

Year-End Physical Inventory Closing (CO400)

Revision date: April 15, 2020

Describe key inventory terms and concepts.

Understand the physical inventory process.

Describe and perform a physical inventory.

Recognize "Slow Moving" and "Dead Stock."



Lesson 1: Key Terms and Concepts



Lesson 2: Physical Inventory Notes



Lesson 3: Physical Inventory Process



Lesson 4: Slow Moving and Dead Stock



SCEIS Resources and Help

Lesson 1

Key Inventory Terms and Concepts



SCEIS

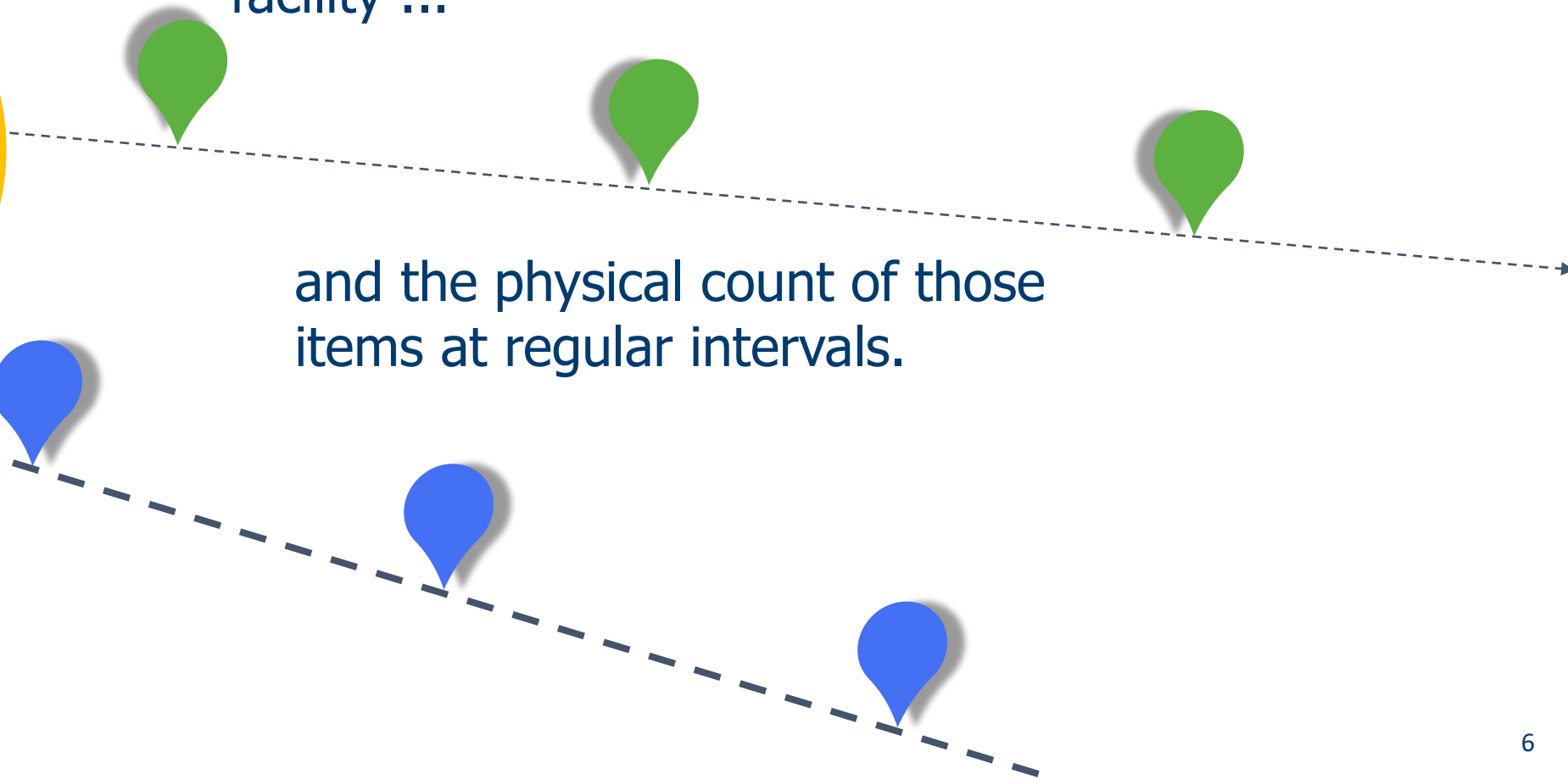
