11i Cycle Counting

Student Guide

14863GC11
Production 2.0
January 2001
D31153

ORACLE

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This book was published using:

Oracle® Tutor™

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Preface

Profile

Before You Begin This Course

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

- Thorough knowledge of Oracle navigation
- Working experience with inventory transactions

Prerequisites

- There are no prerequisites for this course.

How This Course Is Organized

This 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 ***algorithm*** 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: `debug.set ('I", 300);` Directory: `bin` (DOS), `$FMHOME` (UNIX) Filename: Locate the `init.ora` file. Password: User `tiger` as your password. Pathname: Open `c:\my_docs\projects` URL: Go to `http://www.oracle.com` User input: Enter `300` Username: Log on as `scott`
Initial cap	Graphics labels (unless the term is a proper noun)	Customer address (*but* Oracle Payables)
Italic	Emphasized words and phrases, titles of books and courses, variables	Do *not* save changes to the database. For further information, see *Oracle7 Server SQL Language Reference Manual.* Enter `user_id@us.oracle.com`, where *user_id* 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 SELECT command to view information stored in the LAST_NAME column of the EMP 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 role`
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.

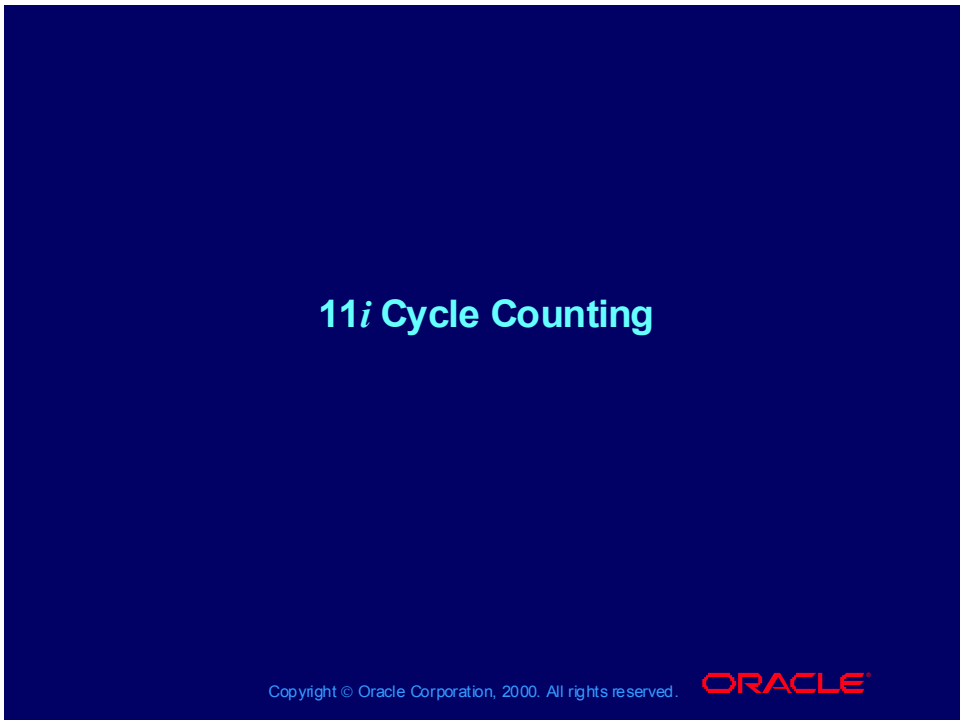
Searching for Help

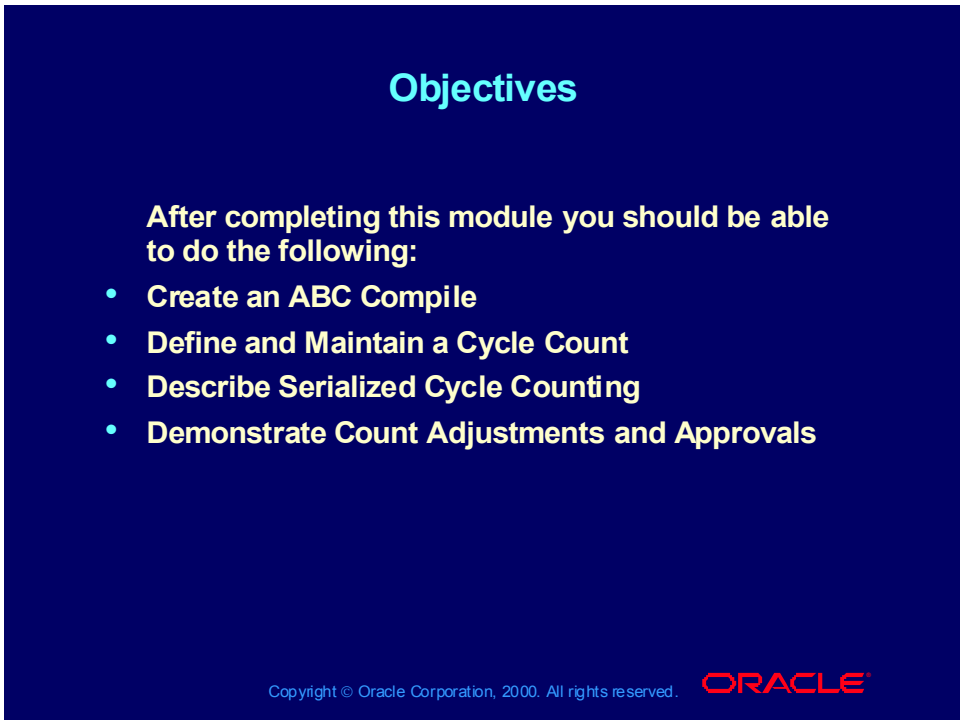
You can perform a search to find the Oracle Applications help information you want. Simply enter your query in the text field located in the top-left frame of the browser window when viewing help, then click the adjacent Find button.

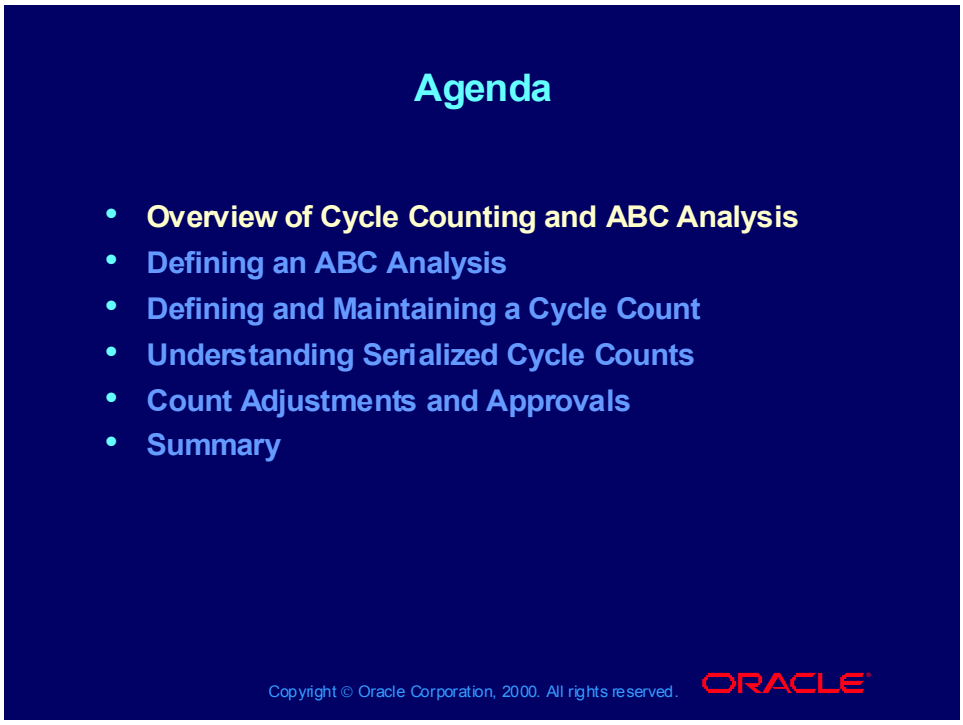
A list of titles, ranked by relevance and linked to the documents in question, is returned from your search in the right-hand document frame. Click on whichever title seems to best answer your needs to display the complete document in this frame. If the document doesn't fully answer your questions, use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

11i Cycle Counting

Chapter 1

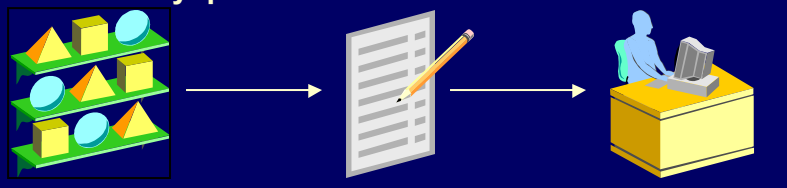






Overview of Cycle Counting

- Cycle counting is the periodic counting of individual items throughout the course of the year to ensure the accuracy of inventory quantities and values.
- You can perform cycle counting instead of taking complete physical inventories, or you can use both techniques to verify the accuracy of inventory quantities and values.



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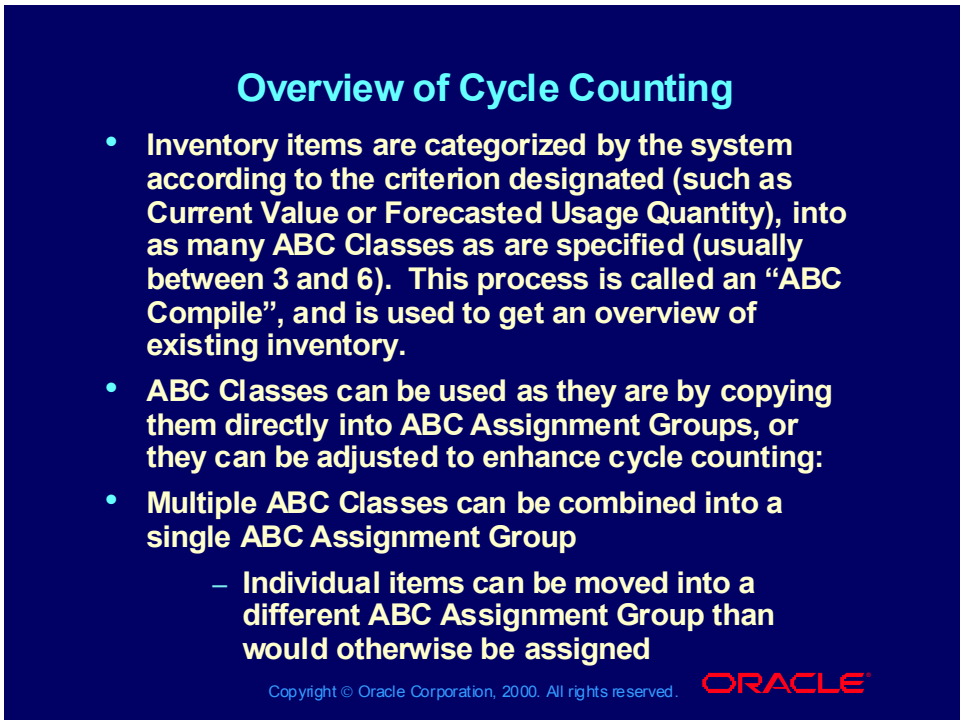

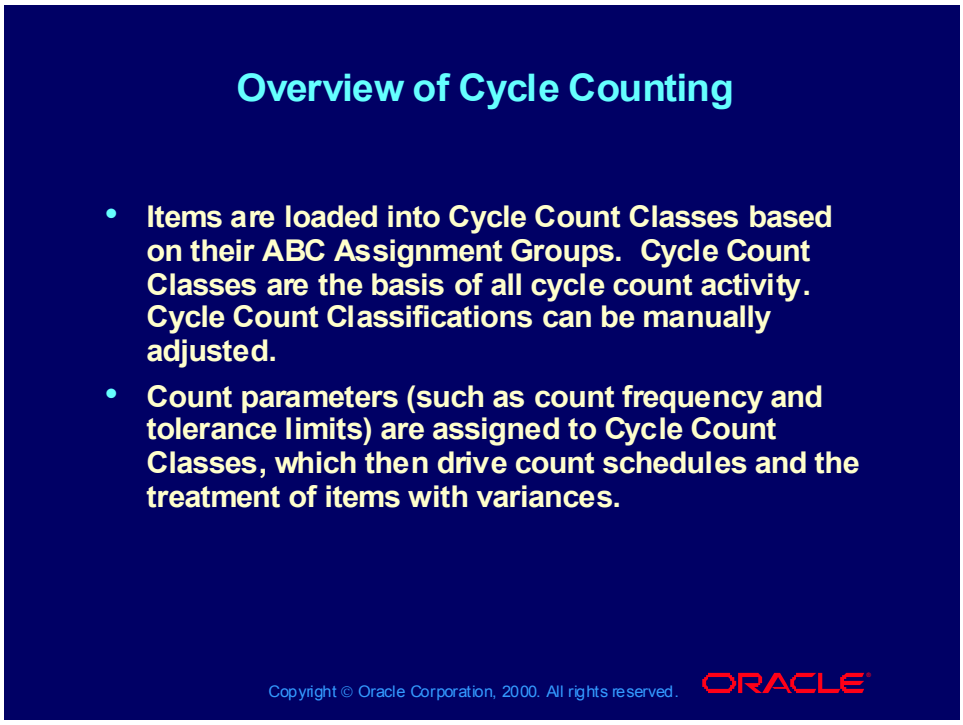

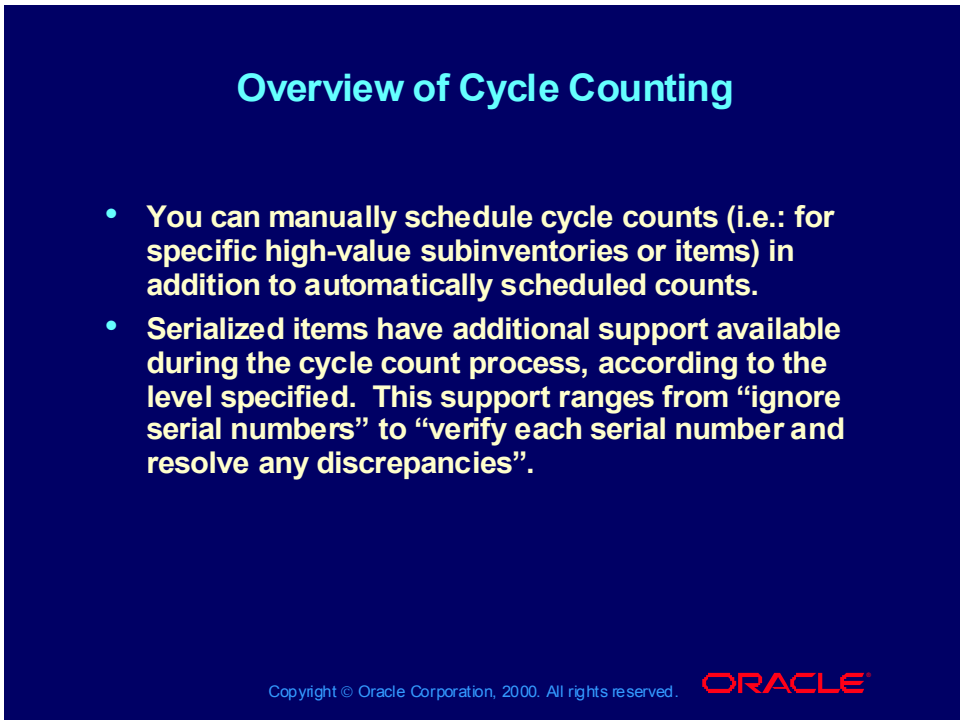

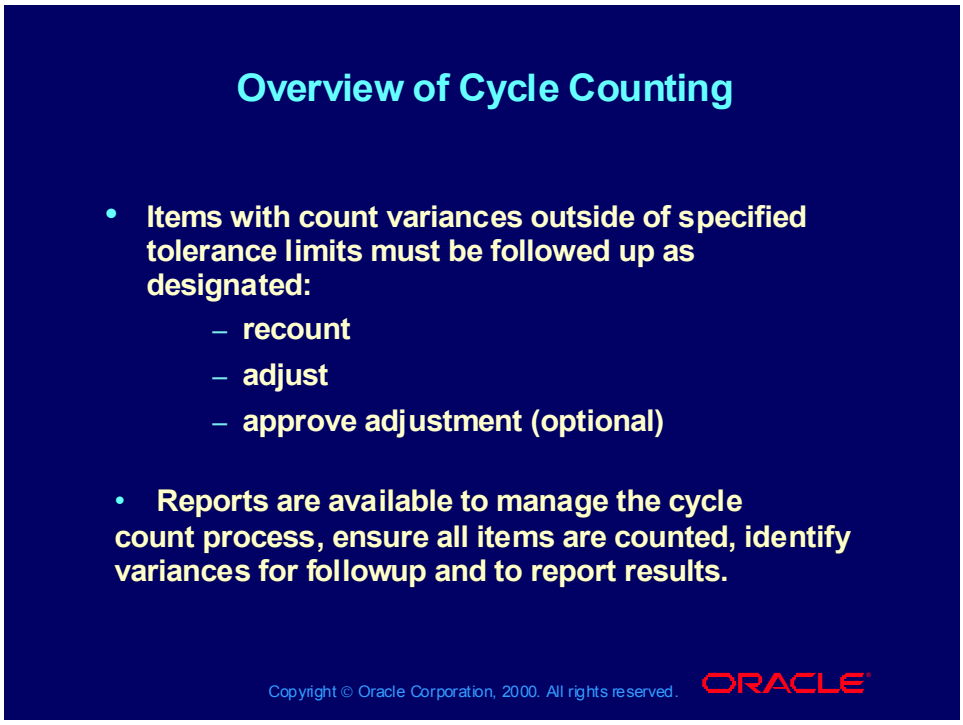

Overview of ABC Analysis

- An ABC Analysis determines the relative importance of a group of inventory items based on user-specified criteria.
- An ABC Analysis is often used to drive cycle counts, where you might count items of high value (A items) frequently, items of lower value less frequently (B items) and items of lowest value very infrequently (C items).

