracle Inventory to generate inventory tags to record all counts.**
- **Dynamic Tag Entry is allowed when tags ids are generated outside the system. For example when using third-party prenumbered tags.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Taking the Inventory Snapshot

- Oracle Inventory records the item costs and on-hand quantities for each combination of item, subinventory, locator, revision, lot number, and serial number in your physical inventory definition.

Warning!

- You must procedurally coordinate the snapshot of your physical inventory with your actual counting. You must ensure that no transaction activity occurs in a particular location until after you have verified the count of its contents.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

The Inventory Snapshot

- Oracle Inventory uses the snapshot as the basis for adjustments, rather than the current quantity on-hand.
 - This allows you to resume transaction activity in a location where the count is complete and verified - even before running the adjustments program.
- You must complete the inventory snapshot before proceeding to the next stage of the physical inventory process.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Options for Tag Generation

Options for Tag Generation

Option 1: Dynamic Tag Entry

You do not have to run the tag
generation program

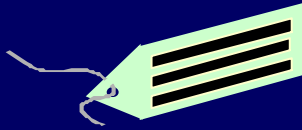
Use your own tag numbers when
you enter the counts

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Generating Tags

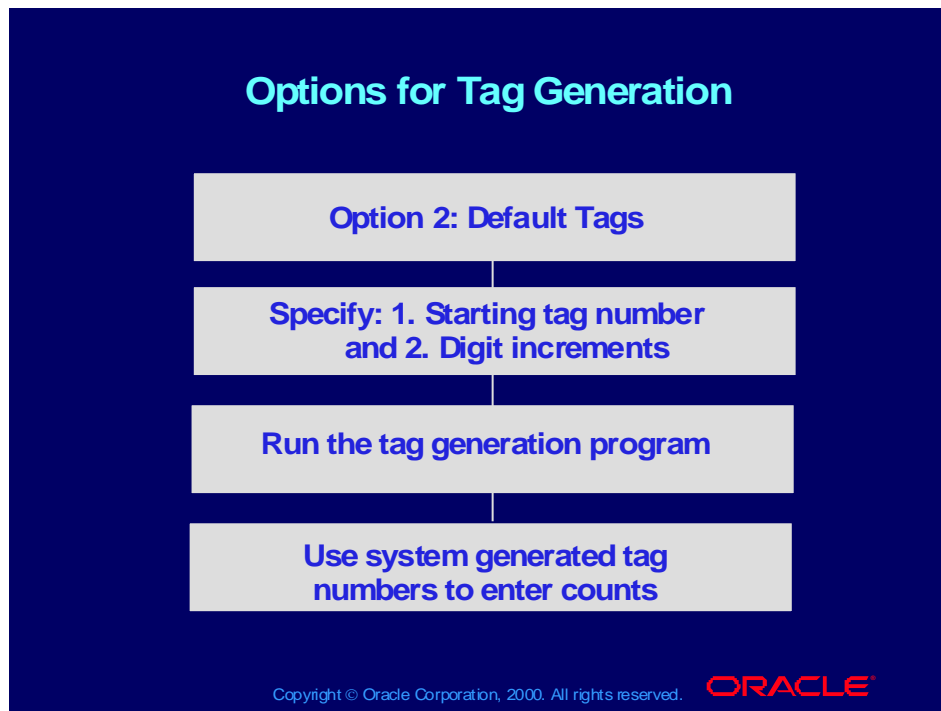
- **Default Tags**
 - Contain information on the items in the physical inventory definition.
 - Generates a tag for each unique combination of item, subinventory, locator, revision, lot number and serial number
- You can specify a starting number and the increment for each digit of your tags.



Copyright © Oracle Corporation, 2000. All rights reserved.