SC ENTERPRISE INFORMATION SYSTEM

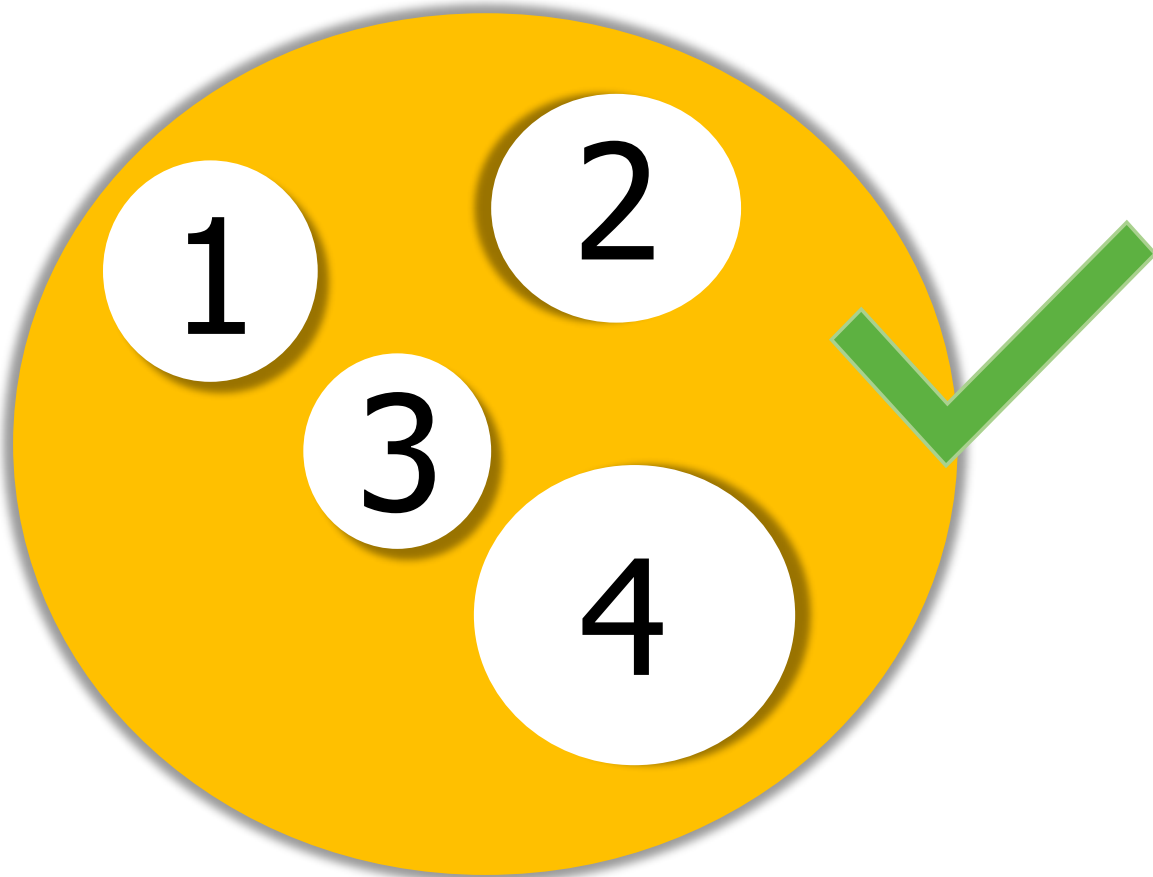
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

Understand key terms and concepts associated with performing physical inventory.

The functionality that revolves around the movement of materials in and out of a storage facility ...

and the physical count of those items at regular intervals.





A count that is performed for a specific item or subset of items.



SC agencies
have 52,000
unique
materials in
inventory.