"A" Item

"B" Item

"C" Item

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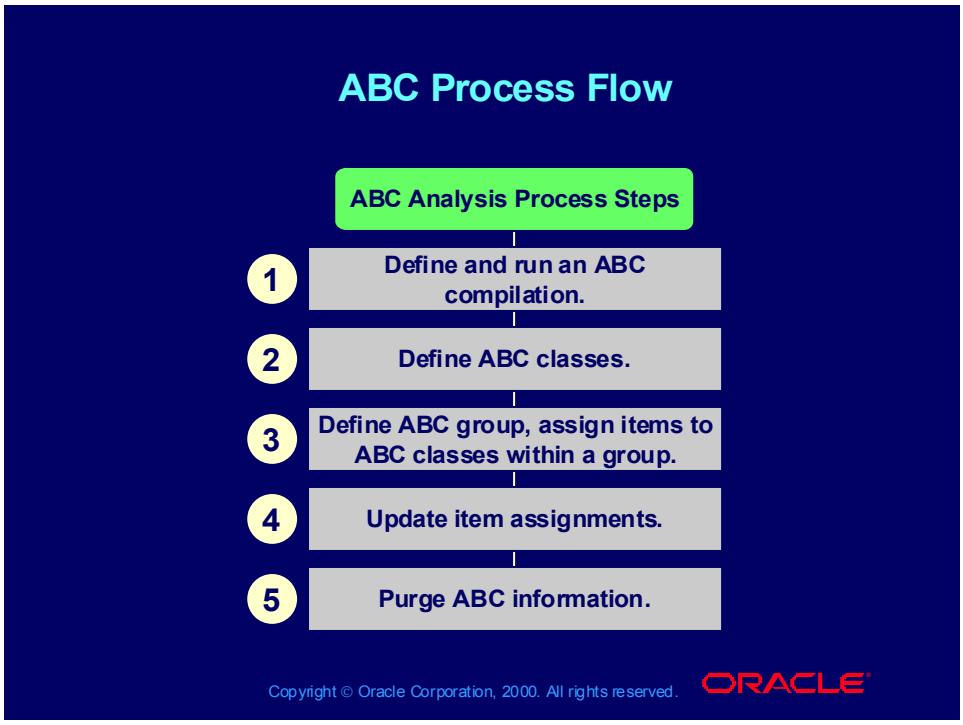
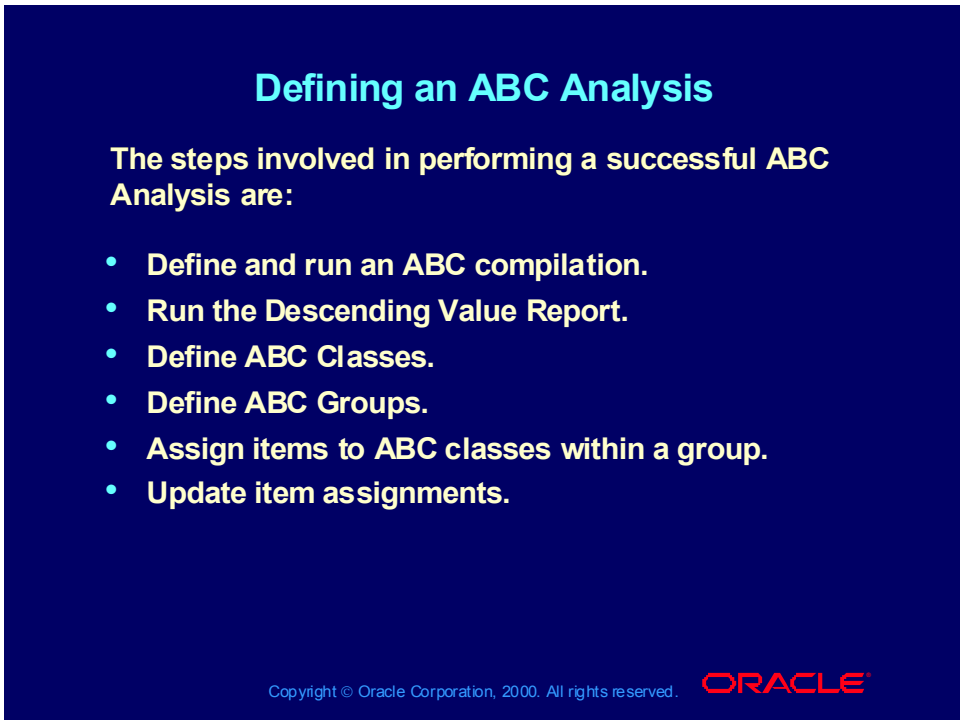
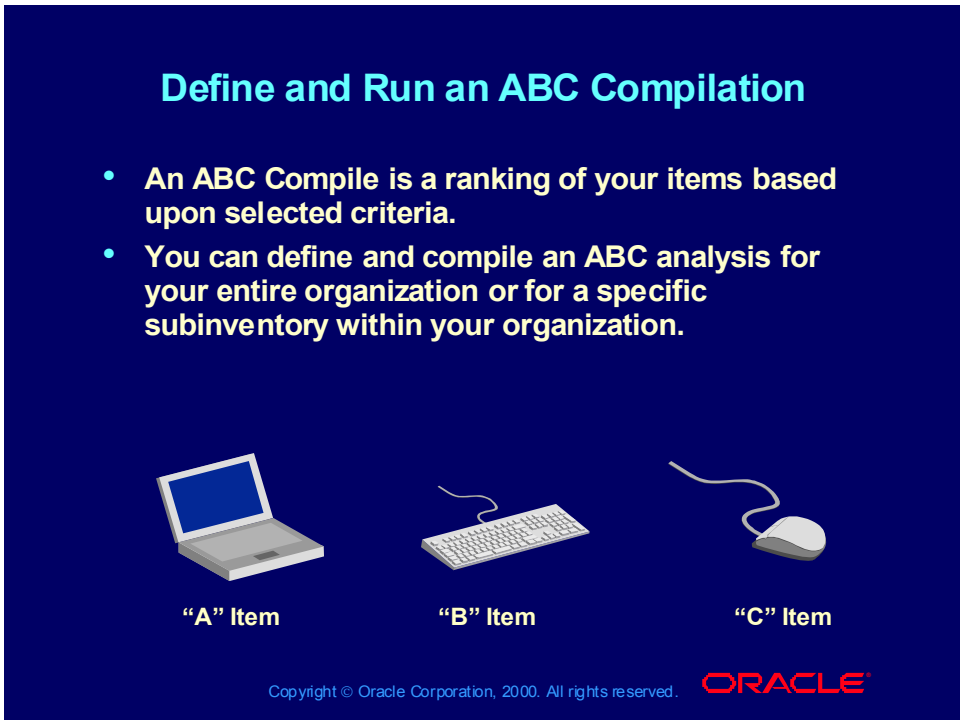
Agenda

- Overview of Cycle Counting and ABC Analysis
- Defining an ABC Analysis
- Defining and Maintaining a Cycle Count
- Understanding Serialized Cycle Counts
- Count Adjustments and Approvals
- Summary



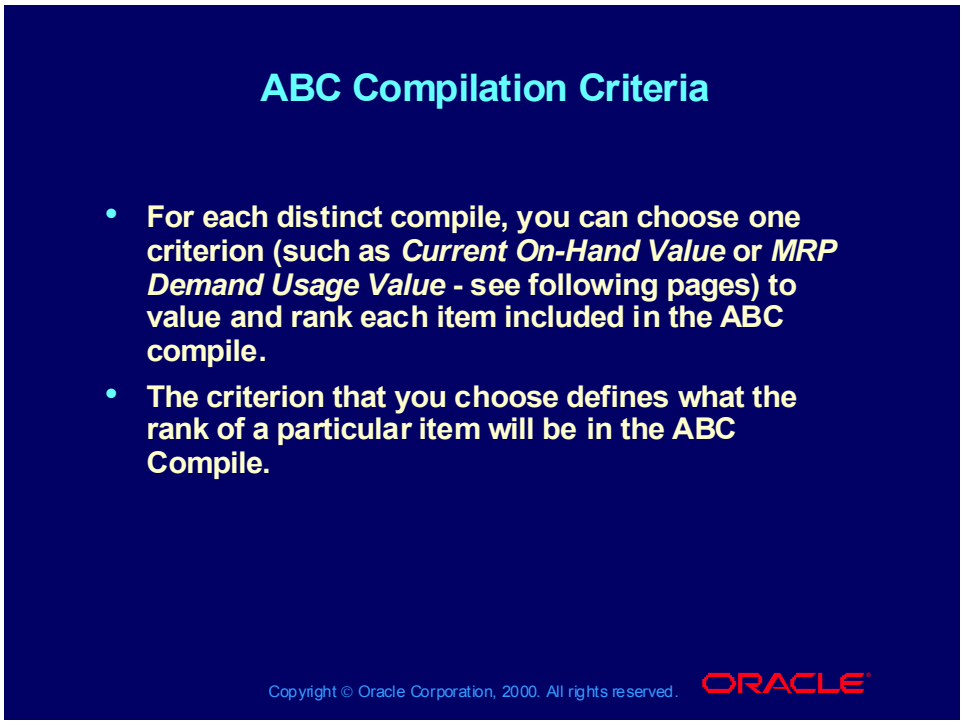


Define and Run an ABC Compilation



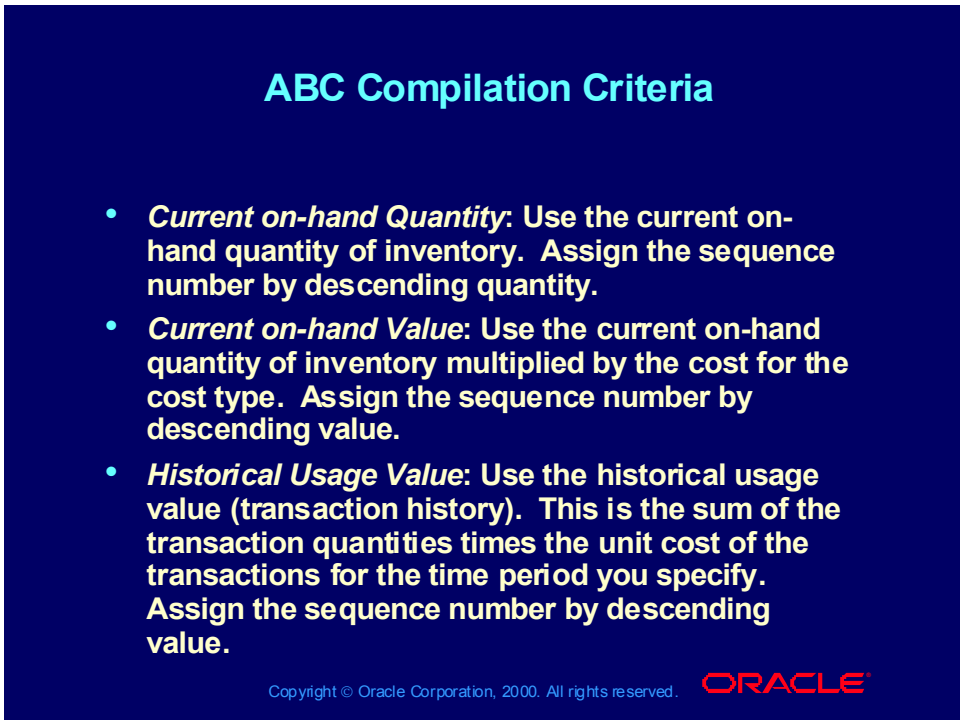
You choose the compilation criterion, the scope of your analysis, the cost type to use in determining item values and any additional information that may be conditionally necessary based on your compilation criterion.

ABC Compilation Criteria

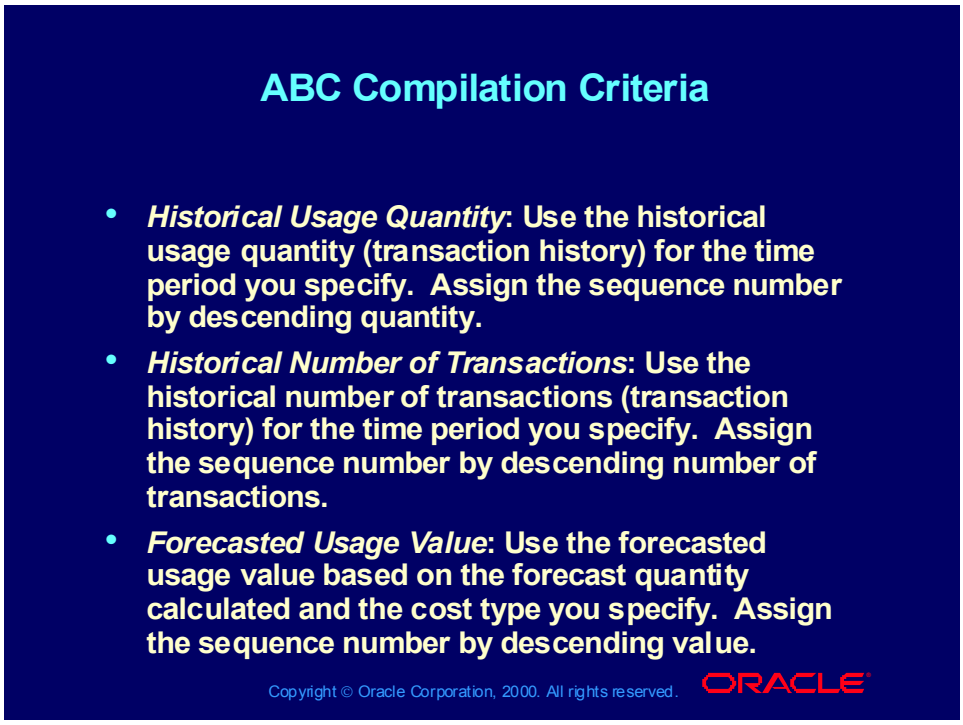


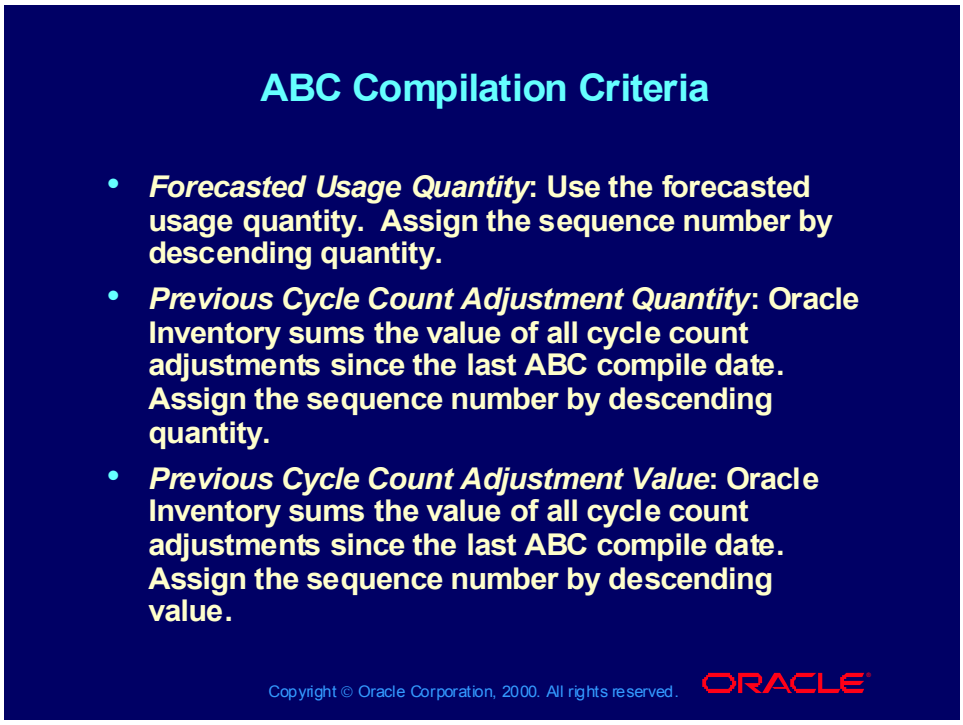
For example: If you use *Current on-hand quantity* as your compile criterion, then item X with an on-hand quantity of 10 units is of higher rank than item Y with a quantity of 5 units. If you use *Current on-hand value* criterion item X has a cost of $10 per unit and item Y has a cost of $25 per unit, item Y has a higher value than item X since Oracle Inventory compares $100 ($10x10 units) to $125 ($25x5 units).

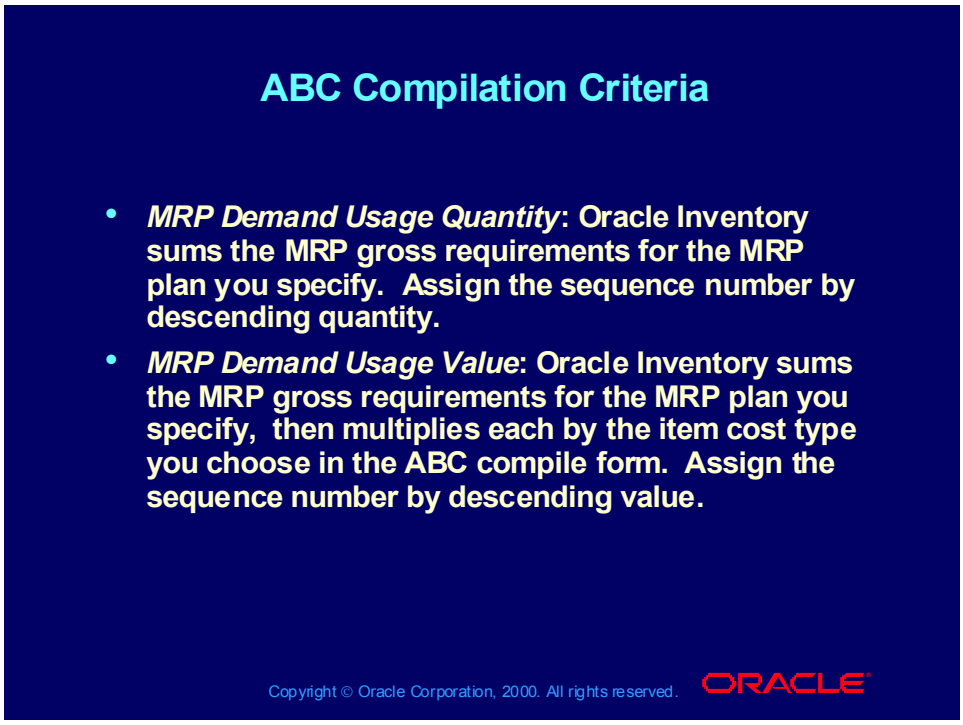
ABC Compilation Criteria

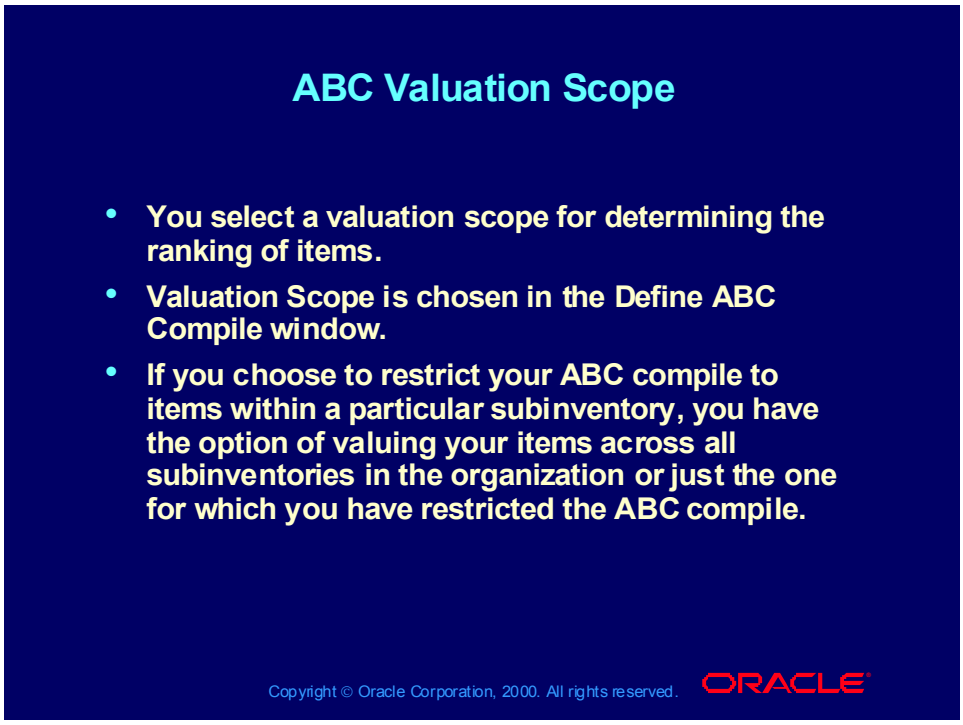


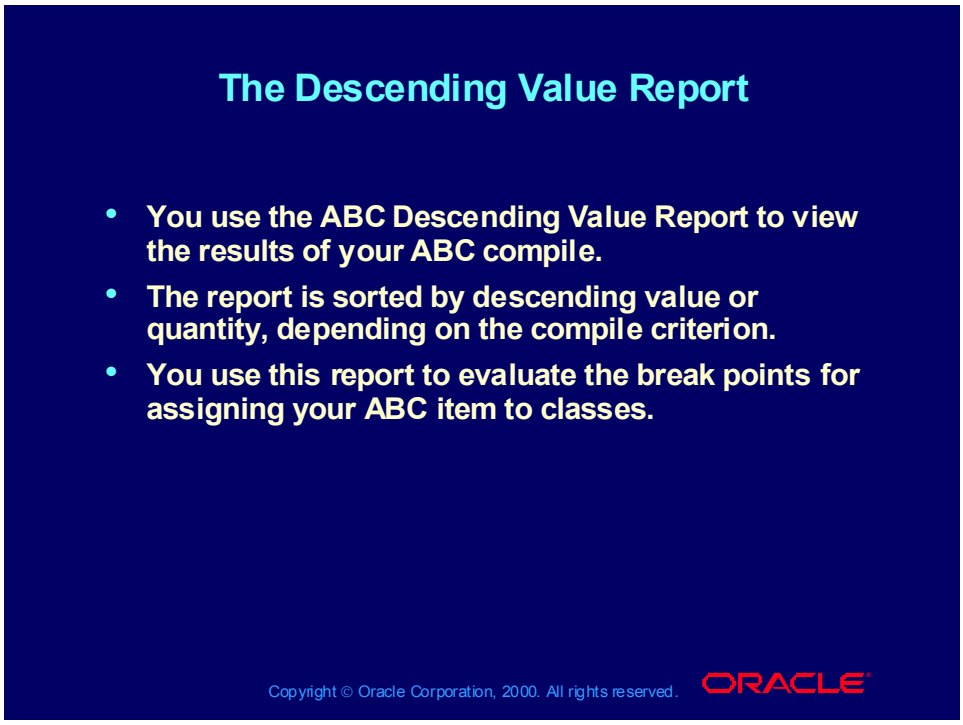
Note: Any value based criterion requires you to nominate a cost type.