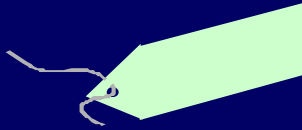
ORACLE

Options for Tag Generation



Generating Tags

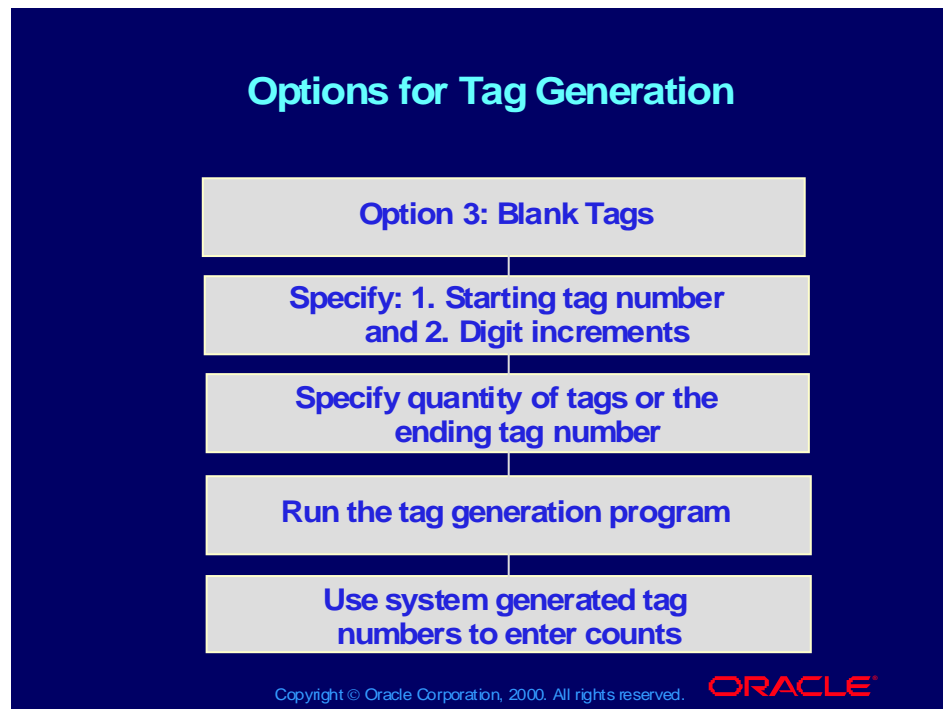
- **Blank Tags**
 - Do not contain any information about the items in your physical inventory definition
 - You can generate blank tags to enter counts for those items whose locations are not currently recorded in the system.
 - You can specify a starting tag number, the increment for each digit in the tag numbers and an ending tag number or the total number of tags.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Options for Tag Generation



Digit Increments

- Tag ids can be a combination of alphabetic and numeric characters
- You can specify a value by which each numeric digit of the tag id may increase.
- You must specify a digit increase of zero for the alphabetic characters of your tag id. The alphabetic characters must be constant.
- For example with a starting tag id of "A001" and a digit increments as "0112", the system generates tags with the following ids: A001, A003, A005, A007, A009, A011, and so on.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Tags for Items under Serial Control

- You can perform physical inventory for items under serial control.
- If you generate default tags the system generates one tag per item per serial number.
- You choose whether default tags contain serial number information.
- If not, you will be required to enter serial number information when you enter the physical inventory counts.

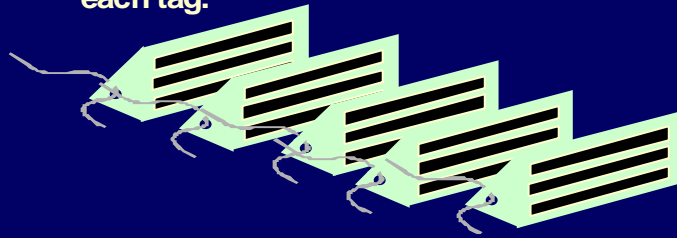


Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Entering Physical Inventory Counts

- **For Default Tags**
 - The system displays the tags with relevant information about items in your physical inventory definition.
 - You need enter only the quantity counted for each tag.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Entering Physical Inventory Counts

- **For Blank Tags**
 - The system displays the tags but no item information.
 - You enter the count quantity as well as the item information (Item name, subinventory, locator, revision, lot and serial numbers).
 - The system checks for revision control, locator control, lot control and serial control. You are then prompted for the required information on each tag.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Entering Physical Inventory Counts

- **For Dynamic Tags**
 - With dynamic tags enabled in your physical inventory definition you can enter tag ids generated outside of the system.
 - You also enter the count quantity as well as the item information (Item name, subinventory, locator, revision, lot and serial numbers).
 - Like blank tags the system checks for revision control, locator control, lot control and serial control. You are then prompted for the required information on each tag.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Voiding Tags