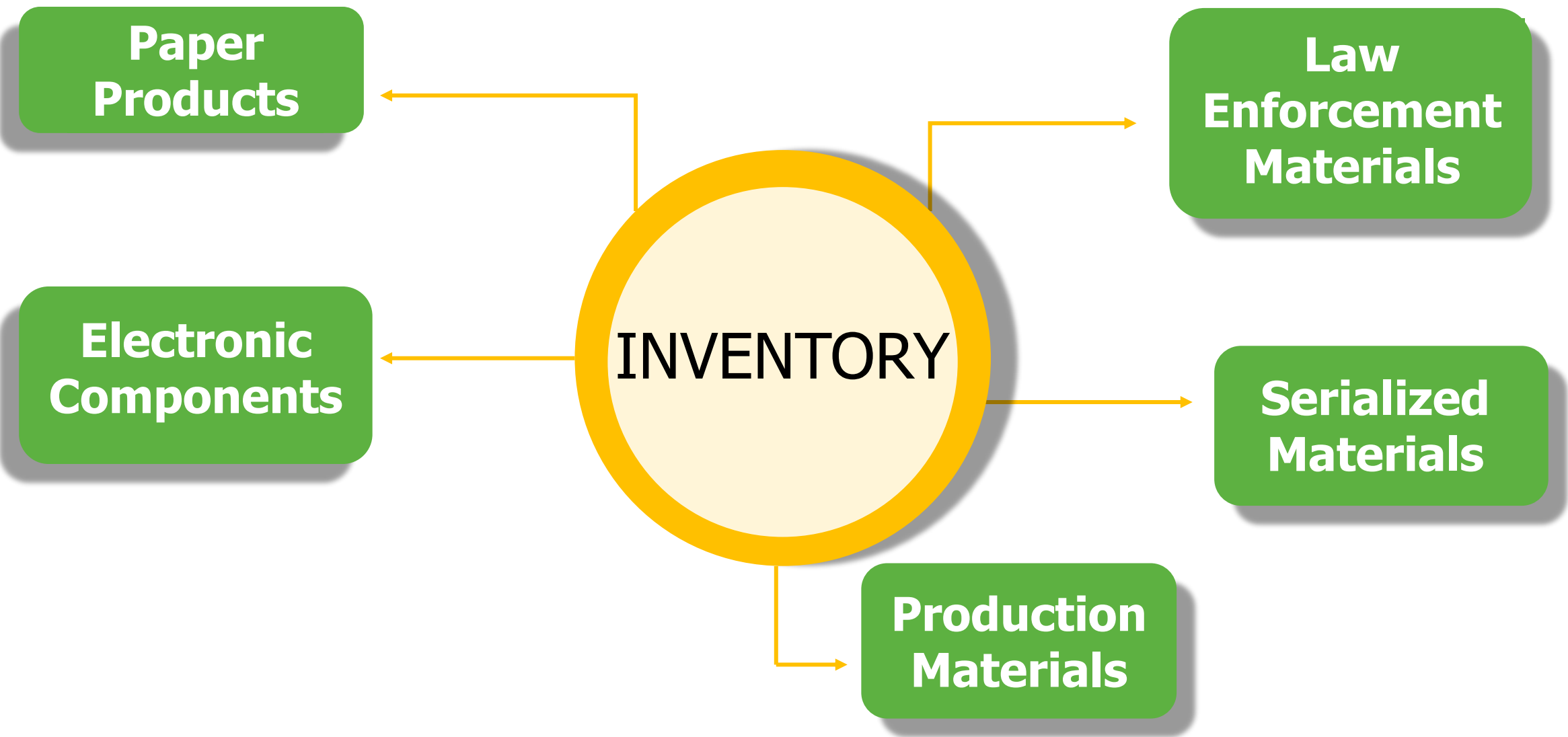
**135 inventory
plants**

maintain
inventory
for....

**11
SC agencies.**

April 9, 2019

Total inventory value for the state was \$24,970,477.31.



SAP Term	Description
Physical Inventory Document	The physical inventory document is the central element of physical inventory management. It is used to plan and carry out physical inventory and enter count-related information.
Plant	A plant is part of an organizational structure and is the highest organizational unit in the Material Management module. It is a location that holds valued stock. The plant is responsible for planning, procurement and distribution of goods and services to the resources of an organization under one company code.
Storage Location	A storage location is a location within a plant in which inventory is stored. The physical location can be a room, a row of shelves, a racking system, bin, service van, etc.

SAP Term	Description
Physical Inventory Count	Physical inventory is a process where a business physically counts its entire inventory. In SCEIS, use transaction code MI04 .
Physical Inventory Spot-Check	This is performing a stock count of a specific material or subset of materials using transaction codes MI01 or MI31 .
Physical Inventory <i>Recount</i>	This is performing a <i>recount</i> of stock on-hand and is done when there is a discrepancy in the initial count versus stock on-hand. Use transaction code MI11 .

SAP Term	Description
Document Date	The document date is the date on which the original physical inventory document was created.
Planned Count Date	This is the date the inventory count is <i>planned</i> to take place. This date determines the fiscal year in which the physical inventory document is posted.
Posting Block	For materials listed in the Physical Inventory Document , the posting block indicates no movements can be posted for the duration of the Inventory Count . The posting block should <i>always</i> be set when creating the inventory document.

SAP Term	Description
Physical Inventory Post	This is the final inventory posting count in SCEIS. These are the actual on-hand quantities determined during the Physical Inventory count/recount using MI07 .
List of Inventory Differences Report	This report lists the differences between the Physical Inventory count and the stock on-hand quantity. In SCEIS, transaction code MI20 is used to compare the difference.

SAP Term	Description
Agency Inventory Administrator	The Inventory Administrator is responsible for physical inventory, scrapping and managing inventory stock. He/she is able to create good issues, receipts and stock transfers.
Agency Inventory Receiver	The Inventory Receiver is responsible for the receipt, verification and recording of materials coming into the warehouse.

SAP Term	Description
Agency Inventory Issuer	The Inventory Issuer is responsible for issuing goods and conducting goods movement in SAP.
Agency Inventory Adjuster	The Inventory Adjuster is responsible for conducting quantity adjustments, scrapping and price changes within the agency. At most agencies, it is the responsibility of agency FI personnel to update pricing if cost is amiss.