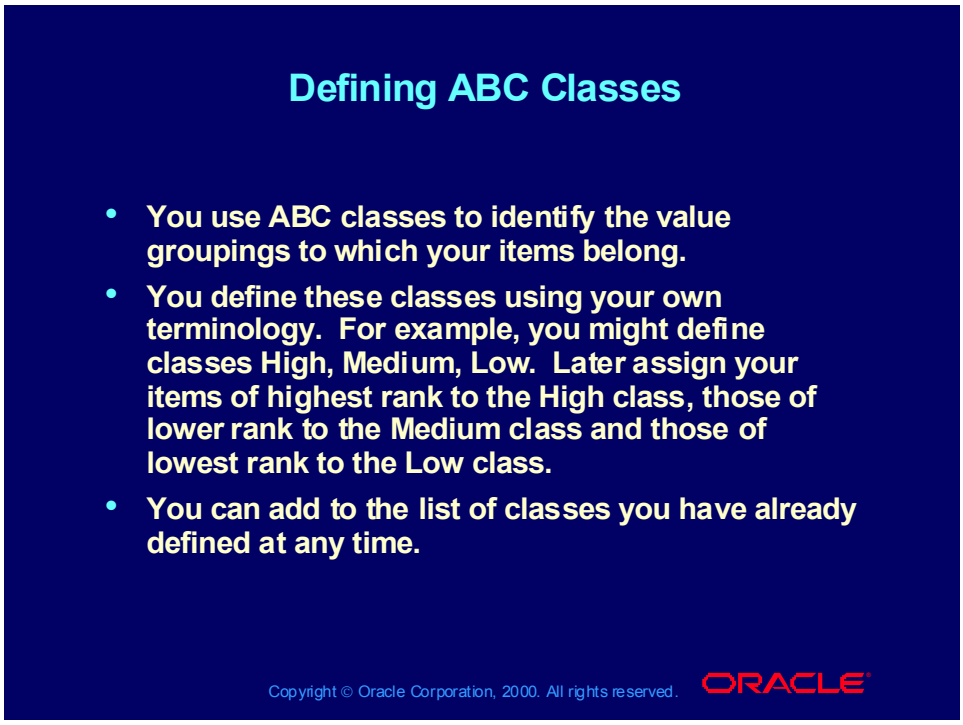


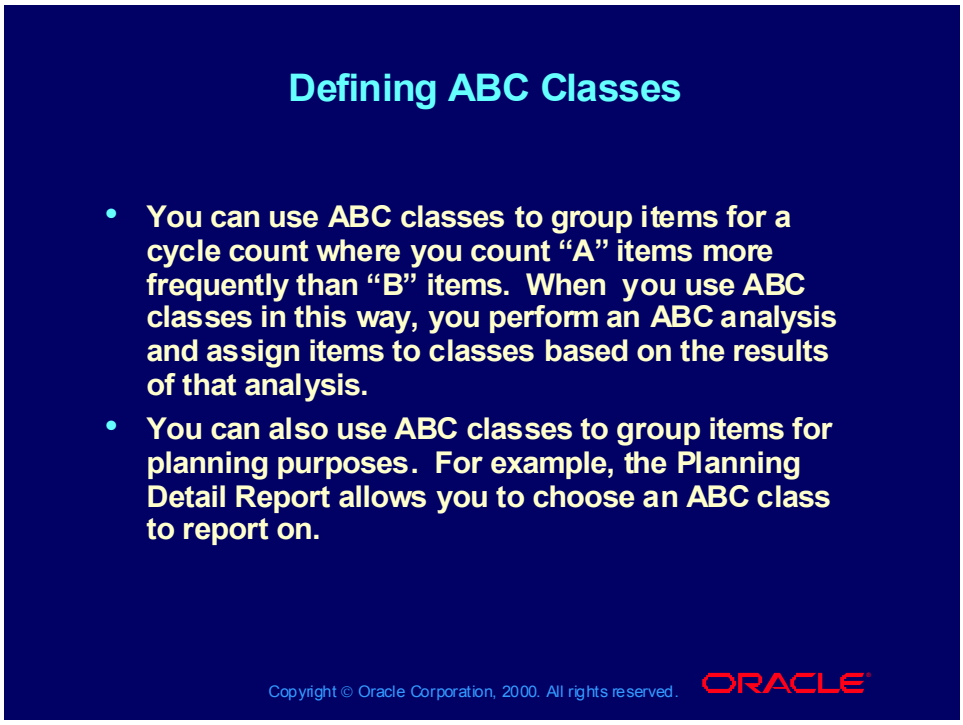


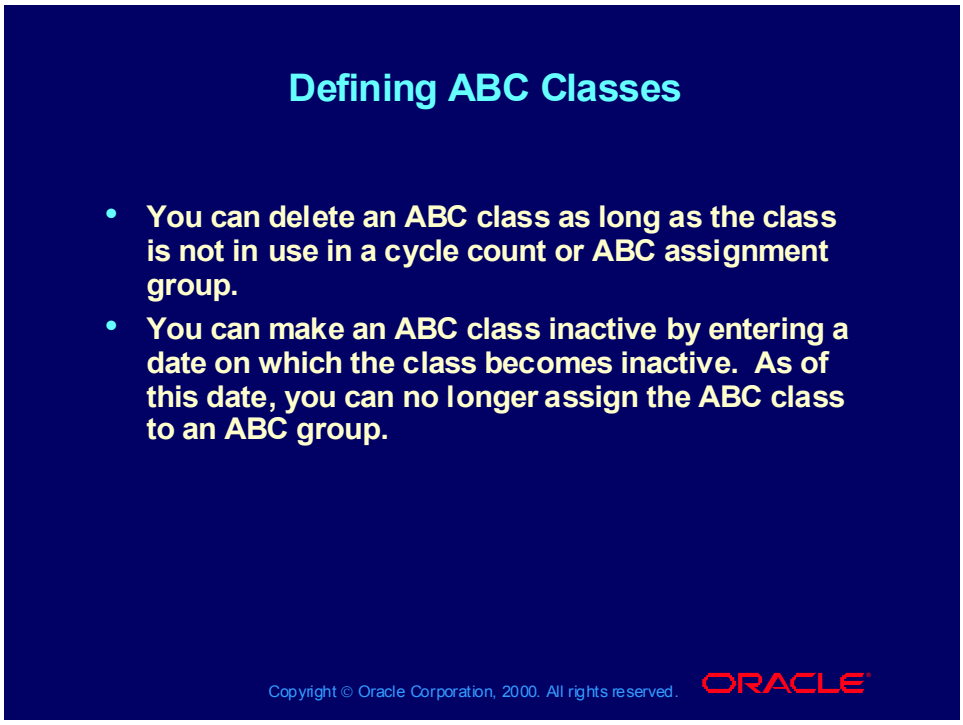


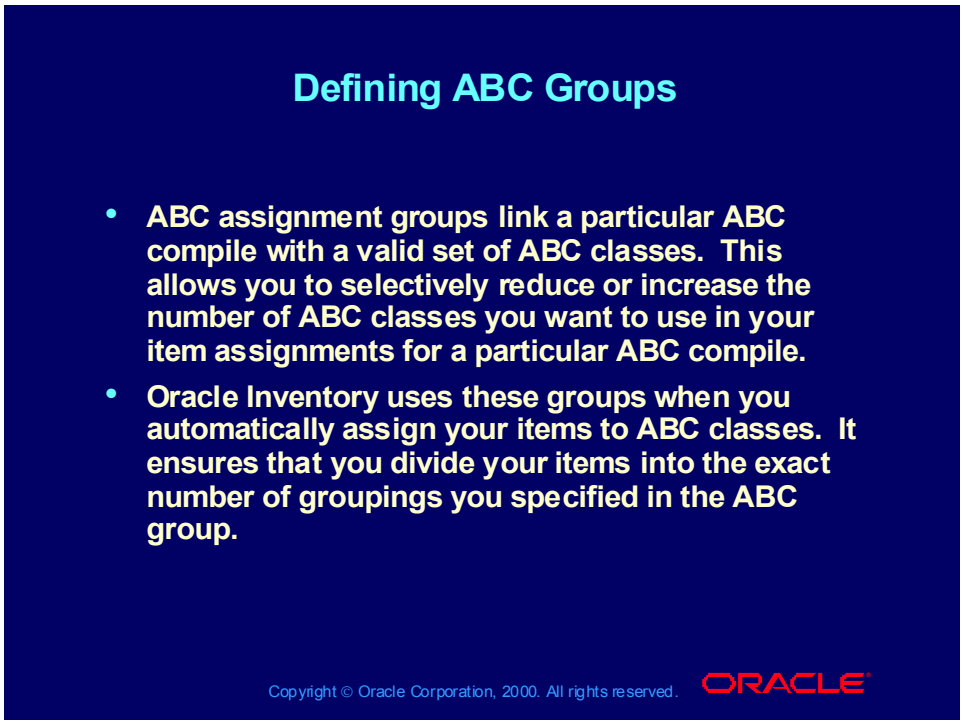


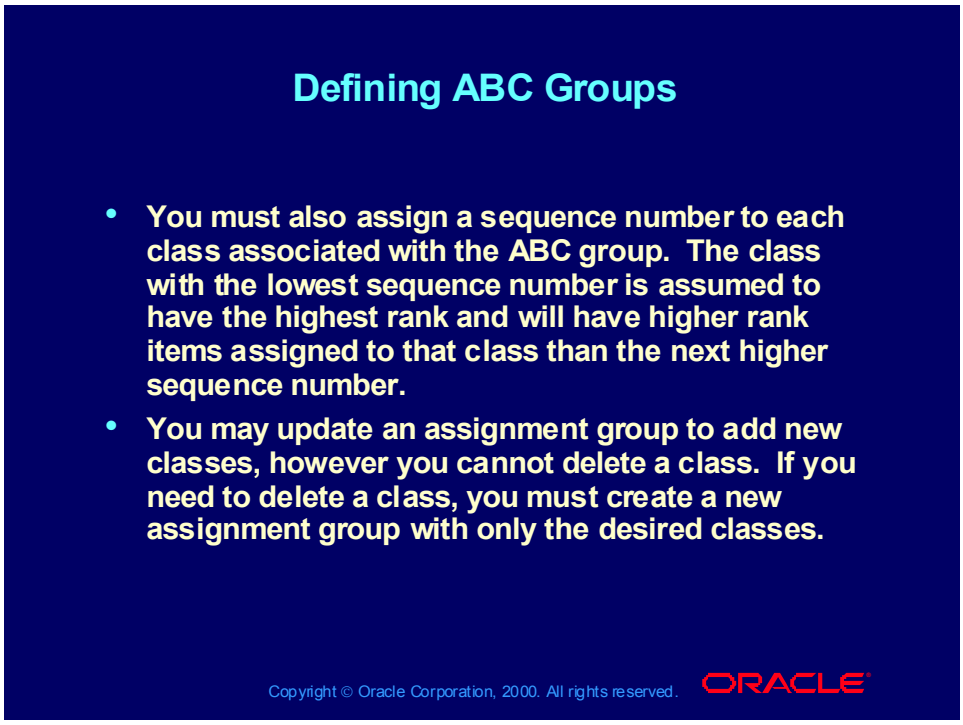


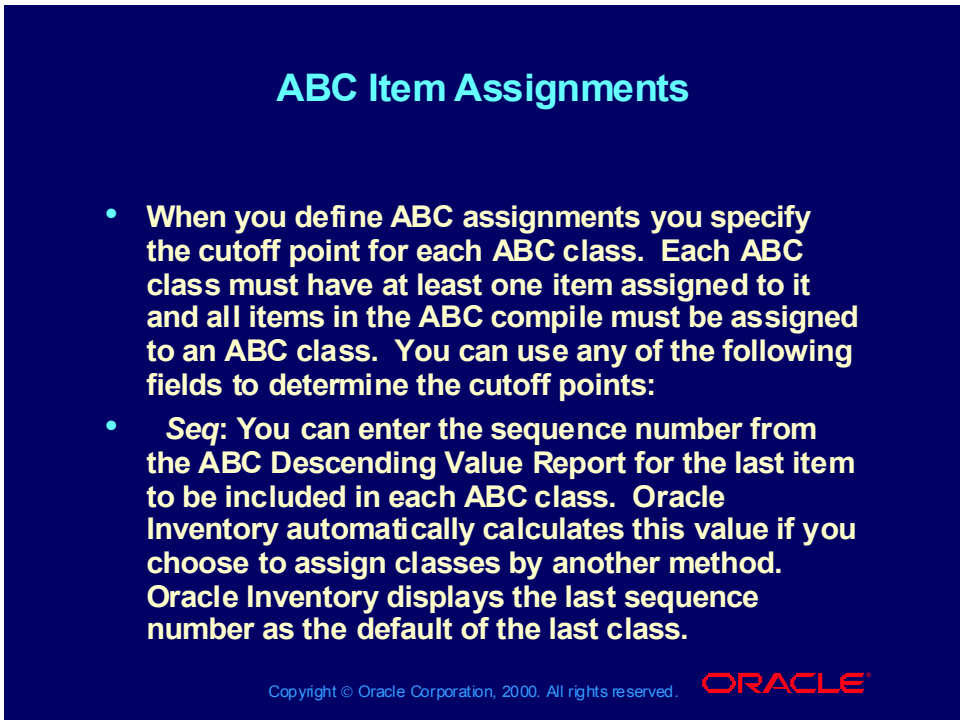


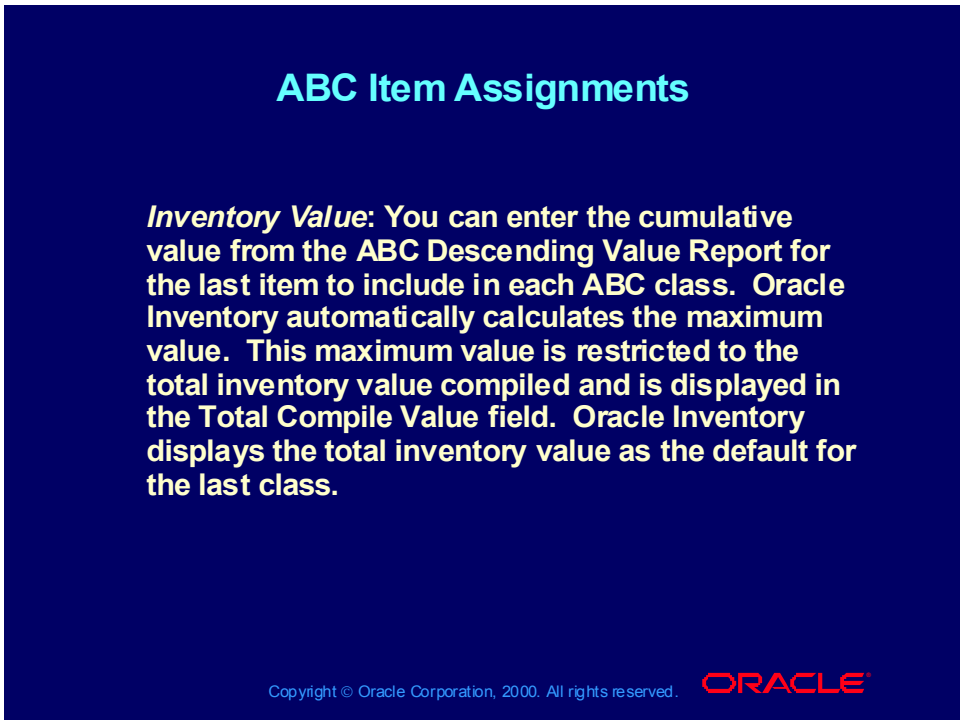




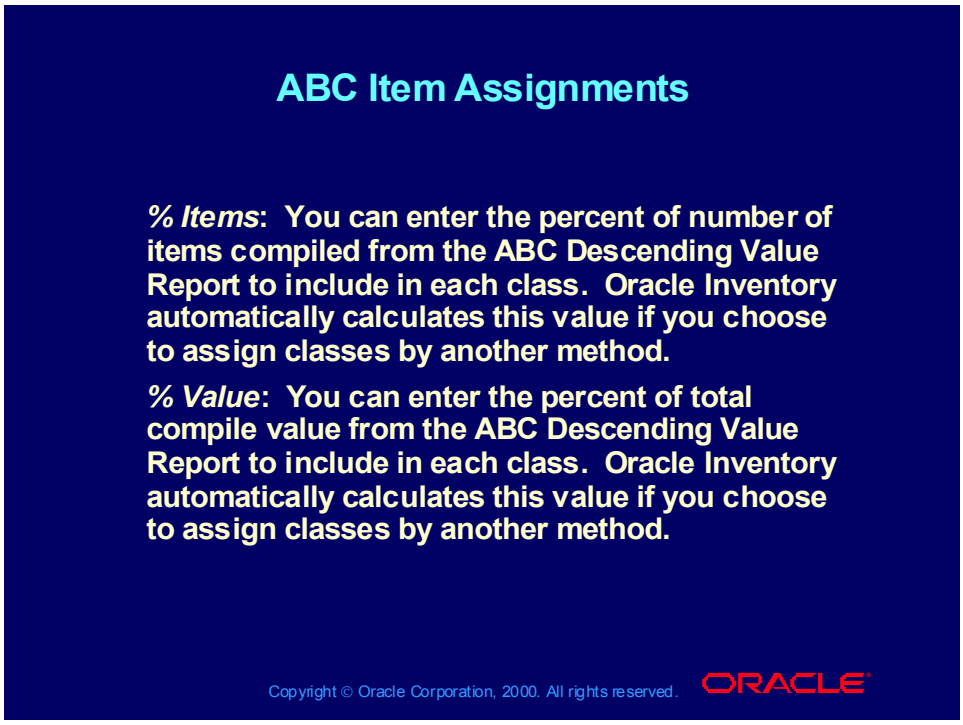








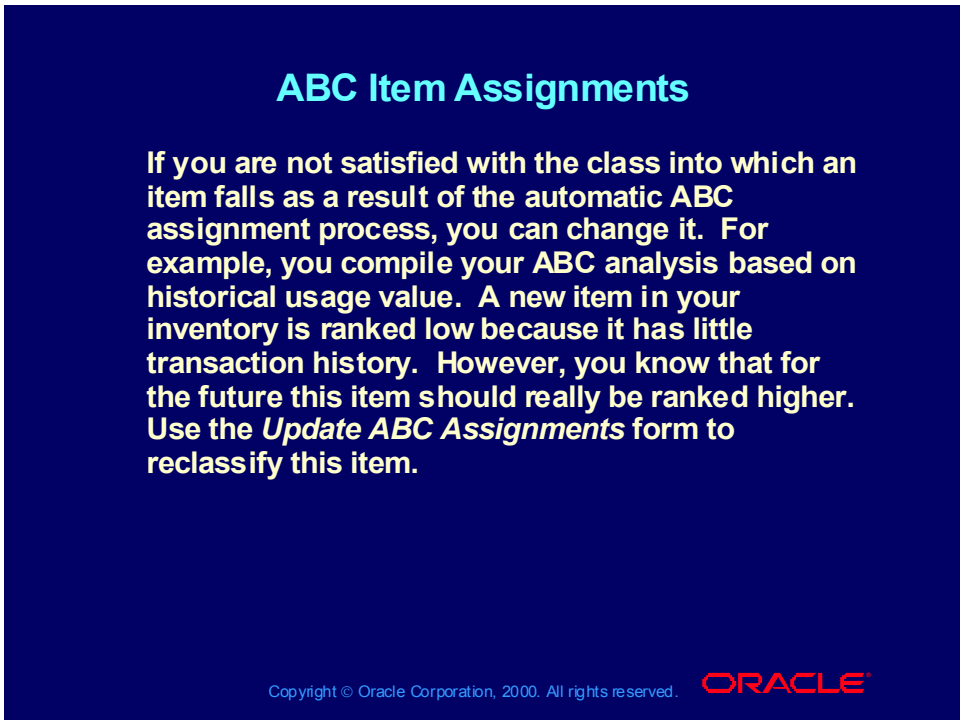
ABC Item Assignments



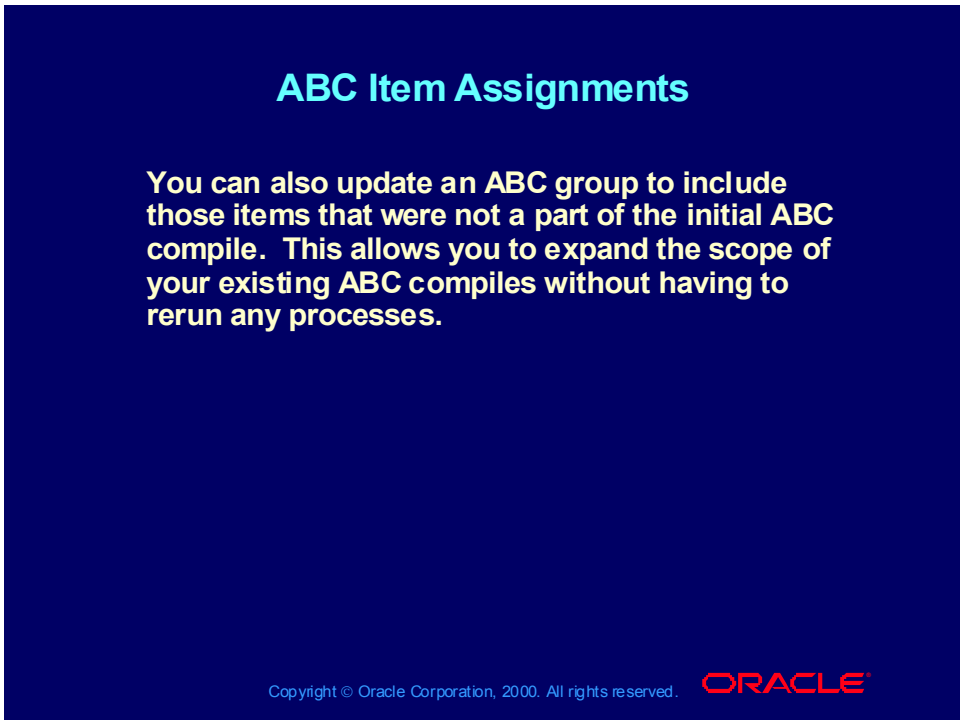
Note: It is possible to have several items in the ABC compile with zero value. If any item with zero value is in a class other than the last class, you may only assign items using the sequence number or item percent.