- If you void a blank tag, it is accounted for in the Missing Tag listing.
- If you void a default tag, or fail to enter an actual count quantity, the system adjusts the quantity in the location to zero.
- You can void tags that were lost, damaged or discarded.
- You can void tag before the approval or the adjustment process.
- The Missing Tag listing reports system-generated tags for which you do not enter an actual count

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Approving Physical Inventory Adjustments

Approving Physical Inventory Adjustments

- For the approval option of: Always
 - The system requires approval of all counts entered.
 - You must approve or reject each adjustment before running the physical adjustments program.
 - After the system adjusts all the approved counts the status of the adjustment changes to 'Posted'.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Approving Physical Inventory Adjustments

- For the approval option of: If Out of Tolerance
 - The system requires approval of all adjustments exceeding the tolerances entered in the physical inventory definition.
 - You must accept or reject each of these adjustments before running the physical inventory adjustments program.
 - After the system adjusts all the approved counts the status of the adjustment changes to 'Posted'.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Performing Physical Inventory Adjustments

- **Physical Inventory Adjustments**
 - The system performs adjustments by creating a material transaction for the +/- quantity of the adjustment.
 - Once you run the adjustment program the system does not allow a new tag generation or any further updates to the tag counts.
 - You must approve or reject all adjustments or the system will not run the adjustments program.

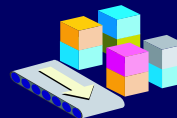
Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Performing Physical Inventory Adjustments

Performing Physical Inventory Adjustments

- **Physical Inventory Adjustments Report**
 - Tag quantities, adjustment quantities, and adjustment values can be reported before and after performing the adjustments.
 - You can use the adjustment report to authorize approvals or request recounts of items with large pending adjustments.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Performing Physical Inventory Adjustments

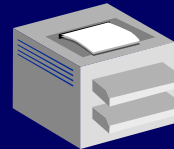
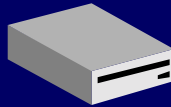
- **Physical Inventory Adjustment Account**
 - You specify the account when you start the adjustment program.
 - The account is used to offset the adjustments to the inventory account(s).
- **Missing Tag Listing**
 - Should always be reviewed before running the adjustments program to verify tags for which no counts were entered. Any quantity on such tags will be automatically adjusted to zero.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Reviewing Physical Inventory Information

- **Physical Inventory Counts**
 - Used to audit the information entered on tags.
- **Physical Inventory Tag Listing**
 - Lists all tags generated or entered (default, blank and dynamic).
- **Physical Inventory Missing Tag Listing**
 - Lists all tags without actual counts recorded.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Reviewing Physical Inventory Information

- **Physical Inventory Adjustments**
 - Reports tag quantities, adjustment quantities and value adjustment amounts.
- **Physical Inventory Accuracy**
 - Reports percentage differences between system and actual count quantities on-hand.
- **Physical Inventory Trend and Summary**
 - You can summarize and compare physical inventory accuracy for particular subinventories over a period of time.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Purging Physical Inventory Information

- **Purging tags only**
 - You can purge all tags associated with a physical inventory definition. If irreversible mistakes are made in the count-entry phase, you can start over without refreezing your inventory.
- **Purging All Information**
 - You can purge the physical inventory definition, frozen quantities, tags and count quantities.
 - This purge deletes adjustments but not the adjustment material transactions.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Review Question - Lesson 3

Transaction activity must be suspended during which phase of a physical inventory?

- 1. From creating the definition until the adjustments are run.**
- 2. From the snapshot until the counts are approved.**
- 3. From the snapshot until counts are verified.**
- 4. From when the adjustments are approved until the purge.**
- 5. From the snapshot to the purge.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Answer to Review Question - Lesson 3

Transaction activity must be suspended during which phase of a physical inventory?