Lesson 2

Physical Inventory Count Requirements



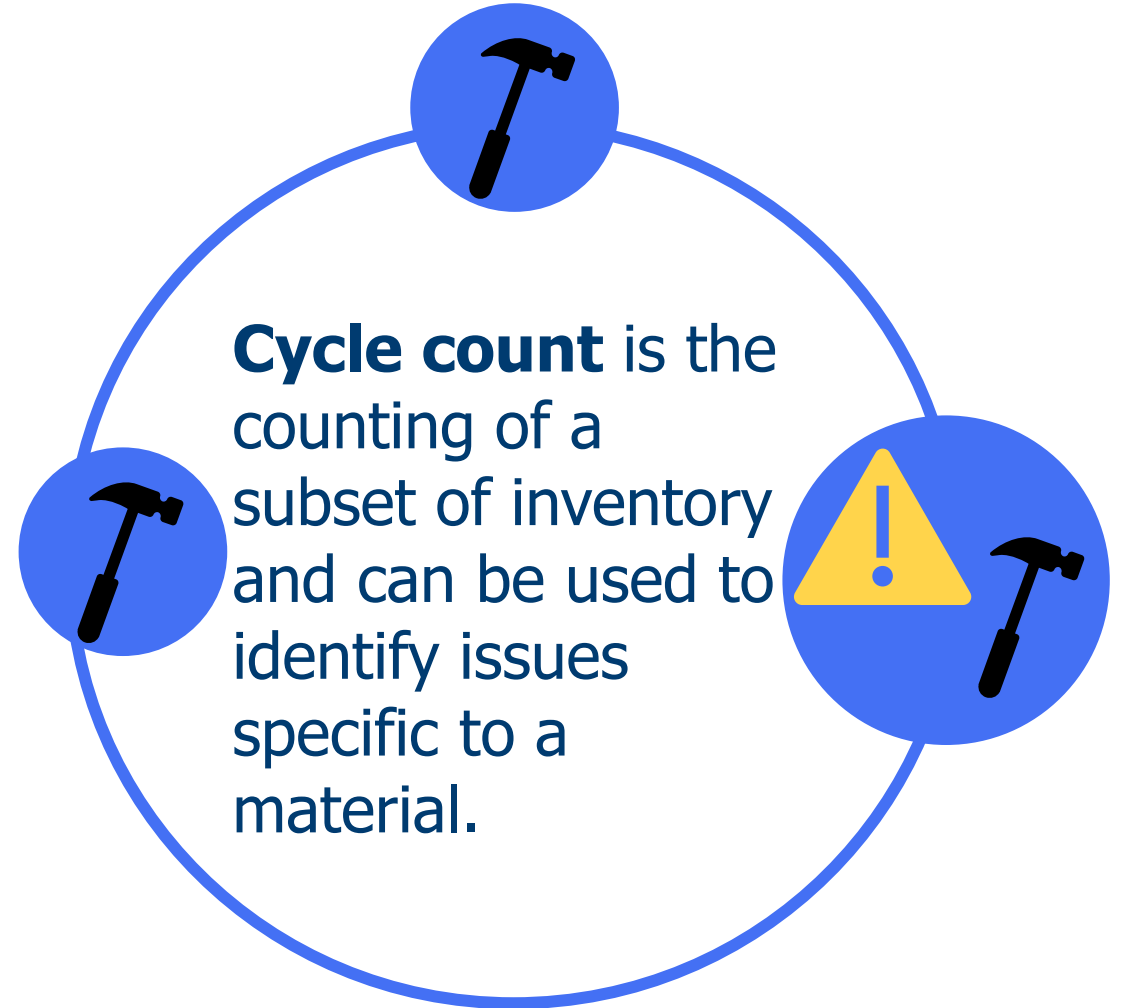
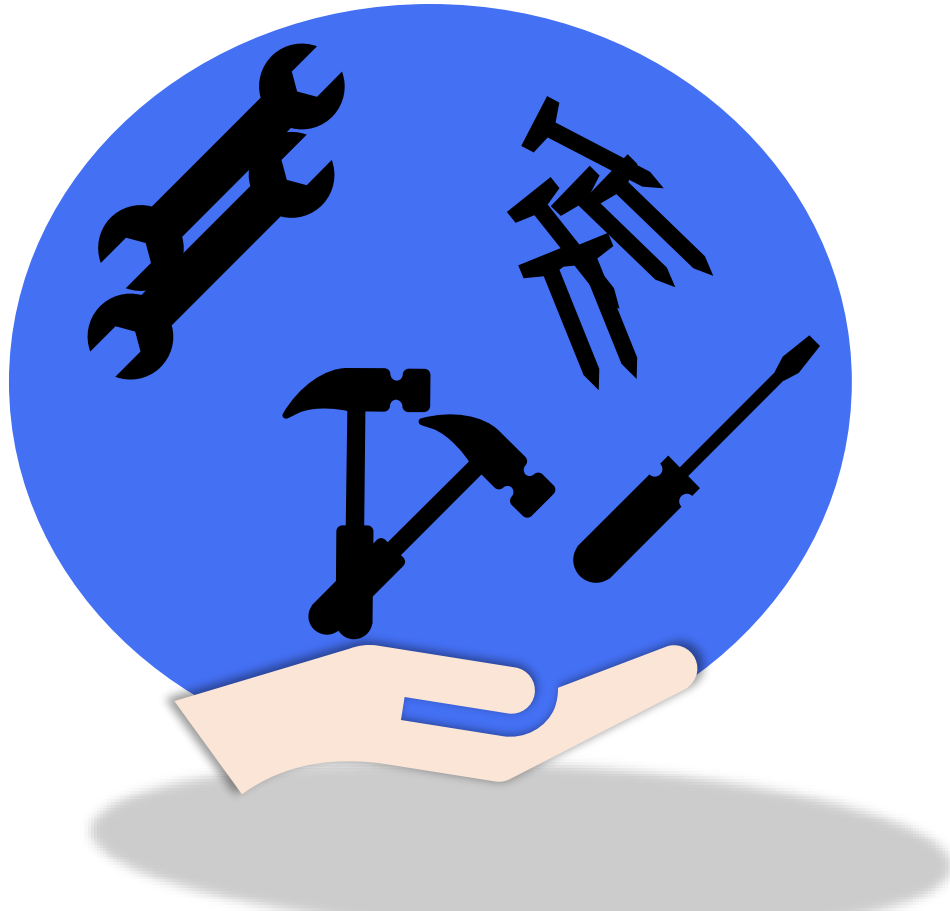
SCEIS