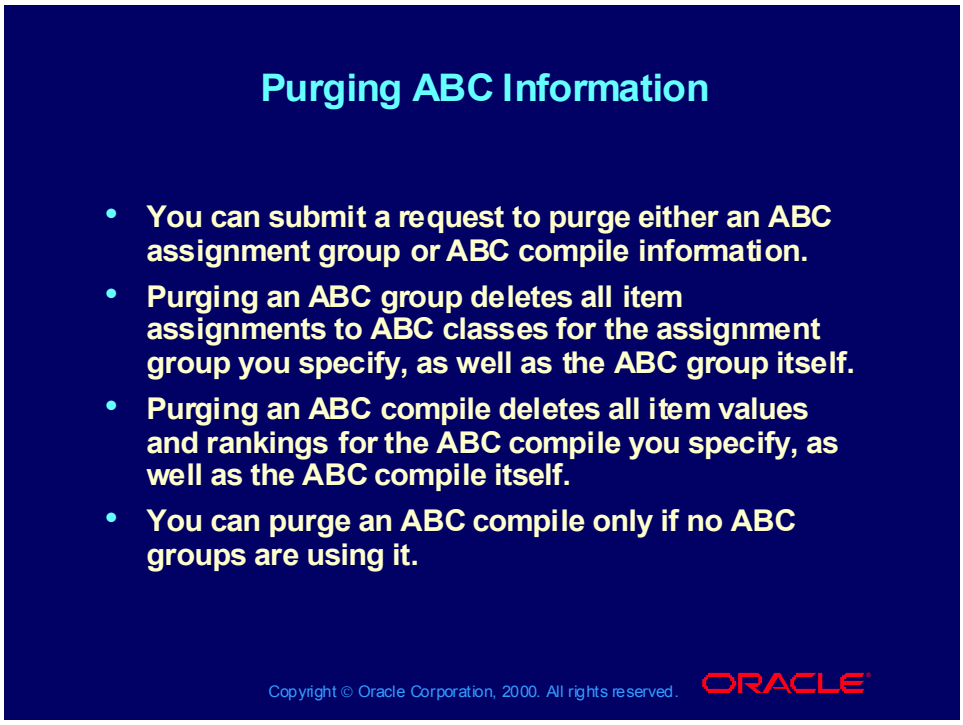
For the Inventory Value, % Item and % Value fields, if the value entered does not exactly match any item, Oracle Inventory chooses the first item with a value greater than the value entered. For example, if you choose 20% to be A items, inventory calculates which items comprise 20% and will include the next item if a partial is in the calculation. If 20% = the first 10 items in my compile, plus part of the 11th item, then items 1-11 are A items.

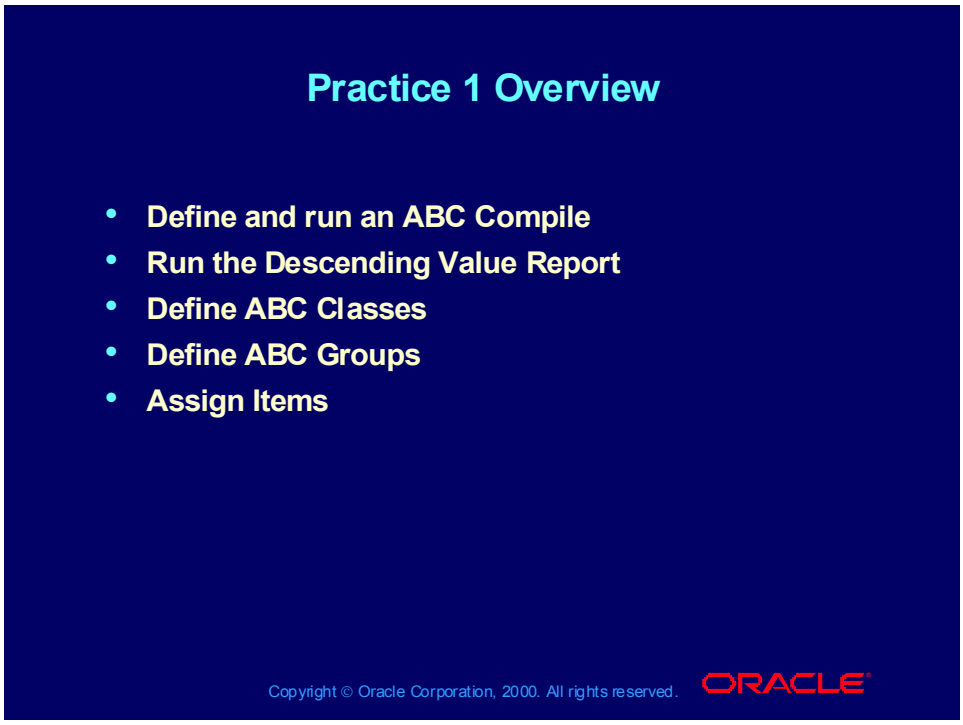
ABC Item Assignments

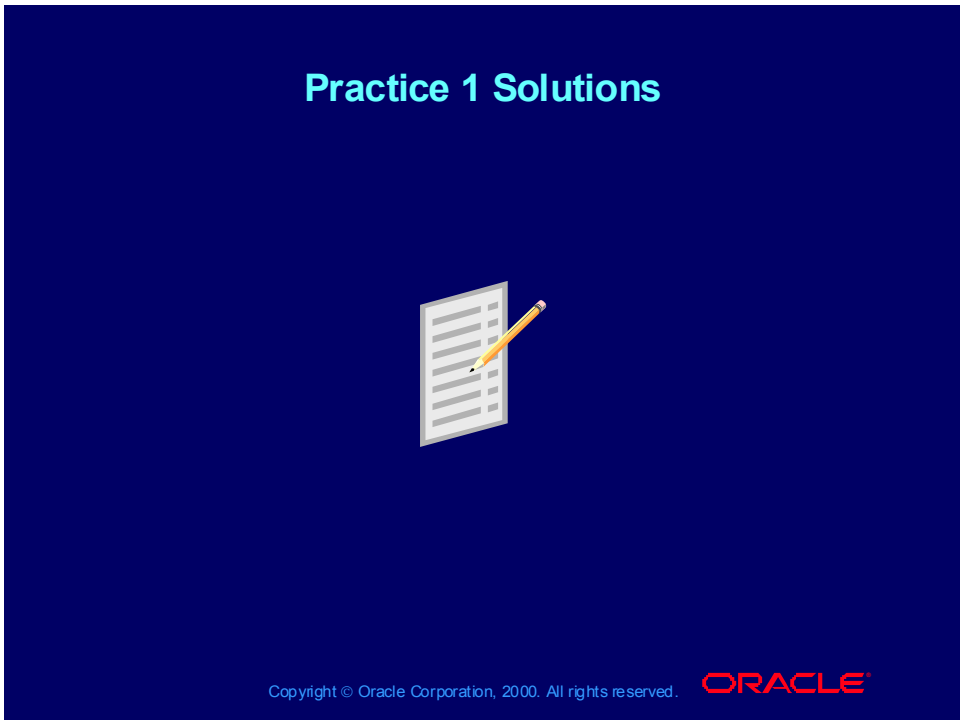


Note: Whenever you recompile an ABC analysis or change the method by which you assign your ABC classifications, you lose any changes you might have made to your item assignments. All items are reclassified based on their new ranks in the ABC Descending Value Report and the method you choose to determine cutoff points.









Practice 1 Solutions

1. Define and Run an ABC Compile

Manufacturing and Distribution Manager Responsibility (N)
Inventory > ABC Codes > ABC Compile (B) New

Enter a unique name and description.

Select “Subinventory” under Content Scope.

From the list of values, choose a subinventory.

Select “Subinventory” under Valuation Scope.

Select “Current On-Hand Value” under Compile Specification.

Select “Frozen” under Cost Type. (Frozen is only a valid option when the organization is standard costed)

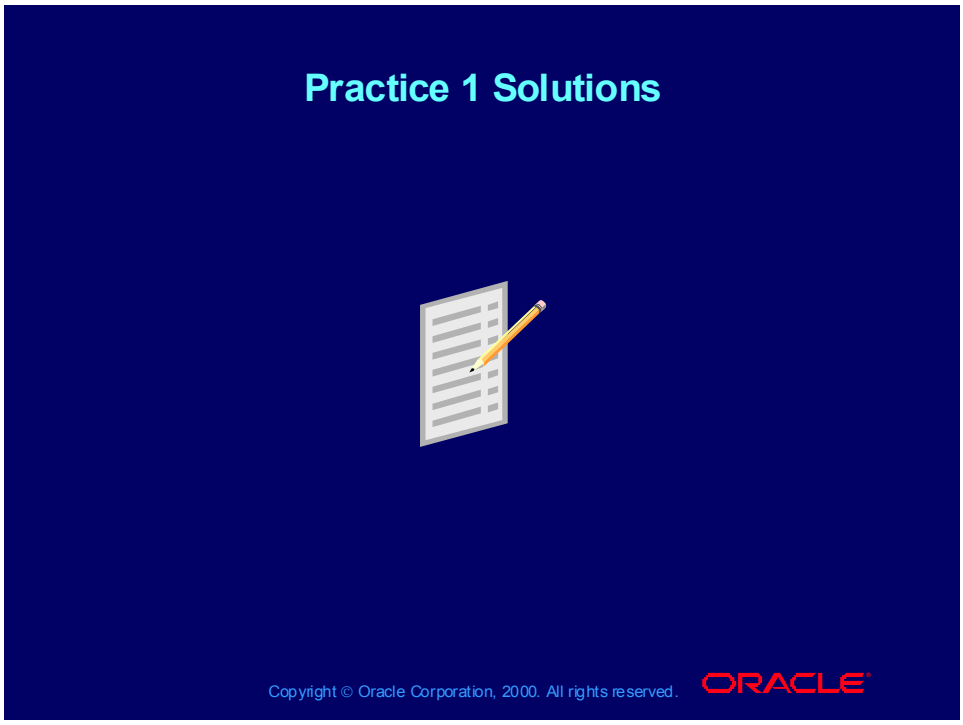
Press the “Compile” button.

Press “OK” in the confirmation window.

Select “NO” when asked to print.

View your request to make sure it completed without error.

(N)View > Requests



Practice 1 Solutions

2. Run the Descending Value Report

Manufacturing and Distribution Manager Responsibility (N)
Inventory > reports > ABC and Counting

Select Single Request

Report Name = ABC Descending Value Report

ABC Compile Header = Your Compile Name from step 1

Cumulative Display Criteria = Cumulative By Value

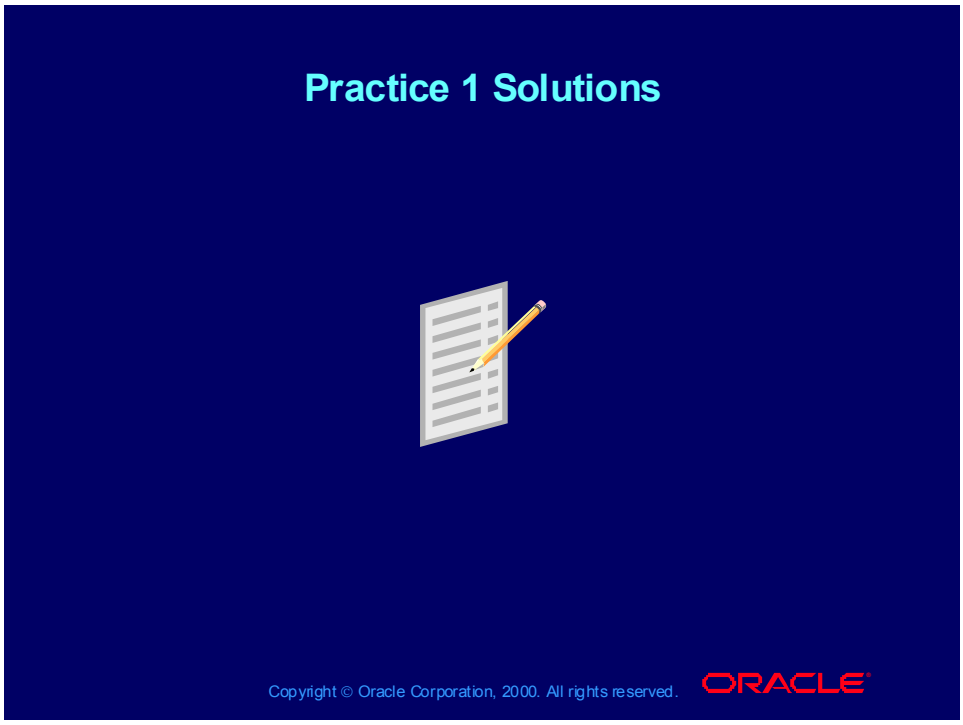
(B)OK

(B)Submit

When asked to Submit Another Request, select “NO”

View your request to make sure it completed without error.

(N)View > Requests



Practice 1 Solutions

3. Define ABC Classes

Manufacturing and Distribution Manager Responsibility (N)
Inventory > ABC Codes > ABC Classes

DO NOT TYPE OVER EXISTING DATA!

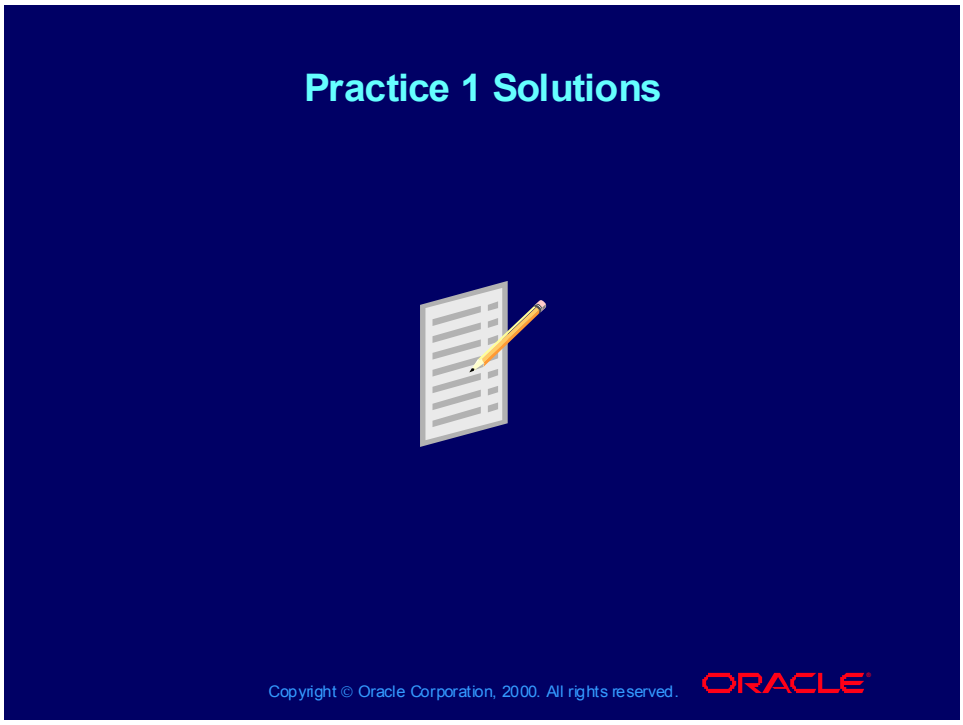
You will enter three classes in this screen.

Enter a unique name and description for your “A” class.

Enter a unique name and description for your “B” class.

Enter a unique name and description for your “C” class.

Save your work.



Practice 1 Solutions

4. Define ABC Groups

Manufacturing and Distribution Manager Responsibility (N)
Inventory > ABC Codes > ABC Assignment Group

Enter a unique Group Name.

Enter your ABC Compile Name.

The “Subinventory” and “Valuation Scope” information will be populated by with default information.

Save your work.

(B)Group Classes

The Priority fields will populate with default numbers.

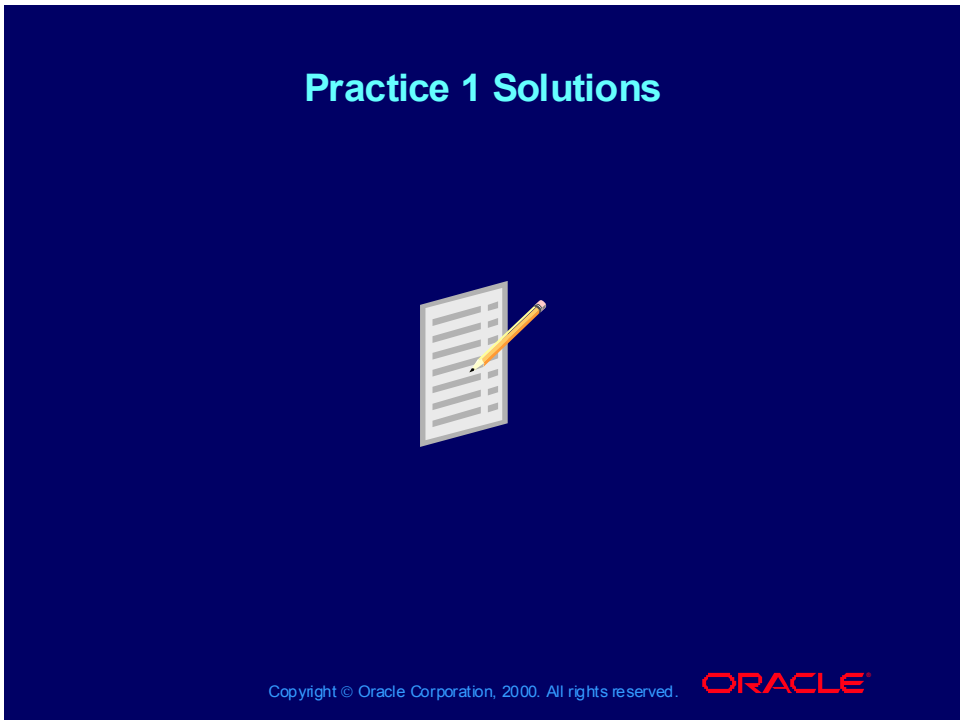
Tab to Class Name field

Enter your “A” Class Name or choose it from the list of values

Repeat for your “B” and “C” Class Names

Save your work.

Close the Group Class Assignment Window.



Practice 1 Solutions

5. Assign Items

Manufacturing and Distribution Manager Responsibility (N)
Inventory > ABC Codes > ABC Assignment Group

(B)Assign Items

Enter the following In the "% Items" field: (This is a cumulative column)

60, 80, 100

(B)Assign

A concurrent request will be submitted

(B)OK

Note your request number

Close the Assign ABC Items Window

View your request to make sure it completed without error.

(N)View > Requests

After your request has completed, press the "Update Items" button.

Review the results of the item assignment.

