Performing Physical Inventory

On a regular basis, the parts manager should perform physical inventories. If the inventory is checked in a few bins each week, it is known as cycle counting. When the inventory check is everything in the building, it is known as a full inventory. The list is created the same way in either case, but which parts you choose to look at changes.

Creating an inventory list

1. **Parts Management -> Phys. Inventory Journals**.

2. Select a batch.

3. Select **Functions -> Load Inventory**.

4. Specify a **Document No**. Often this is of the form INV-JAN-02 or similar. The Document No. can be up to 20 characters.

5. Specify a **Posting Date**.

6. Turn on the check mark for **Include Negative Quantity Parts**. Most negative quantity parts will need to be adjusted to zero, unless you know it's a part that was recently sold on a special order / deposit situation and you are waiting on the parts to come in from your vendor.

7. Turn off the check mark for **Include Zero Quantity Parts**. If you don't, you will have hundreds (potentially thousands) of extra parts on your count sheets.

8. If you want a full inventory, then click OK, else fill in a filter in the **Bin No.** or **Part No.** fields.

   Examples: **Part No.: R*** for all your remanufactured parts. A more complete list shows up with **R*|JR***. The vertical bar says "OR", so this filter means all **part numbers that start with an R and then have any characters OR all start with JR and then have any characters**. The other common method for limiting what parts are chosen is to select a bin or group of bins in the same manner: **101*** in the **Bin No.** field will select all parts in any bin starting with 101 (101, 101A, 1010101, etc.).

Print your count sheets

1. **Parts Management -> Reports -> Physical Inventory Count**.

2. **Journal Template Name**: Fill in **PHYS. INVE** (or select from the list).

3. **Journal Batch Name**: Select the batch you created.

4. **Options:** Select whether or not to print the quantities on the count sheets.

After counting, fill in deviations

1. **Parts Management** -> **Phys. Inventory Journals**.

2. Select your batch.

3. For the part numbers where the quantity is different than the Actual Quantity shown in the Journal, adjust the Actual Quantity. Note that if no parts had extra or missing quantities, you don't have to type anything in the journal. **Note:** It is often easier to fill in the data by setting a filter for the Bin

you are working on. Click on the Shelf/Bin column. Then **F7**. Then fill in the Bin (or a partial bin like 28* for everything that starts with 28). Then click **OK** to make the filter active. To get back to the full journal, **Ctrl+Shift+F7**.

4. Add extra parts to the bottom. If you found a part on the shelf that is not already listed in the journal, add the part number to the bottom of the journal and fill in the **Actual Quantity**.

5. **Check for Duplicates**: When done, click on Functions -> Check for Duplicates. This will show you any parts in the inventory journal twice. While you may choose to store certain parts in more than one location, you should only use one line in the inventory journal per part number with the correct total quantity of that part to avoid getting confused. (MPK does not store parts inventory totals by bin.) Keep removing duplicate lines and running Functions -> Check for Duplicates until it shows you all part numbers. At that point, there are no more duplicates.

After initial data entry, check your variance report.

1. When you have finished filling in the data from your count sheets, run the Variance Report: **Printing -> Variance Report**. Look it over and recount parts or reenter data as appropriate. Obviously, pay particular attention to high dollar parts that have shown up as having a variance.

2. When you are done and satisfied with the journal, print a final copy of the Variance Report. Then select **Posting -> Post.**

Special Notes:

1. **Work in Process:** Any part that is on an Appointment, Repair Order, or Counter ticket needs to be treated as if it is already gone when you count. For example, a part with Quantity on Hand 9, Quantity on Sales Order 2, will show in the physical inventory journal as being Quantity Available 7. This is correct and should be used as Actual Quantity. Most Parts Managers take all parts that are on tickets (and haven't already been given to the technicians), and put them on a shelf out of the way, so there isn't confusion about whether to count them or not.

2. **Cores:** There should always be at least as many cores as there are "parent" parts. For example, if the regular part number is R111, and the core part number is U111, there are three possibilities: **1)** R=2, U=1. You need to adjust the U quantity upwards by 1. **2)** R=2, U=2. All is well. **3)** R=3, U=4. There should be one dirty core on the shelf.

3. **Negative Quantity On Hand:** Again, normally these should be adjusted to zero. It is only valid if you have posted a sale of a part and haven't yet posted the purchase receipt.

4. **Bin:** If there is no bin filled in for a part (or it is incorrect), you can change it on the Physical Inventory Journal screen and it will update the Item Card.