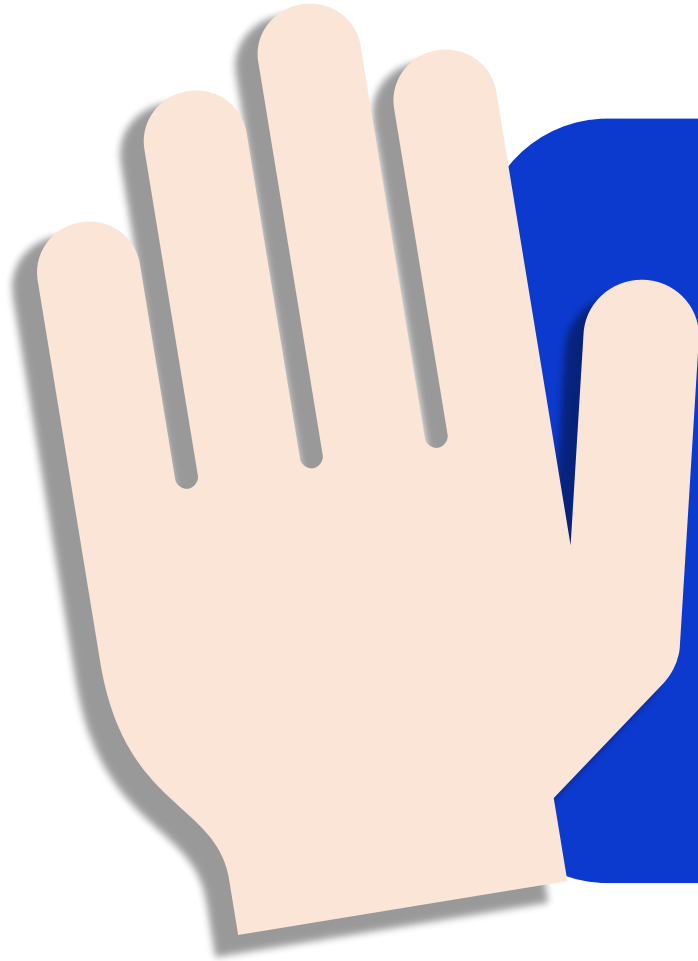
SC ENTERPRISE INFORMATION SYSTEM

THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

Understand **full
inventory
versus cycle
count.**

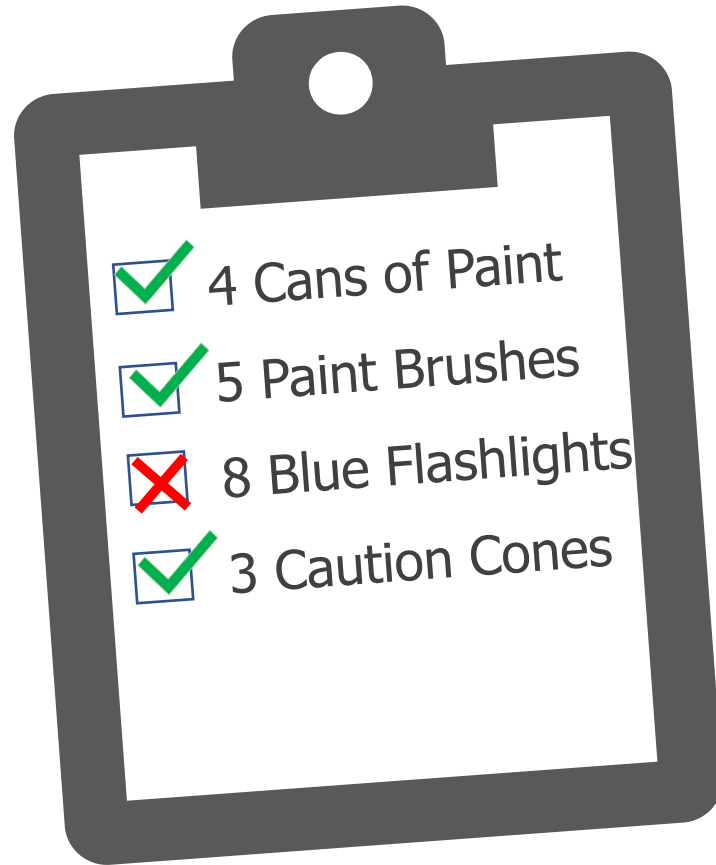
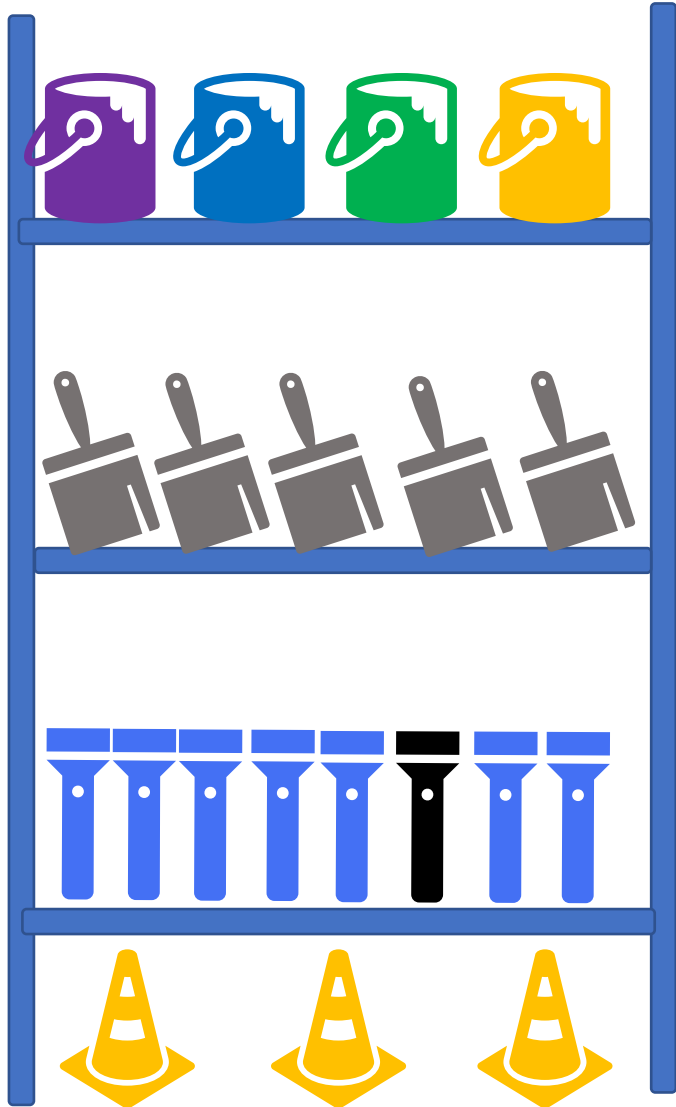
Full inventory is a count of all materials on-hand.





It is important that inventory counts recorded in SCEIS reflect ***what is on-hand***. Inventory counts ***should not be recorded from existing stock numbers***. Inventory ***should be blocked*** for an accurate count.