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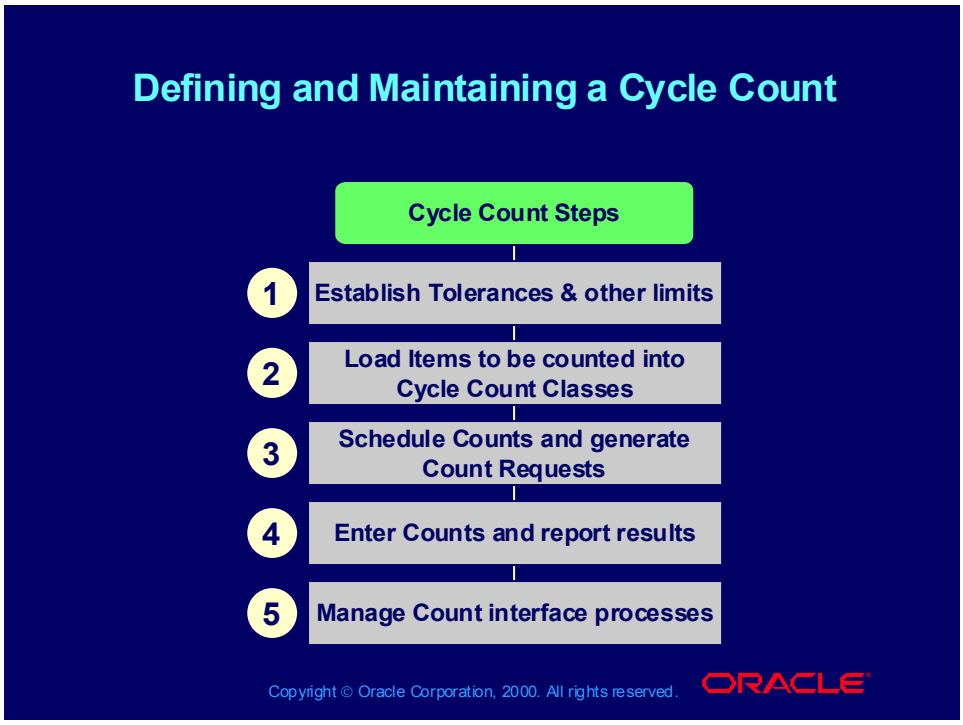
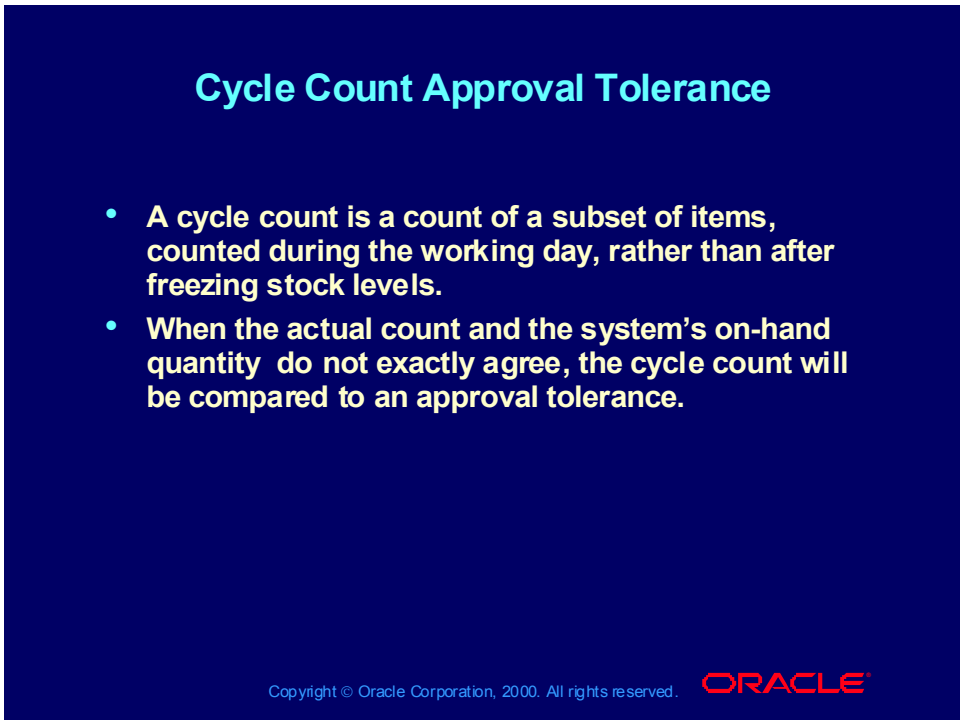
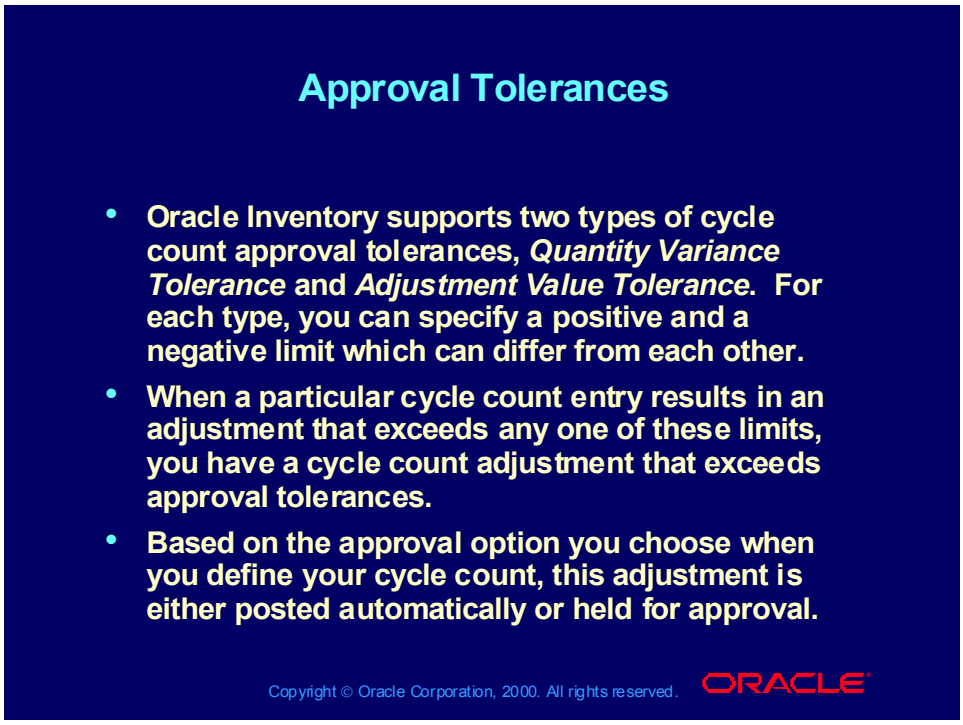
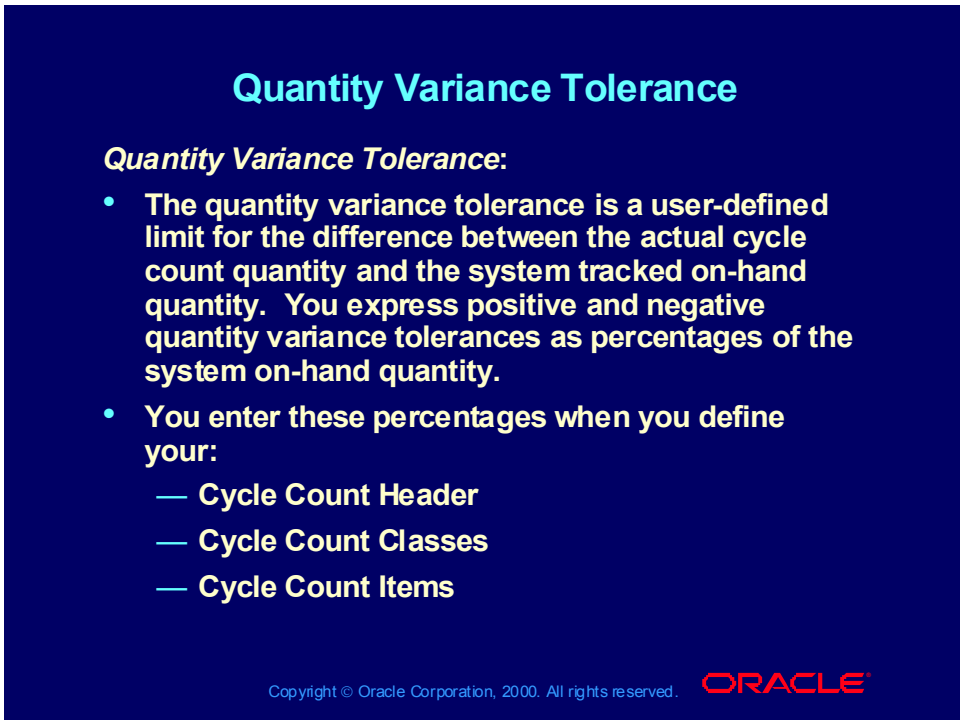
- Defining and Maintaining a Cycle Count
- Understanding Serialized Cycle Counts
- Count Adjustments and Approvals
- Summary





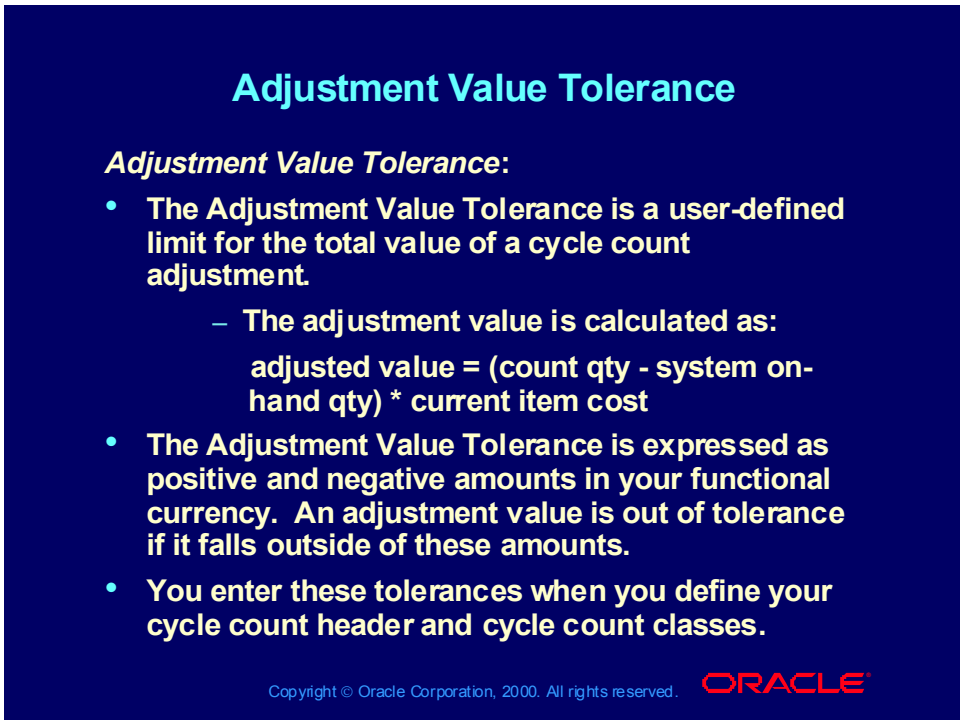


Quantity Variance Tolerance



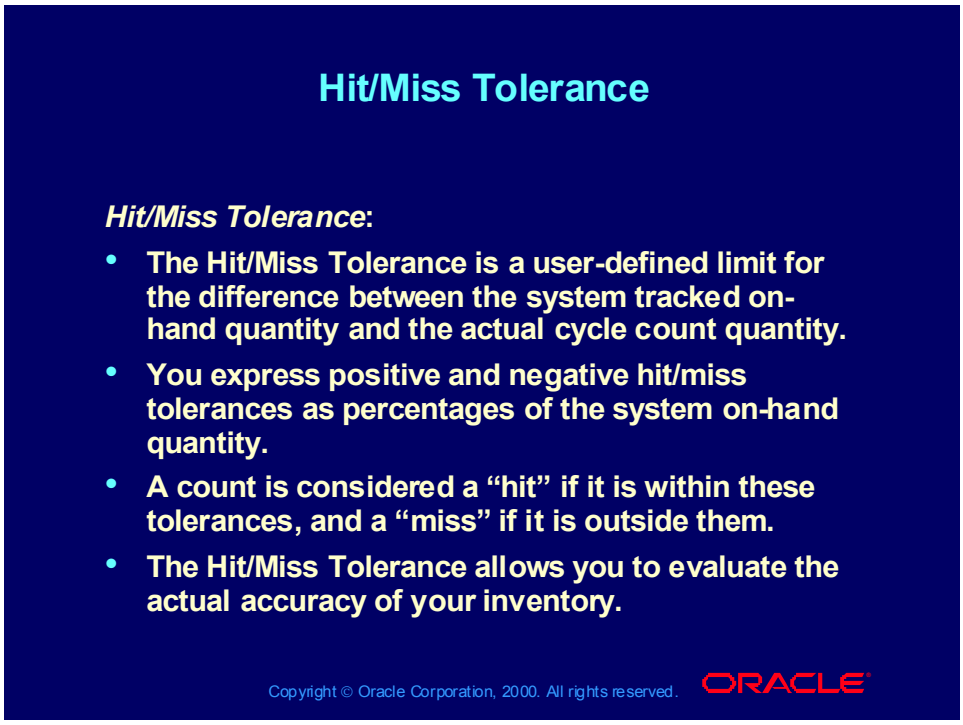
Note: Inventory uses any percentages you define at the cycle count item level first. If you do not have any defined for an item, it uses the tolerances defined for that item's cycle count class. If you do not have any defined for the class, it uses the tolerances at the cycle count header level. If you have no tolerances defined for the header, Inventory assumes that there is no limit to the approval tolerance.

Adjustment Value Tolerance



Note: Inventory uses the values you define at the cycle count class level first. If you do not have any defined for an item's class, it uses the values at the cycle count header level. If you have no tolerances defined for the header, Inventory assumes that there is no limit to the approval tolerance.

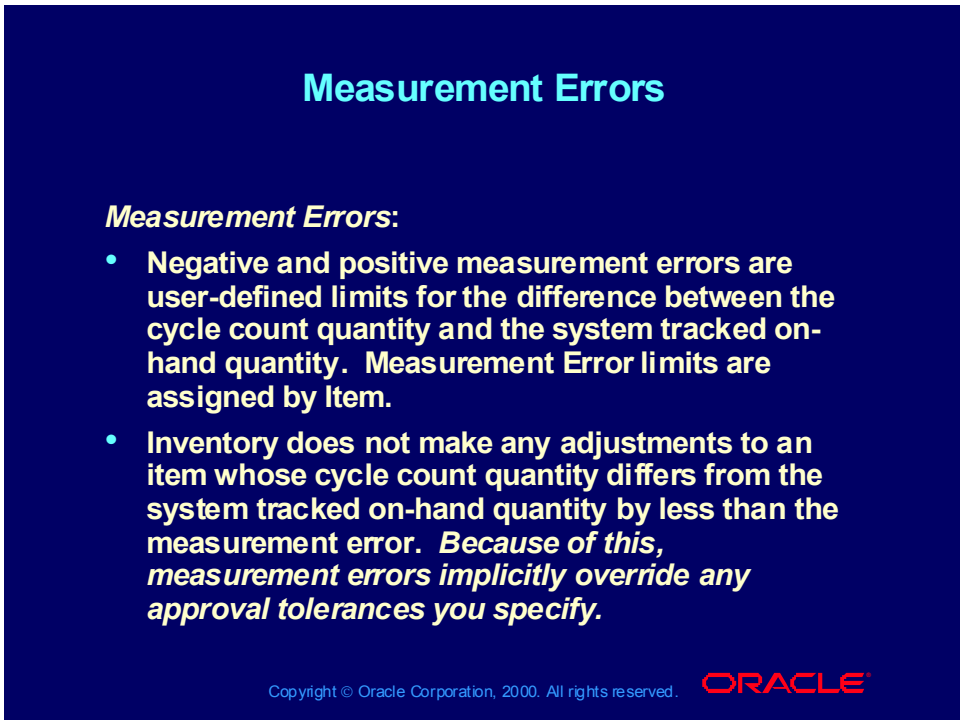
Hit/Miss Tolerance



Note: You enter hit/miss tolerance percentages when you define your cycle count header and when you define your cycle count classes. Inventory uses the percentages you define at the cycle count class level first. If you do not have any defined for an item's class, it uses the tolerances at the cycle count header level. If you have no tolerances defined for the header, Inventory assumes that there is no limit to the hit/miss tolerance, and all variances are therefore "hits" regardless of the size.

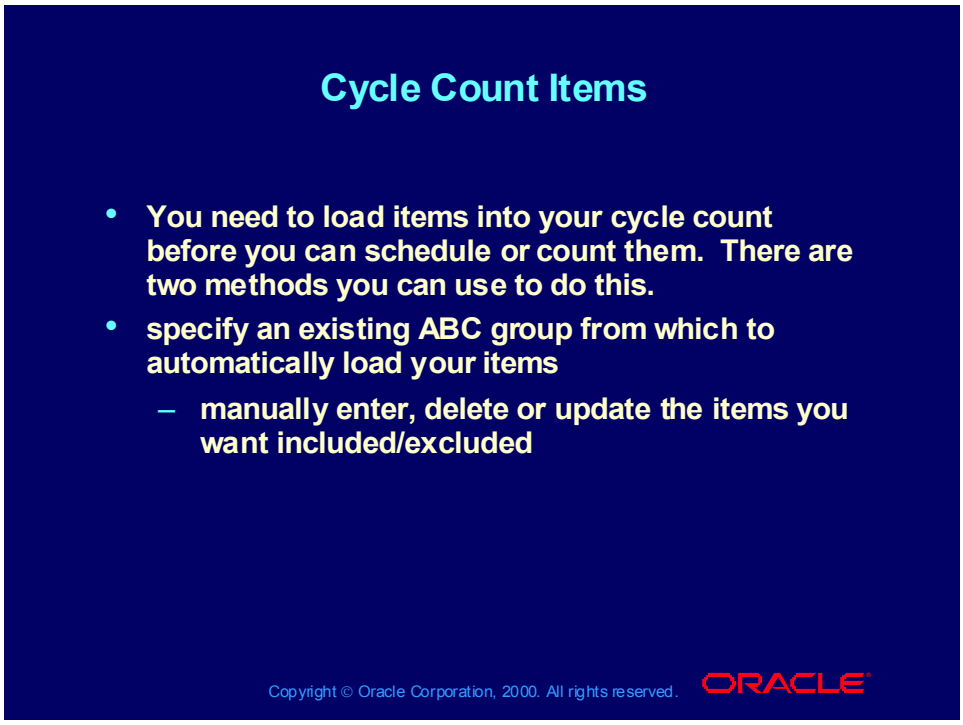
Inventory uses these tolerances to generate the Cycle Count Hit/Miss Analysis report which will be covered later in this course.

Measurement Errors



Note: You specify measurement errors when you define or update an item at the Master Item or Organizational Item level. Use measurement errors with extreme caution since they actually prevent cycle count adjustments from taking place. You would typically use this feature on an exception basis for items you cannot accurately count. For example, if you visually check the level of bolts in a bin to estimate the quantity, or you use their weight to approximate the quantity, you might want to allow for measurement errors. Therefore, if your system tracked on-hand quantity for the bolts in that bin is within an acceptable range, you do not perform a cycle count adjustment.

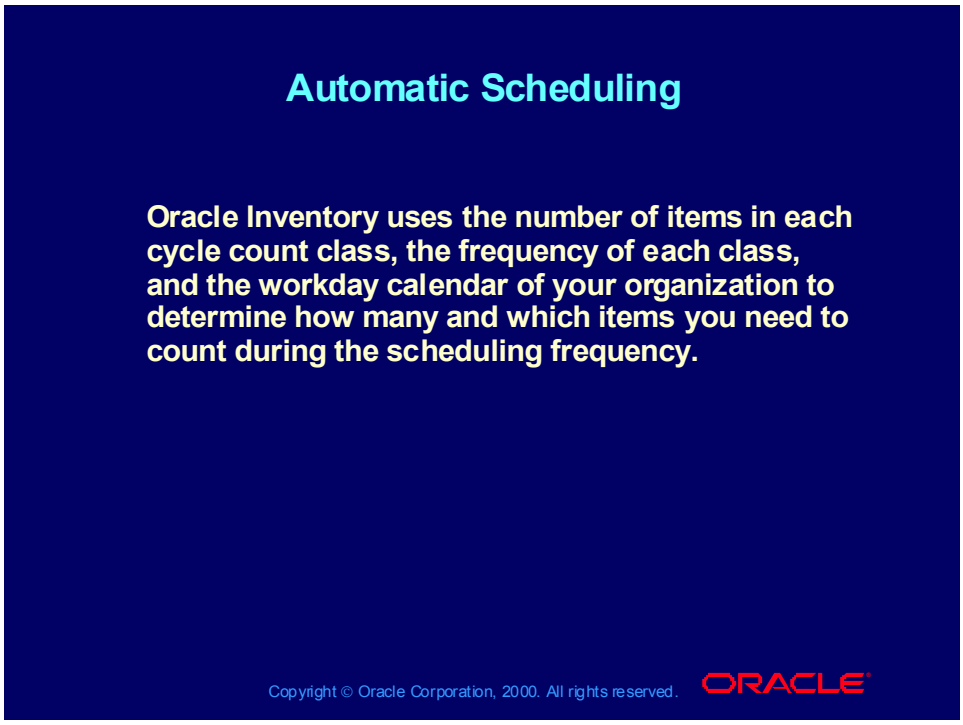
Cycle Count Items



When you ***specify an existing ABC group***, Oracle Inventory automatically includes all items in the ABC group you choose in your cycle count. Inventory also copies the ABC classes for that ABC group into the current cycle count classes and maintains the same classifications for the included items. You can change the classifications of your items for your cycle count independent of the ABC classes.