1. From creating the definition until the adjustments are run.
2. From the snap shot until the counts are approved.
- 3. From the snapshot until counts are verified.**
4. From when the adjustments are approved until the purge .
5. From the snapshot to the purge.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 4: Summary

Lesson 4: Summary

- Introduction to Inventory Accuracy
- Overview of Physical Inventory
- Physical Inventory Process Steps
- ✓ • **Summary**
- Physical Inventory Practice

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Summary

In this lesson, you should have learned how to:

- Apply Oracle's Physical Inventory functionality as one of the tools available to improve inventory record accuracy.
- Define a physical inventory for an organization or a subinventory.
- Specify whether to approve adjustments or not.
- Choose tolerance limits for approvals.
- Generate automatic tags for the count entry process.
- Enter physical inventory tag counts.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Summary

In this lesson, you should have learned how to:

- Void unused physical inventory tags.
- Approve or reject adjustments.
- Perform physical inventory adjustments.
- Use reports to verify physical inventory information.
- Purge physical inventory information.



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 5: Physical Inventory Practice

Lesson 5: Physical Inventory Practice

- Introduction to Inventory Accuracy
- Overview of Physical Inventory
- Physical Inventory Process Steps
- Summary
- ✓ • **Physical Inventory Practice**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Lesson 5 Practice Overview

This practice covers the following topics:

- Setting up a subinventory.
- Receiving inventory to your subinventory for five items.
- Creating a physical inventory definition and taking a snapshot of on-hand quantities.
- Generating tags.
- Entering counts.
- Approving adjustments.
- Launching the adjustment program.
- Reviewing physical inventory reports.
- Purging the physical inventory information.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-1

Practice 5-1

Change Organization

Use the Organization Find window to: **Change organization to the Seattle Manufacturing Plant.**

(N) INV Change Organization

Prompt:	Enter:
	Select: M1 Seattle from the list
	Click on OK

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-1

Practice 5-1

Define Subinventory

Use the Subinventories Summary window to: Define a subinventory for your organization.

(N) INV Setup > Organizations > Subinventories

Prompt:	Enter:
Name	Click on New button
Description	TXX-STORES
Qty Tracked	TXX Stores
Asset?	Check the Box
ATP?	Check the Box

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-1

Practice 5-1

Define Subinventory

Prompt:	Enter:
Allow Reservation	Check the Box
Nettable	Check the Box
Locator Control	None
Picking Order	
Inactive On	
	Click on the <u>Save</u> icon
	Close the window

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transactions

Use the Miscellaneous Transaction window to: Place five items into your subinventory to use for a physical inventory

(N) INV Transactions > Miscellaneous Transaction

Prompt:	Enter:
Date	(Take the default)
Type	Account Alias Receipt
Source	INVENTORY ADJ
	Click on Transaction Lines

Note: Enter all Items before Saving.

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transaction

Prompt:	Enter:
Item	CM13375
Subinventory	TXX-STORES
Lot	
Quantity	125
UOM	(Take the default)
Reason	Setup
	Press the down arrow key

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transaction

Prompt:	Enter:
Item	CM13139
Subinventory	TXX-STORES
Lot	
Quantity	72
UOM	(Take the default)
Reason	Setup
	Press the down arrow key

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transaction

Prompt:	Enter:
Item	AS54888
Subinventory	TXX-STORES
Lot	
Quantity	87
UOM	(Take the default)
Reason	Setup
	Press the down arrow key

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transaction

Prompt:	Enter:
Item	AS18947
Subinventory	TXX-STORES
Lot	
Quantity	112
UOM	(Take the default)
Reason	Setup
	Press the down arrow key

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-2

Practice 5-2

Miscellaneous Transaction

Prompt:	Enter:
Item	AS72111
Subinventory	TXX-STORES
Lot	
Quantity	90
UOM	(Take the default)
Reason	Setup
	Click on the <u>Save</u> icon
	Close both windows

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-3

Practice 5-3

Define Physical Inventory and make an Inventory Snapshot

Use the Physical Inventories window to: Setup a physical inventory definition for your subinventory.