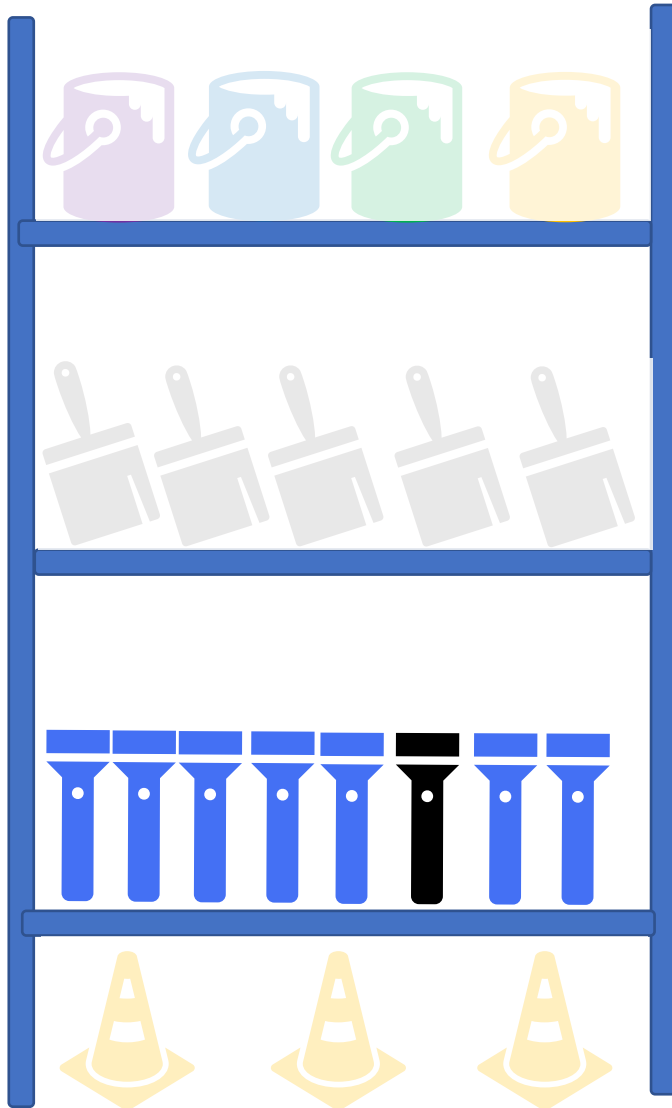
Physical Inventory Requirements



Once actual on-hand items are counted, if a discrepancy exists a recount must be conducted and a correction must be made in the SCEIS inventory system.