Once you have generated your list of items to count from an ABC group, you can periodically refresh the item list with new or reclassified items from a regenerated ABC group. Using the Cycle Counts window, you can choose whether to automatically update class information for existing items in the cycle count based on the new ABC assignments. You can also choose to have any items that are no longer in the ABC group automatically deleted from the cycle count list.

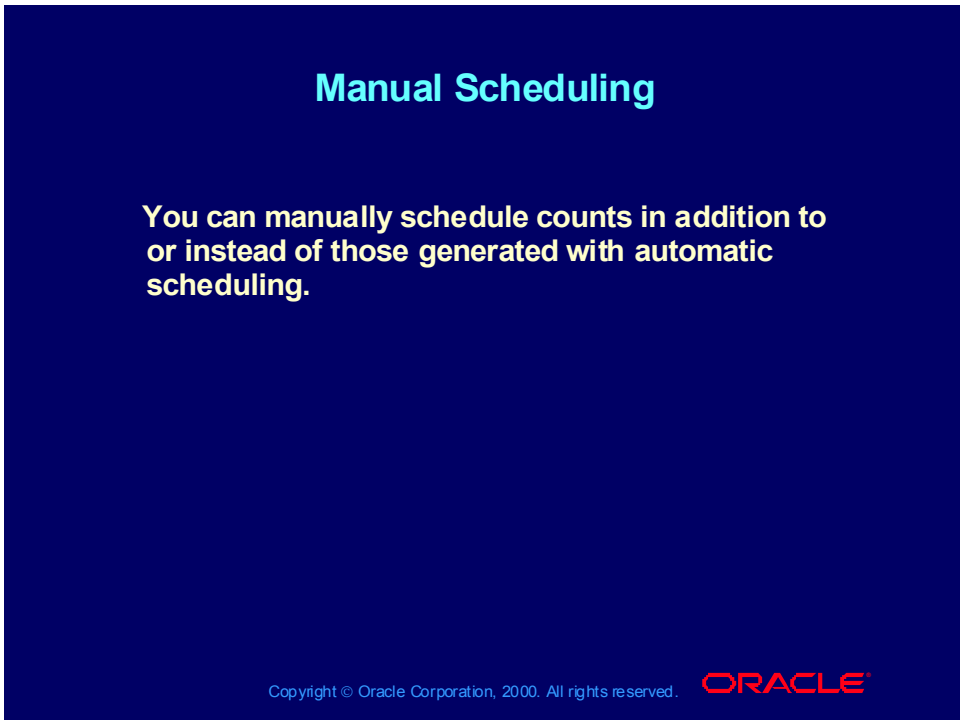
You ***manually enter, delete, or update the items you want included/excluded*** using the Cycle Count Items window. You may want to use this form to load all your items for a cycle count or to simply add items as they are defined in the system rather than recompiling your ABC group and doing a complete reinitialization.



In order for Inventory to perform automatic scheduling you must:

- Set the Cycle Count Enabled item attribute to Yes for the items you want to include in the cycle count.
- Enable automatic scheduling when you define your cycle count.
- Request the schedule using the Generate Automatic Schedule Requests window.

•Each time the auto scheduler runs, it schedules counts only for the schedule interval you defined for the cycle count header. So if your schedule interval is weeks, Inventory schedules all items that you need to be counted on all of the workdays in the current week. If your schedule interval is days, then Inventory only schedules those items that are due for counting on the current date.



You can request counts for specific subinventories, locators and items, and set the count for any inventory date. For example, you could enter a request to count item A wherever it can be found in subinventory X. Or you could request to count all item quantities in subinventory Y, locator B-100.

Since manually scheduled counts have no impact on automatically scheduled counts, you can potentially count some items more frequently than you had initially planned.

Physical Location Scheduling

You can use this feature to execute location-based cycle counting. You first need to generate a schedule for counting each subinventory and locator. You then need to enter the schedule requests for each locator, specifying the schedule date.

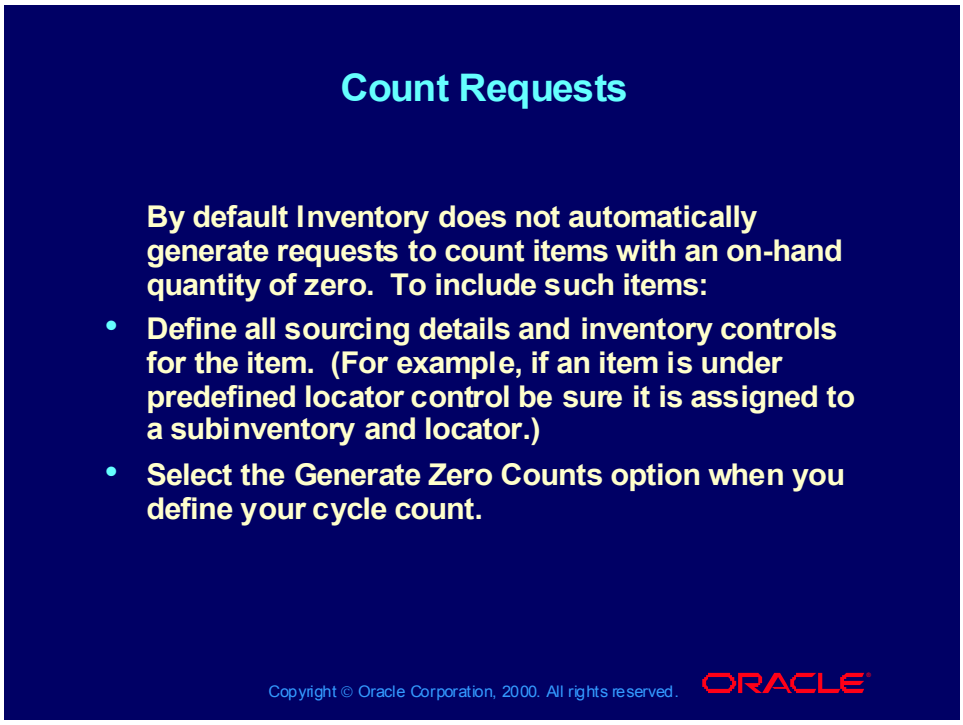
Count Requests

This process takes the output of the automatic scheduler and your manual schedule entries and generates a count request for each item number, revision, lot number, subinventory and locator combination for which on-hand quantities exist. These count requests are ordered first by subinventory and locator, then by item, revision and lot. Oracle Inventory assigns a unique sequence number to each count request that can be used for reporting, querying and rapid count entry.

Because the count requests are derived from the state of on-hand balances at the time the Generate Cycle count Requests process is run, you should wait to run it until you are ready to count.

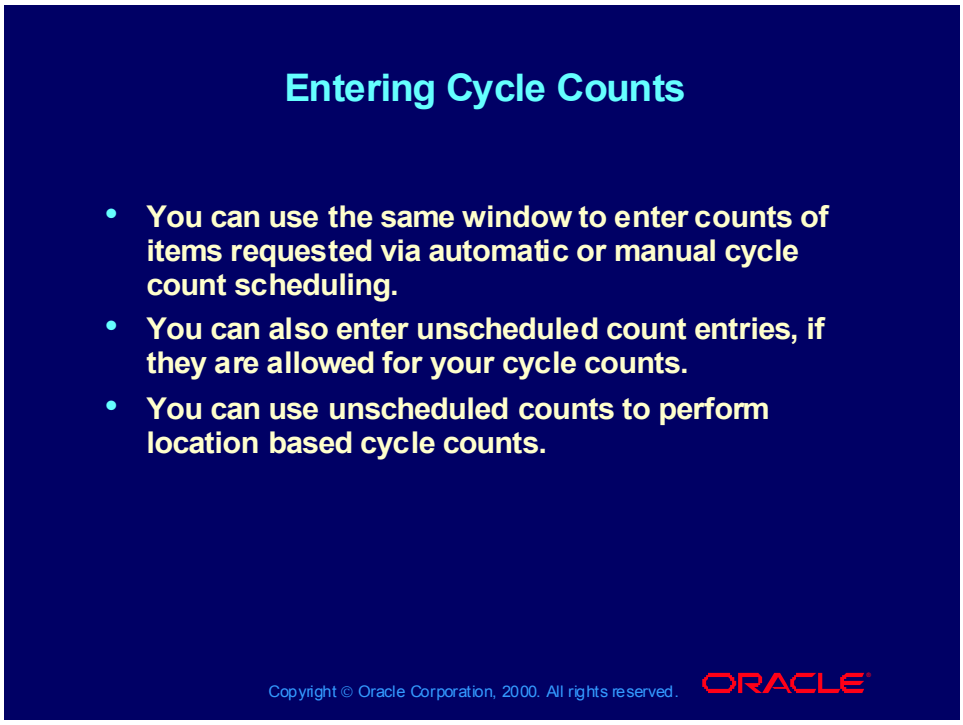
Note: When you schedule an item to be counted using manual scheduling, some schedule requests may have overlapping count requirements. The count request generator does not create duplicate count requests, but instead cross-references one count request back to each associated schedule request.

Count Requests

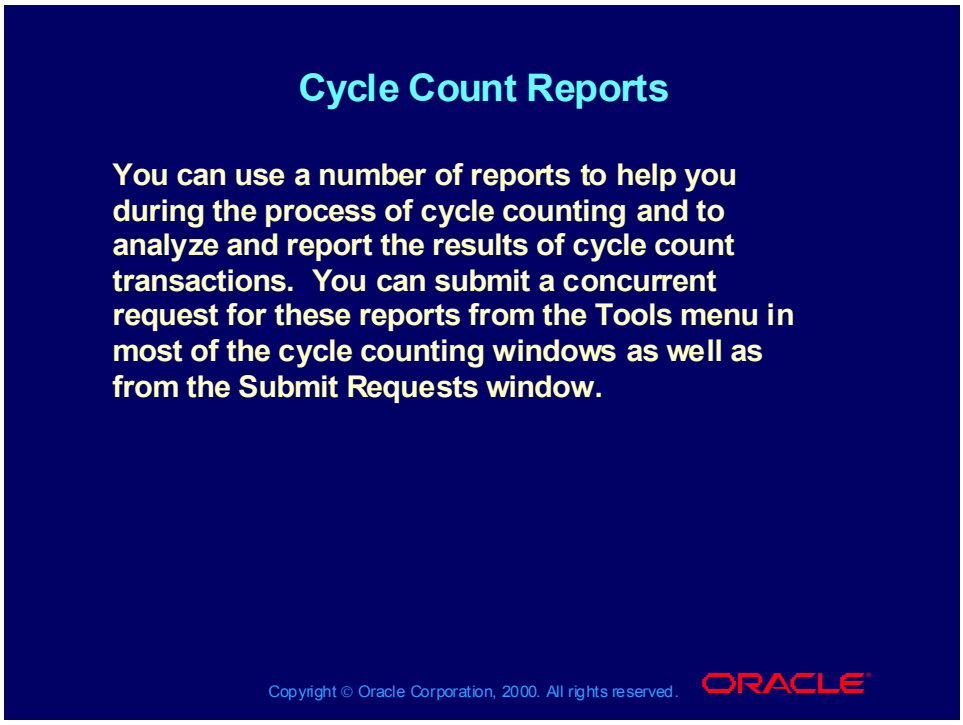


The count request generation process automatically creates a count request. If a quantity is found and counted, an adjustment is made.

At count entry, you may receive a warning message stating “Zero count, no adjustment performed.” Inventory generates this warning if it cannot find all levels of inventory control defined for the item. In this situation, enter the count but no adjustment is performed. To make an adjustment and update the missing information, enter an unscheduled count using either the Cycle Count Entries or Approve Adjustments window.



Oracle Inventory automatically queries up all count requests for which you have not yet entered a count. You can use flexible search criteria to specify the group of count requests for which you want counts entered to speed up the count entry process. For example, you can specify a range of count request sequences assigned to one person so they can be entered in the same order they were printed on the count sheet.



Cycle Count Schedule Requests Report

This report shows all scheduled requests for a specified time period. It includes both manually and automatically scheduled items.

Cycle Count Listing

This report lists all of the items currently due for cycle counting, including their revision, lot number, subinventory, and locator information. Since the report leaves a blank line for the counter's name, the count date, and the actual count quantity, the counter can use this listing to write down and report his cycle count results.

Cycle Count Open Requests Listing

This report shows count requests where no counts have been entered, or count entries where you have requested a recount. You can optionally report on late counts, where no counts have been entered and the due date for the count entry is before the date of the report.

Cycle Count Unscheduled Items Report

This report shows those items that are currently not scheduled to be counted and were last scheduled a period of time in the past that is longer than expected, as dictated by the count frequency of the class to which the item belongs.

This report is primarily used as an auditing tool. If you correctly set up your scheduling and counting, and are always current in your count, Inventory should not find any unscheduled items to report. However, if you do not run the auto scheduler as frequently as it needs to run, or if concurrent manager problems prevent its execution, you may fall behind in your count schedules.

Cycle Counts Pending Approval Report

This report shows those counts that were entered and are currently pending approval. The supervisor with the authority to approve cycle count adjustments would typically run this report regularly to monitor the approval queue.

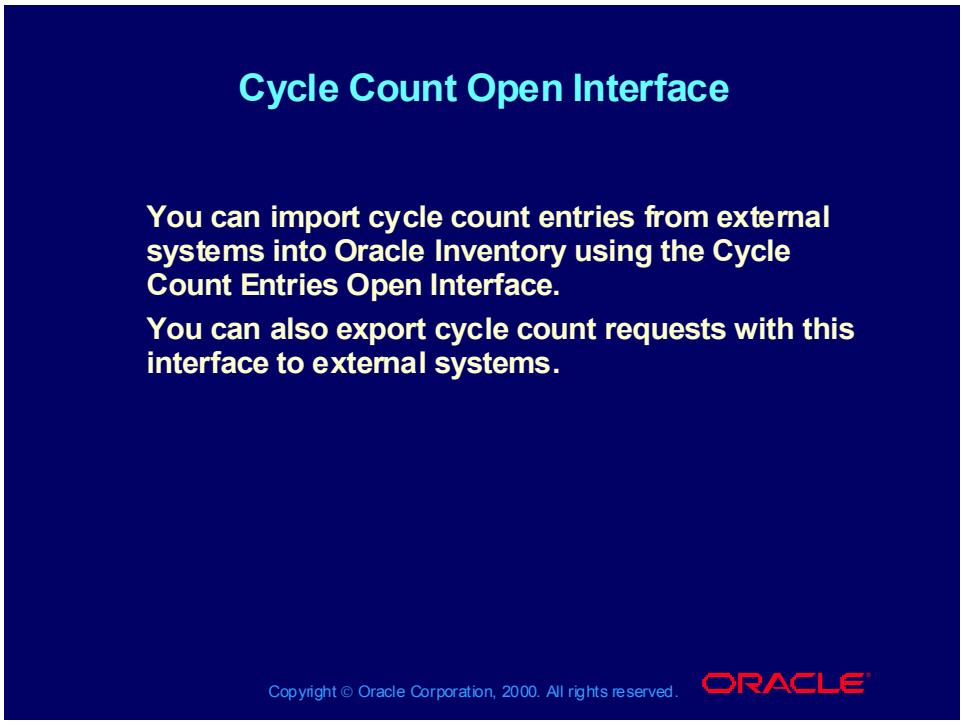
Cycle Count Entries and Adjustments Report

This report shows all cycle count entries for a specified time period. It analyzes the number of cycle count transactions you make against an item, and the number of units you actually adjust. The report also calculates the value, in your functional currency, of the adjustments to inventory.

Cycle Count Hit/Miss Analysis

This report shows, for each cycle count class, the total number of count entries and the number of counts outside the limits of the user-specified hit/miss tolerances. The report also calculates the overall accuracy percentages broken down by cycle count class and subinventory. This report is based on the first count only, not recounts.

Cycle Count Open Interface



Export Cycle Count Request:

This process allows you to export cycle count requests into external systems.

Update Cycle Count Open Interface:

This process allows you to update cycle count entries.

Import Cycle Count Entries from Open Interface:

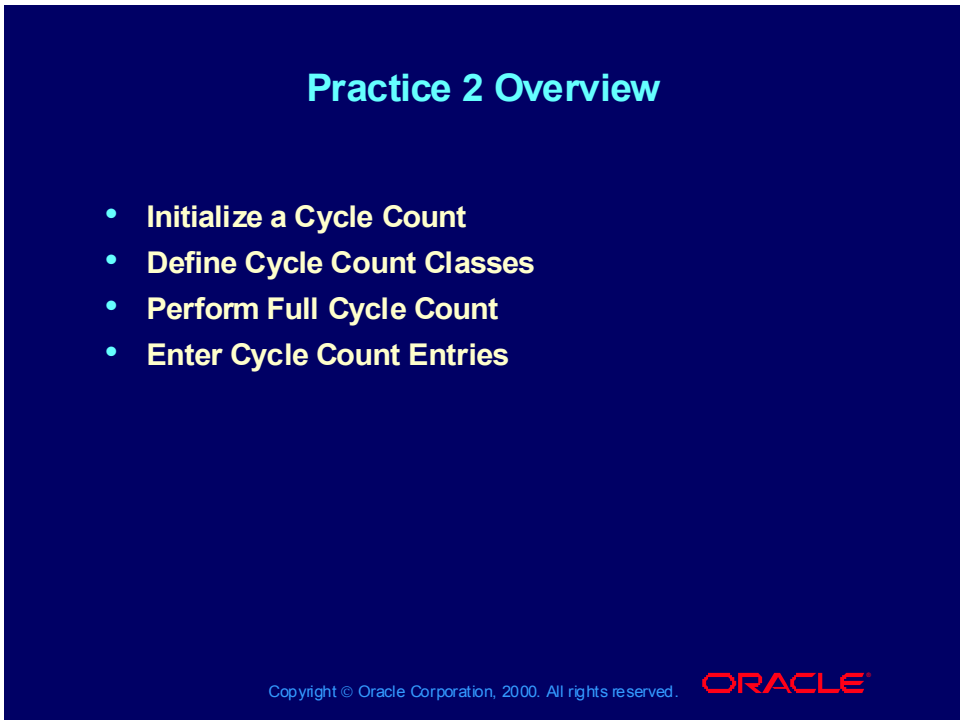
This process allows you to import cycle count entries open interface records into the database.

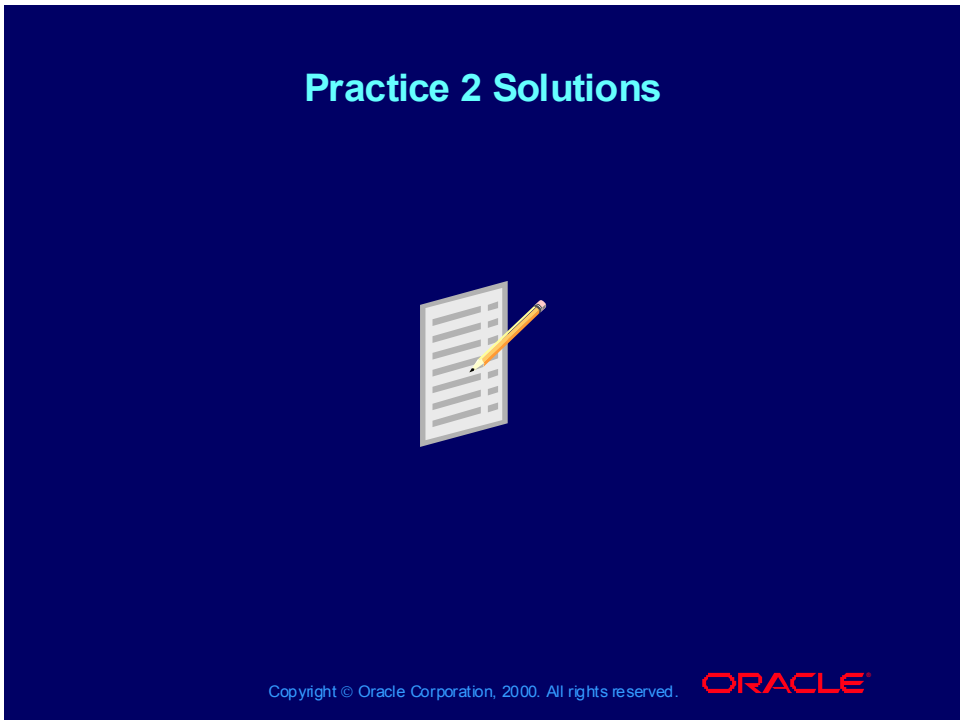
Purge Cycle Count Entries Open Interface Data:

This process allows you to purge all cycle count entries from the open interface.