(N) INV Counting > Physical Inventory > Physical Inventories

Prompt:	Enter:
Name	Click on the <u>New</u> button
Description	TXX-PHYS
Date	TXX Physical Inventory (Take the default)
Required	Tab to the Approval Area Select: If Out of Tolerance

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-3

Practice 5-3

Define Physical Inventory and make an Inventory Snapshot

Prompt:	Enter:
Quantity	+10% and -10%
Value	+10% and -10%
	Tab to the Count
	Subinventories Area
Specific	Check the box
Subinventory	TXX-STORES
Allow Dynamic Tags	Uncheck the box
	Click on Snapshot button

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-3

Define Physical Inventory and make an Inventory Snapshot

- Record the concurrent request # _____
- Click OK
- Close the Define Physical Inventory screen
- Close the Physical Inventory Summary screen
- Go to the View menu and select Requests
- Click on the Find button in the Find Requests screen
- Verify your concurrent request completes normally
- Close the Requests screen

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-4

Practice 5-4

Generate Tags

Use the Tag Generation window to: Generate default tags for your physical inventory definition.

(N) INV Counting > Physical Inventory > Tag Generation

Prompt:	Enter:
Name	TXX-PHYS
Tag Type	Select Default
Show Serial on Tags	Leave checked
	Tab to the Tags Area
Starting Tag	TXX001
Digit Increments	000111

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE®

Practice 5-4

Practice 5-4

Generate Tags

Prompt:	Enter:
Ending Tag	System calculated
Number of Tags	System calculated
	Click on Generate button

- Record the concurrent request # _____
- Click OK
- Close the Generate Tags screen
- Go to the View menu and select Requests
- Verify your concurrent request completes normally and close the window

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-5

Practice 5-5

Enter Counts

Use the Tag Counts window to: Enter tag counts using the default tags.

(N) INV Counting > Physical Inventory > Tag Counts

Prompt:	Enter:
Name	TXX-PHYS
	Click on the Find button
	Click on Yes
	Use arrow keys to move from line to line and enter a count for each item

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-5

Practice 5-5

Enter Counts

Prompt:	Enter:
AS54888	100
AS18947	111
CM13375	125
CM13139	60
AS72111	90
	Click on the <u>Save</u> icon
	Close the window

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-6

Practice 5-6

Approve the Adjustments

Use the Approve Physical Adjustments Summary window to: Approve all the adjustments.

(N) INV Counting > Physical Inventory > Approve Adjustments

Prompt:	Enter:
Name	TXX-PHYS
	Click on the Find button
	Click on No
	Click on the Approve All button
	Click on the <u>Save</u> icon
	Close the window

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-7

Practice 5-7

Launch the Adjustments Program

Use the Physical Inventories Summary window to: Adjust the physical inventory quantities.

(N) INV Counting > Physical Inventory > Physical Inventories

Prompt:	Enter:
	Click on the line which lists your Physical Inventory

- Go to the Tools Menu and select: Launch Adjustments
- The Launch Adjustments screen will open

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-7

Practice 5-7

Launch the Adjustments Program

Prompt:	Enter:
Adjustment Account	01-000-5250-0000-000
	Click on the Launch Adjustments button

- Record the concurrent request # _____
- Click OK
- Close the Physical Inventory Summary screen
- Go to the View menu and select Requests
- Verify your concurrent request completes normally and close the window

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-8

Physical Inventory Report

Use the Request Window to: Run the Physical Inventory Accuracy Analysis report

(N) INV Reports > ABC and Counting

- Select Single Request in the dialog box and click OK.
- Select the report name: Physical Inventory Accuracy Analysis.
- Enter the name of your physical inventory definition
- Click on OK and then Submit.

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-8

Physical Inventory Report

- Record the concurrent request # _____
- Click on No.
- Go to the View menu and select Requests.
- Verify your concurrent request completes normally .
- Click on the line which lists your request.
- Click on the View Output button to review the report.
- Close the report output window and the requests screen.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-9

Purge Physical Inventory

Use the **Physical Inventories** window to: Run the physical inventory purge program

(N) INV Counting > Physical Inventory > Physical Inventories

Prompt:	Enter:
	Click on the line which lists your Physical Inventory

- Click on Open to verify that the Adjustment Posted box is checked
- Go to the Tools Menu and select: Perform Purge

Continue

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Practice 5-9

Purge Physical Inventory

- The Perform Purge screen will open
- Select: All in the dialog box.
- Click on the Purge button.
- Record the concurrent request # _____.
- Click OK.
- Close the Physical Inventory Summary screen.
- Go to the View menu and select Requests.
- Verify your concurrent request completes normally and close the window.
- Reopen the Physical Inventories Summary screen to verify the purge has removed your definition.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