This allows inventory to reflect the actual on-hand balance.

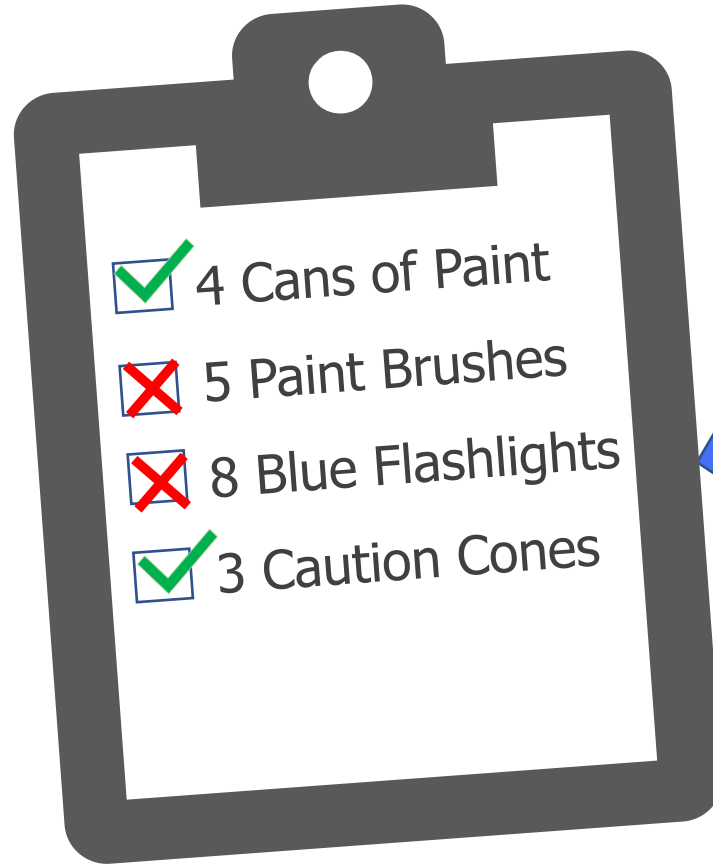
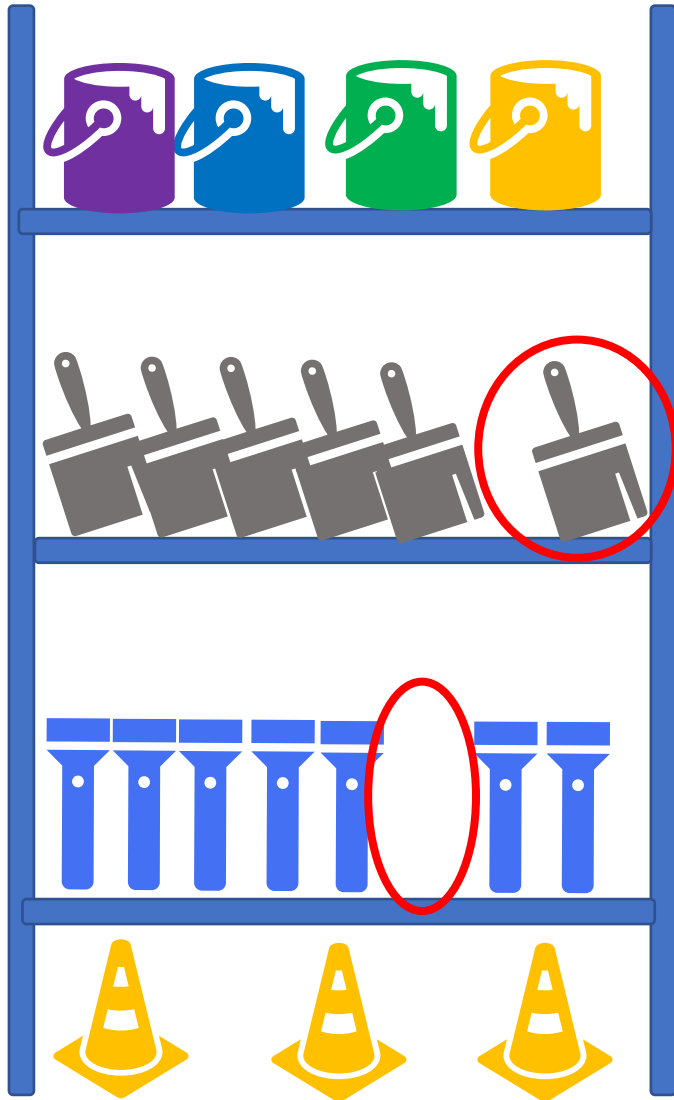
Physical Inventory Requirements