Print Cycle Count Entries Open Interface Data:

This process allows you to print cycle count entries open interface data.





Practice 2 Solutions

1. Initialize a Cycle Count

Manufacturing and Distribution Manager Responsibility (N)
Inventory > Counting > Cycle Counting > Cycle Counts (B) New

Enter a unique name and description

Select the Workday Calendar (use the default calendar for this practice).

For the Adjustment Account, use the list of values and choose the "Miscellaneous" alias.

Leave "Inactive On" blank.

Late Days = 1

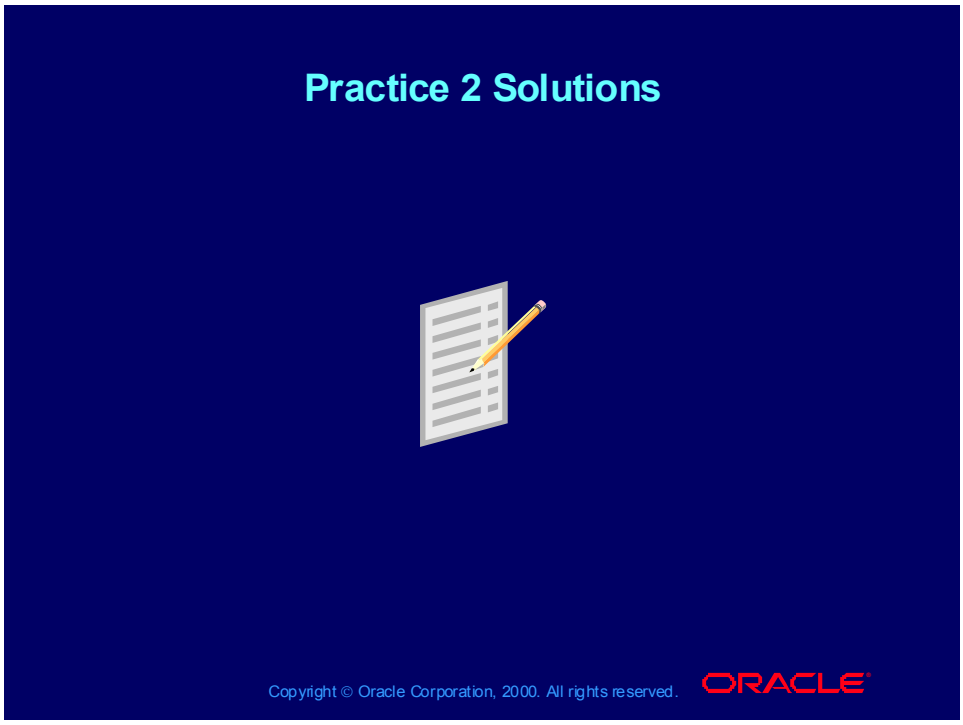
Starting Seq = 1

Check the "Unscheduled Entries" Box.

Check the "Display System Qty" Box.

Under "Count Subinventories" select "Specific"

Enter the subinventory that you used for your ABC Analysis



Practice 2 Solutions

1. Initialize a Cycle Count (continued)

Leave “Automatic Recounts” unchecked.

Select the “Serial and Schedule” tabbed region.

Count = Not Allowed

Check the “Auto Schedule” box.

Frequency = Weekly

Leave “Count Zero Quantity” unchecked.

Leave “Last Date” and “Next Date” fields blank.

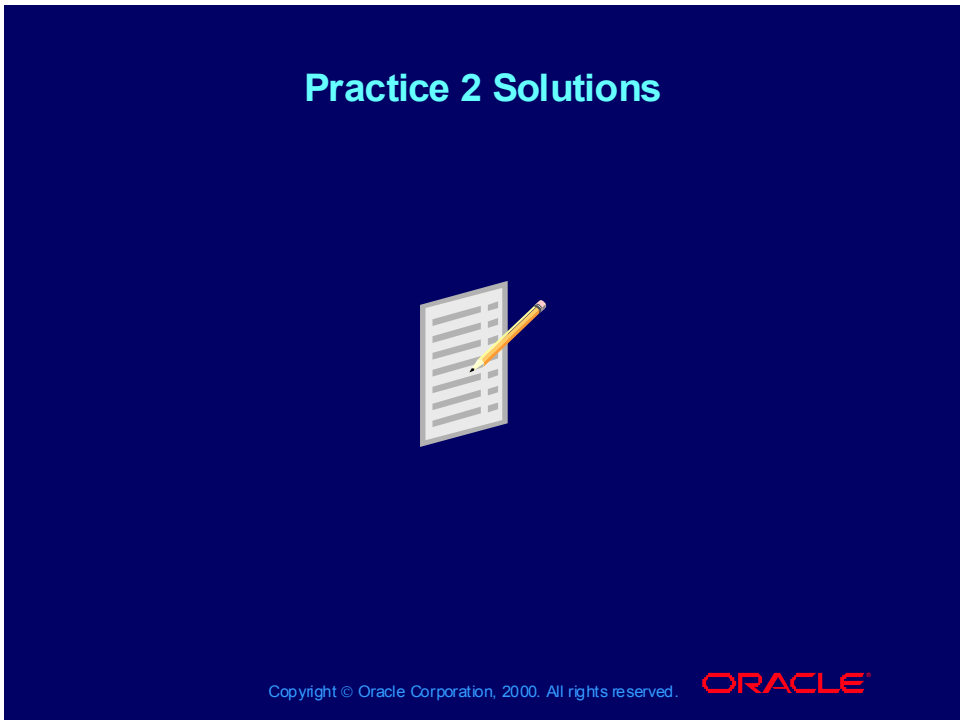
Select the “Adjustments and ABC” tabbed region.

Approval Required = If Out of Tolerance

Tolerance - Qty Variance = +3% -3%

Tolerance - Adjustment Value - +$200 -$200

Tolerance - Hit/Miss Analysis = +10% -10%



Practice 2 Solutions

1. Initialize a Cycle Count (continued)

ABC Initialization Group = Your ABC Group Name

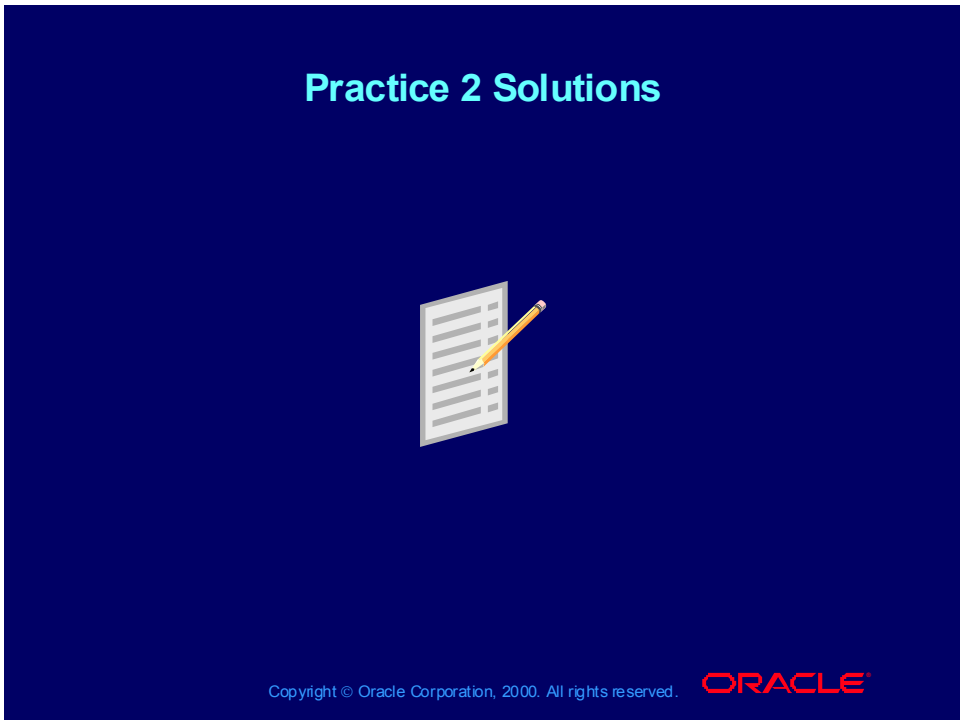
Option = (Re)Initialize

Leave “Update Classes” and “Delete Unused Items” unchecked.

Save

Write down your Request ID#

View your request and verify that it has completed without error.



Practice 2 Solutions

2. Define Cycle Count Classes

From the Cycle Counts window, re-query your count.

Select the “Classes” button.

Your A, B and C Classes should populate the name column.

Enter the “Counts Per Year” for each class.

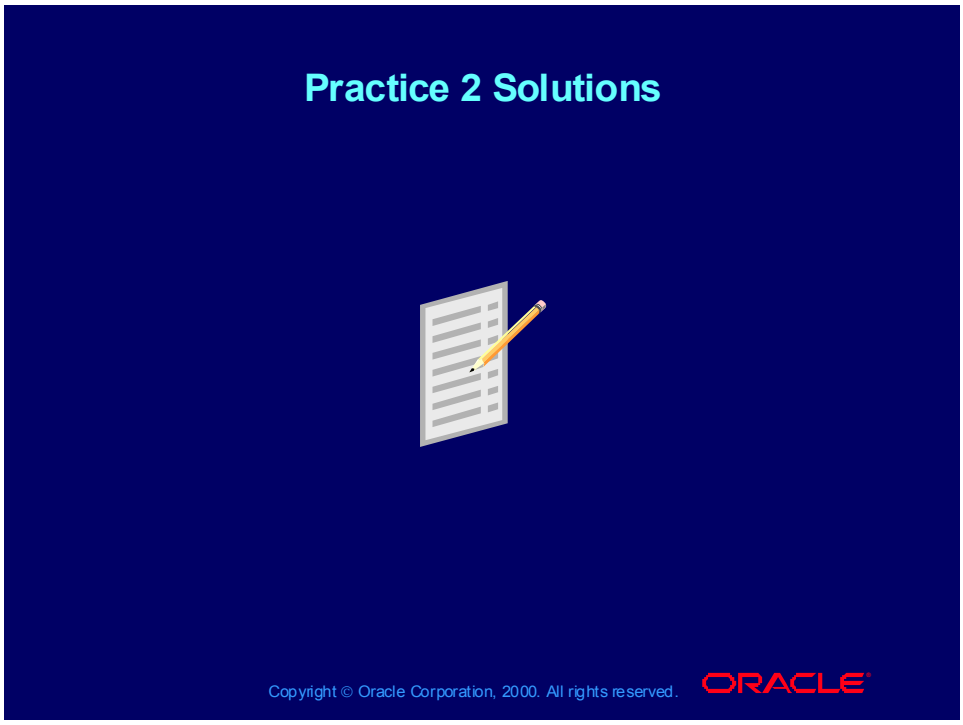
A = 52

B = 26

C = 13

Save.

Close the Cycle Count Classes window.



Practice 2 Solutions

3. Perform Full Cycle Count

From the Cycle Counts Window, re-query your count.

From the “Tools” pull down menu, select “Perform Full Cycle Count”.

A Concurrent Request window will open.

There are three requests that need parameters specified.

Click in the “Parameters” field of Generate Automatic Schedule Request.

All Cycle Counts = No

Cycle Count Name = Your Cycle Count Name

Include Control Items = No

(B) OK

Click in the “Parameters” field of Generate Cycle Count.

All Cycle Counts = No

Cycle Count Name = Your Cycle Count Name

(B) OK

Click in the “Parameters” field of Cycle Count Listing.

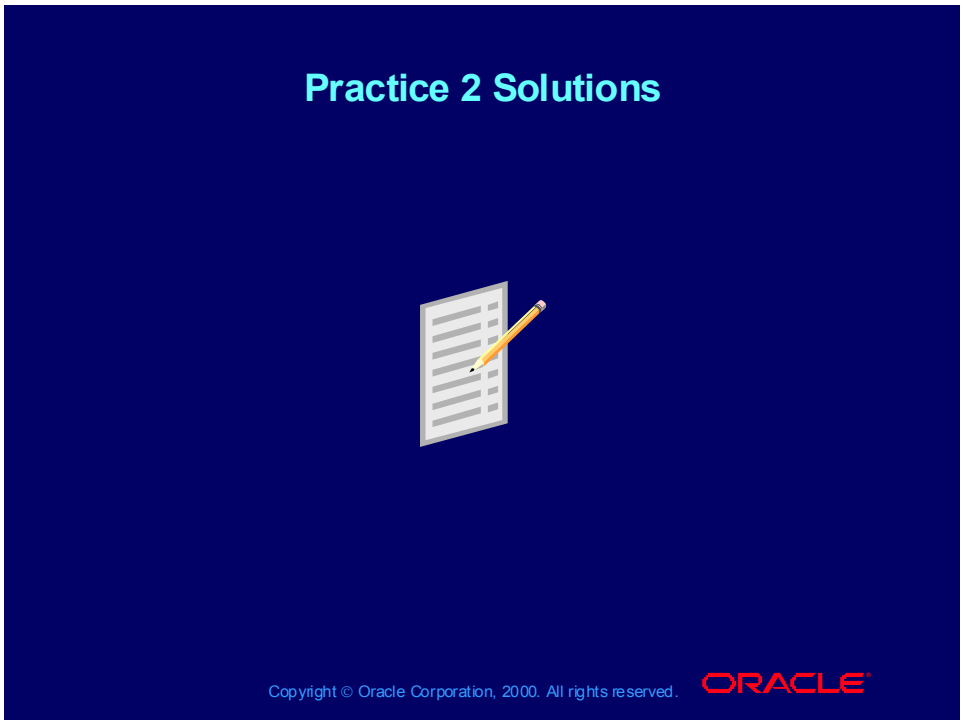
Cycle Count Name = Your Cycle Count Name

Start Date = Today’s Date

End Date = Today’s Date

Include Recounts Only = No

Subinventory = The Subinventory that you chose earlier in the lesson.
Display Serial Numbers = Yes
Display Onhand Quantities = No
Items to Include = All
(B) OK
(B) Submit
Write down your Request ID number
View your request and verify that it has completed without error.



Practice 2 Solutions

4. Enter Cycle Count Entries

Manufacturing and Distribution Manager Responsibility (N)Inventory > Counting > Cycle Counting > Cycle Count Entries

Enter your Cycle Count Name

(B)Find

Find All Open Count Requests? = Yes

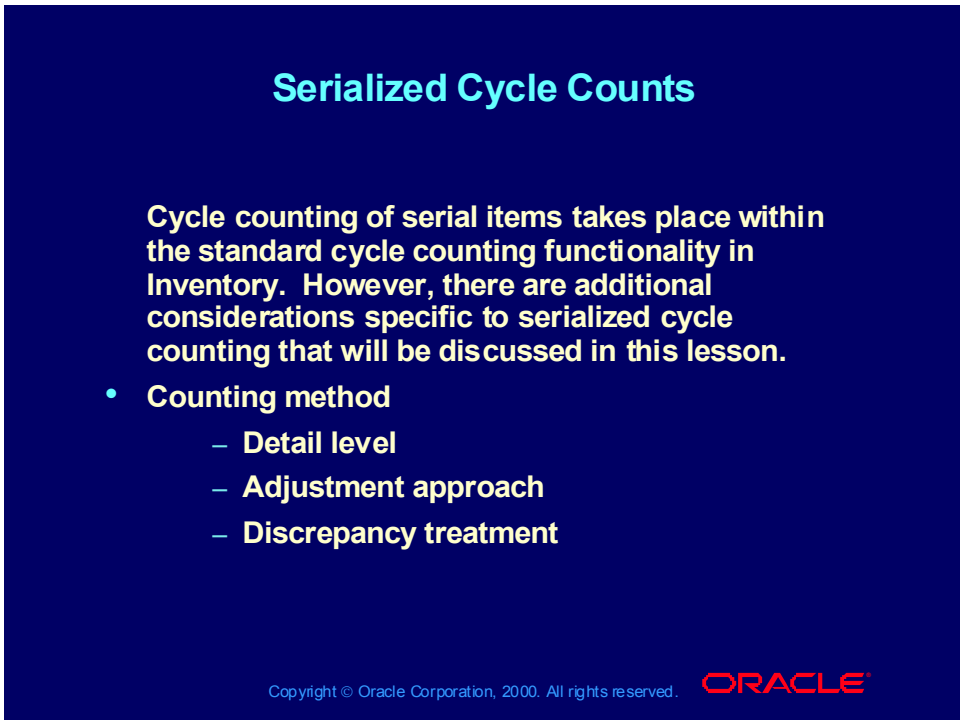
Navigate to the “Adjustments” Tabbed Region

Record some counts that will be out of the tolerances that you set up earlier in the lesson and record some counts that are within the tolerances or exactly correct.

Save

Agenda

- Overview of Cycle Counting and ABC Analysis
- Defining an ABC Analysis
- Defining and Maintaining a Cycle Count
- **Understanding Serialized Cycle Counts**
- Count Adjustments and Approvals
- Summary



Count

If this option is set to *Not Allowed*, then serialized items are excluded from the cycle count.

If this option is set to *One Per Request*, then a separate count request is generated for each serial number.

If this option is set to *Multiple Per Request*, then serial numbers for the same item/location are grouped into one count request.

Detail

If this option is set to *Quantity and Serial Numbers,* then serial number an quantity are required and are validated when entering counts.

If this option is set to *Quantity Only*, then serial number entry is required if the count quantity does not match the system quantity. Serial number entry is optional if the count quantity matches the system quantity, regardless of whether the serial numbers match.

Adjustment

If this option is set to *Review All Adjustments*, then no automatic adjustments are attempted. Serialized items that require adjustment must go to an approver for review.

If this option is set to *Adjust if Possible*, then if a discrepancy exists between the count quantity and system quantity or if the entered serial numbers do not correspond to the serial numbers already in the specified location, then the system

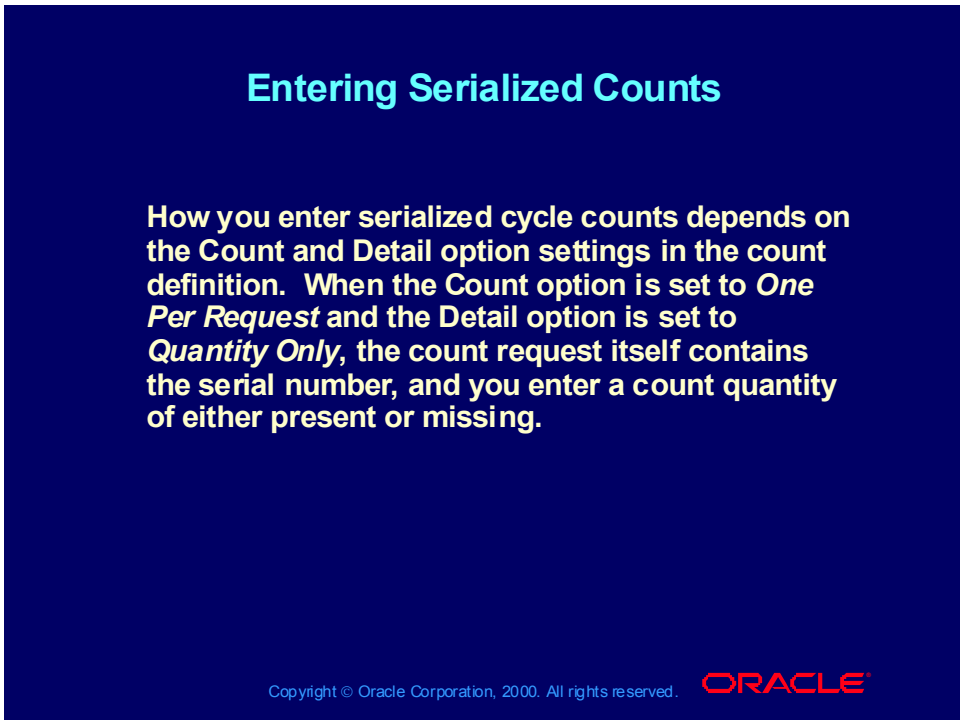
will attempt to make adjustments if the adjustment variance and value are within tolerances, as long as serial uniqueness constraints are not violated.

Discrepancy

If this option is set to *Allow Discrepancies,* then when a count includes a serial number already assigned to the same item elsewhere in the system, an adjustment is created if it would be within quantity or value tolerancies. No adjustment is ever allowed for counts including serial numbers already assigned to another item.

If this option is set to *Do Not Allow Discrepancies*, then adjustments are not made for items not found in the specified location. The items must then be recounted to eliminate discrepancies.

Entering Serialized Counts



When the Count option is set to *Multiple Per Request* and the Detail option is set to *Quantity and Serial Numbers*, the Serial Number field in the count request is disabled, and you must use the Cycle Count Serial Detail window to specify whether the serial number is present. If you selected *Quantity Only* as the Detail option, you must use the Cycle Count Serial Number Details window if there is a quantity mismatch.

It is possible to have count requests for serial numbers with an on-hand quantity of zero. If you mark the serial number as present, then you will need to make an adjustment to your count.

Counts in which there is a misplaced serial number are sent for approval, regardless of whether the adjustment variances fall within tolerance if discrepancies are allowed. However, if a count entry contains a serial number found in another location, the count request cannot be approved until the discrepancy is corrected. You can make the correction manually in the Transaction window, or you can cycle count the other location (performing an issue, adjustment transaction) and then recount the first location.

For serial numbers that do not appear in the cycle count request but are entered by the counter, adjustment transactions are considered receipts. These receipt transactions are allowed for the serial statuses where the unit is defined but never used and where the unit has been issued out of stores. For serial numbers that appear in the count request but are not marked as present by the counter, adjustment transactions are considered issues. These issue transactions are allowed for the serial status where the unit is received into stores. Count requests whose serial adjustments fall into these two categories may have adjustment transactions performed against them and may complete normally.

Agenda

- Overview of Cycle Counting and ABC Analysis
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- Understanding Serialized Cycle Counts
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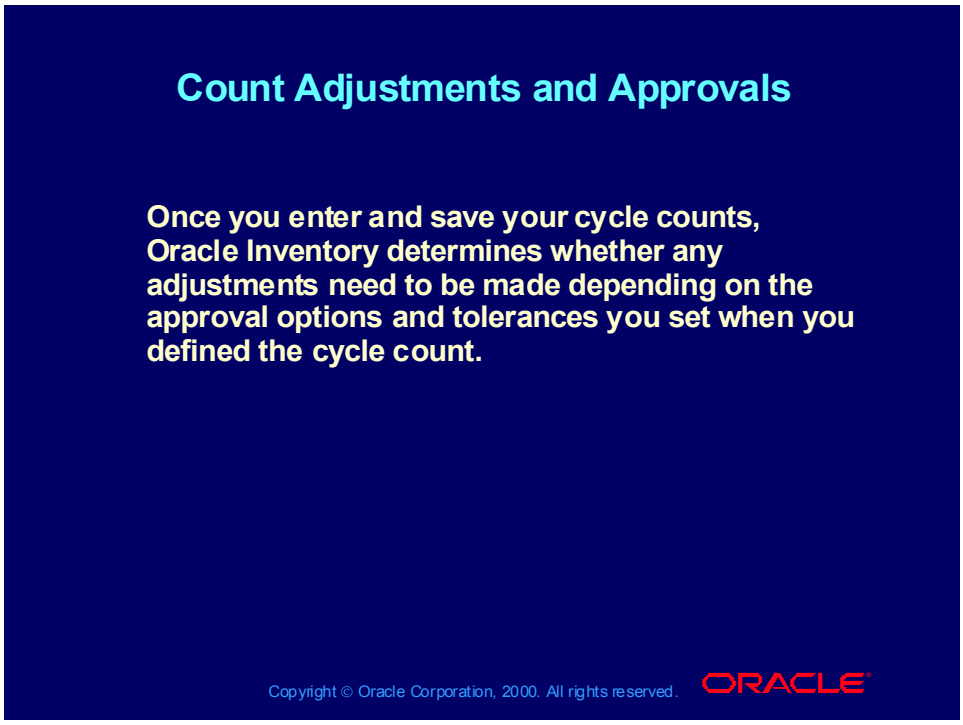
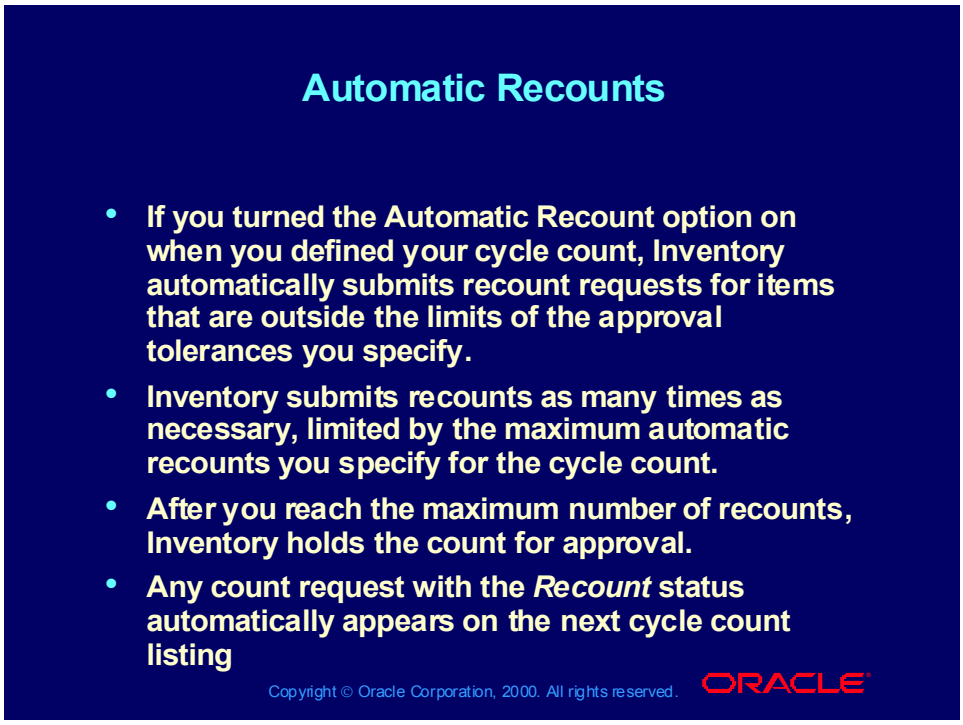
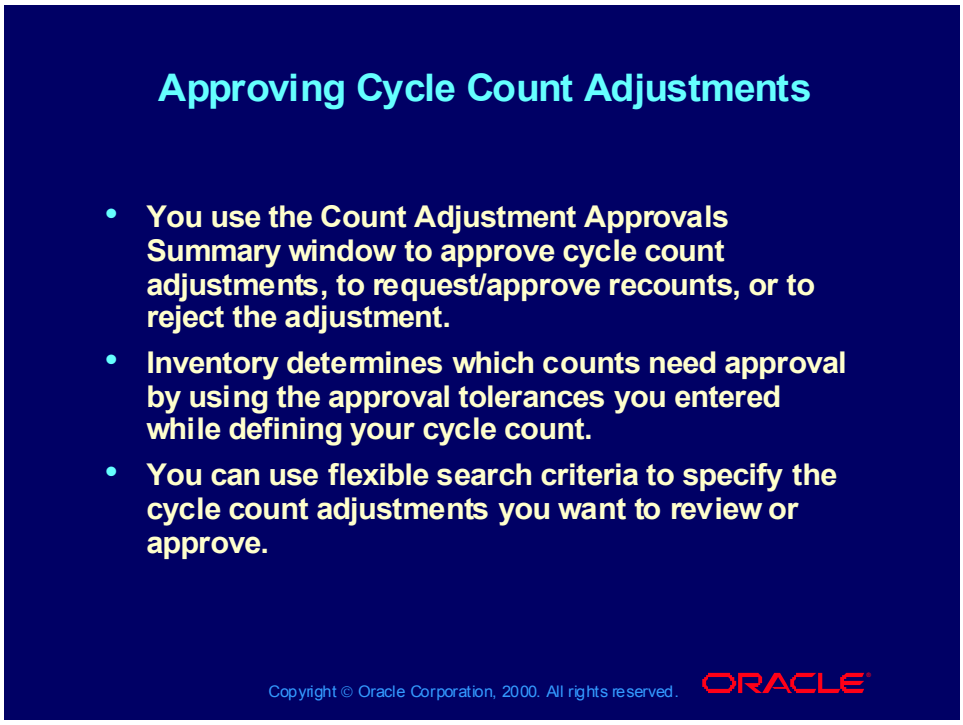
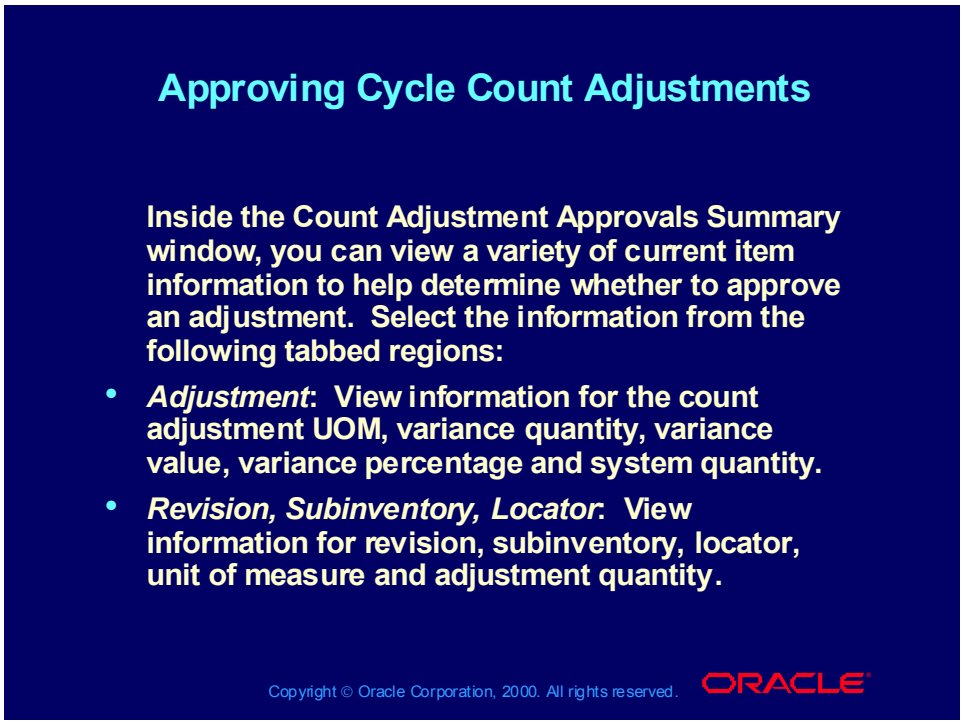


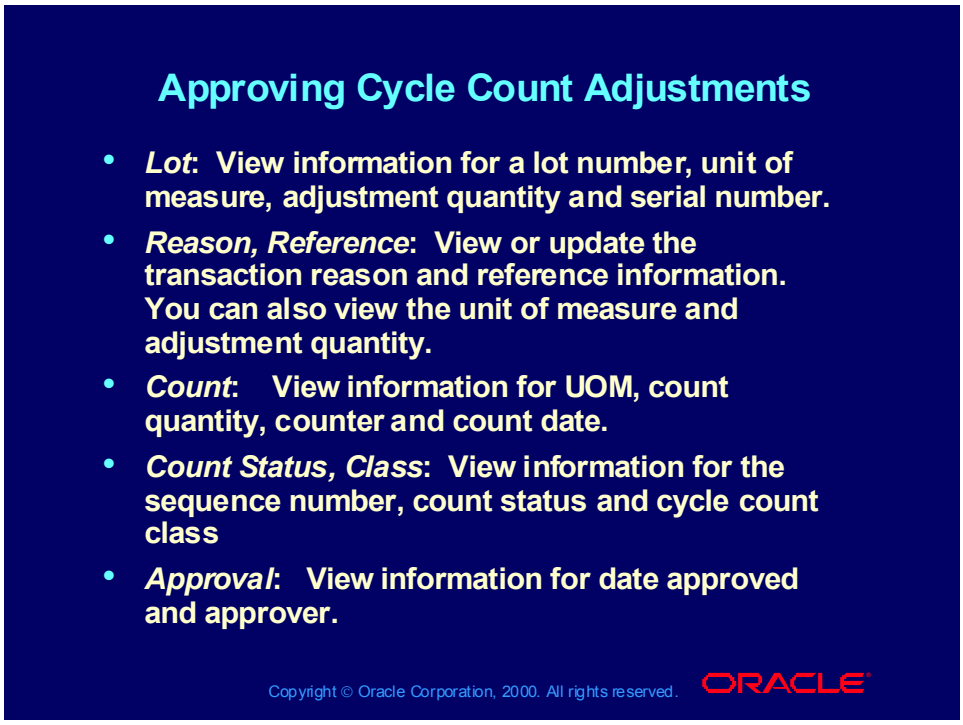
Automatic Recounts

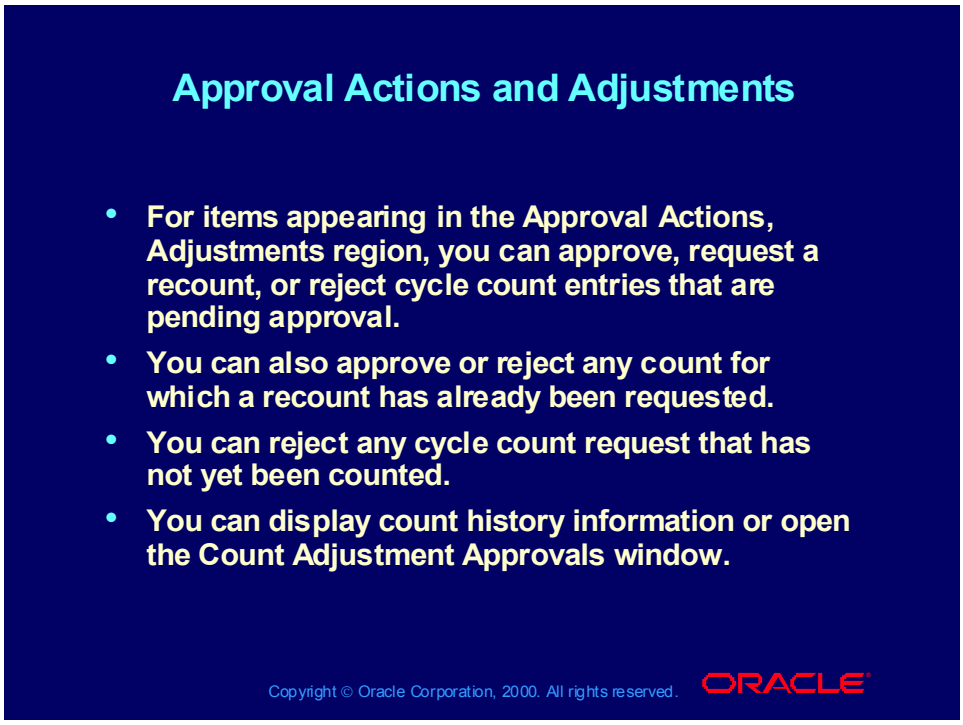


You can manually request recounts when you are approving adjustments. This recount request will be included in the next cycle count listing.

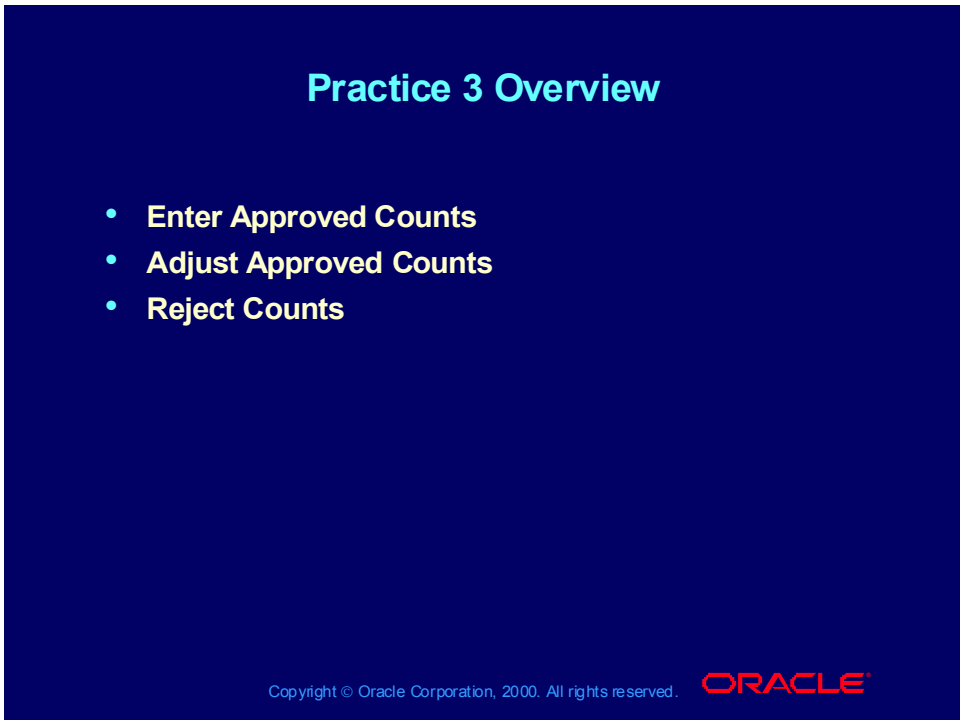


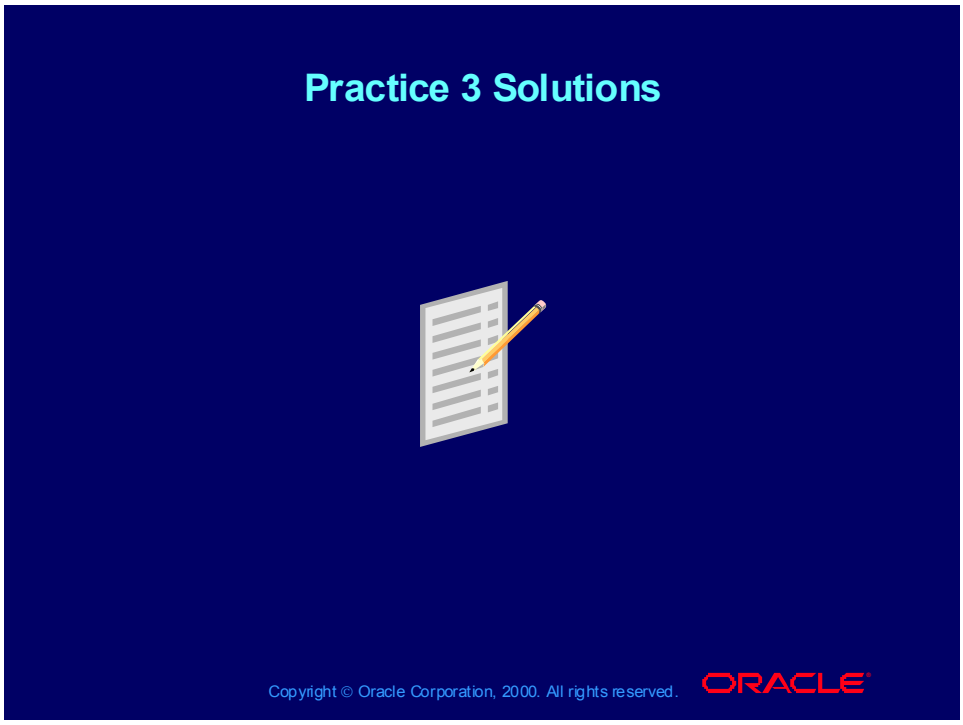






- Select *Approved* to approve the selected count entry and post the adjustment to the transaction manager for processing.
- Select *Rejected* to reject the selected count record. An adjustment is not posted. No further processing of this count entry takes place.
- Select *Recount* to process a recount request for the selected count request. An adjustment is not posted.
- Select the *Count History* button to open the Count History window for the current item. For the current item, this window displays count and variance information for the current, prior and first counts.
- Select the *Open* button to open the Count Adjustment Approvals window for the current line. This window is a combination block which you can use to view and enter approval and adjustment information for the current line instead of using the Count Adjustment Approvals Summary window.





Practice 3 Solutions

1. Count Adjustments and Approvals

Manufacturing and Distribution Manager Responsibility (N)Inventory > Counting > Cycle Counting > Approve Count

Enter your Count Name

(B)Find

At this point you have the option to "Query Counts Pending Approval Only". If you select NO, then you will see all the items that have been sent for approval and those items that have not yet been counted. If you select YES, then you will only see the items that need approval.

In the Defaults region, you can optionally change the Date, Approver and the Adjustment Account.

You can view the count history of any item by pressing the Count History button.

Approve one of your counts.

Reject one of your counts.

Recount one of your counts.

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