It is important to analyze the reason for differences between counted items versus what is listed in SCEIS.



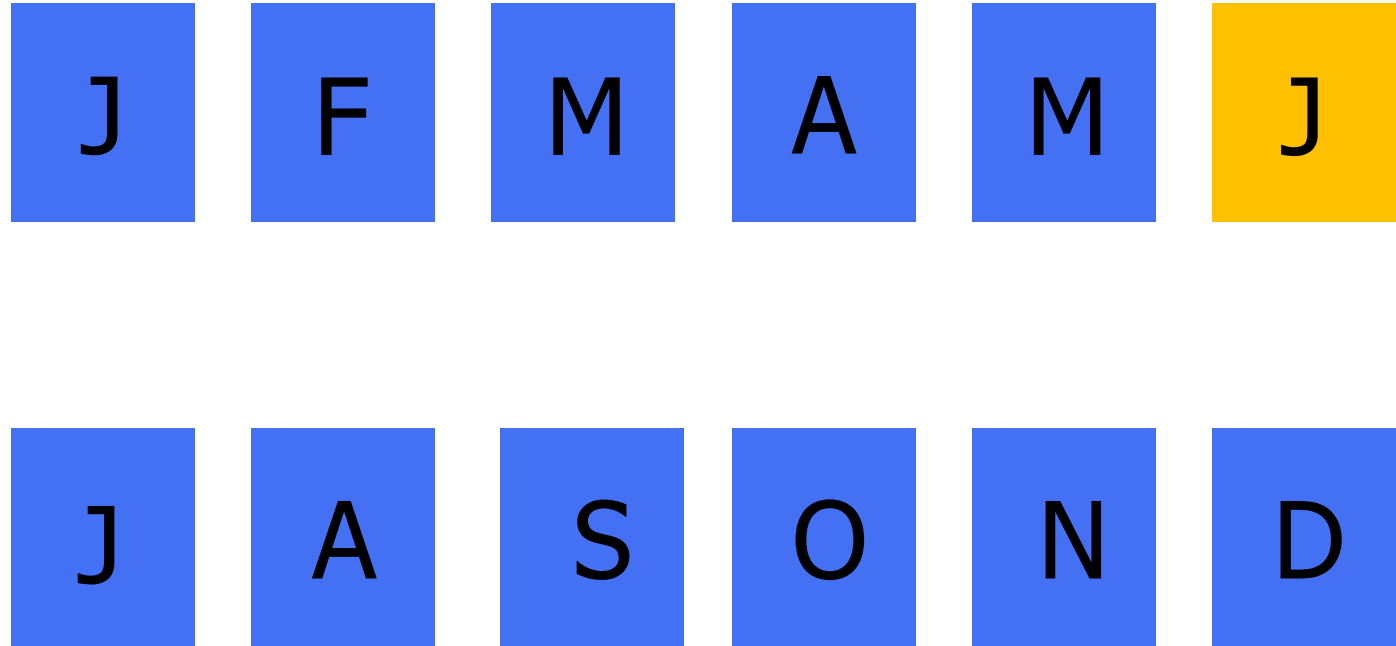
Physical Inventory Requirements




The **overage** in count is as important to evaluate as **shortage**. **Both** have a financial impact.

Full inventory must be complete at year-end for every inventory material in the warehouse; but inventory **can** also be counted more often, if needed.

CALENDAR YEAR



A circular icon containing a white square with blue quotation marks, positioned on the left side of the slide.

“There is no reporting threshold for inventory, therefore all inventory should be reported at year-end. All auditors go by the best practice that inventory should be done as close to year-end as possible,” preferably no earlier than April.

- Comptroller General’s Office

Lesson 3

Physical Inventory Process

Lesson 3 Learning Objectives

Describe the physical inventory process.

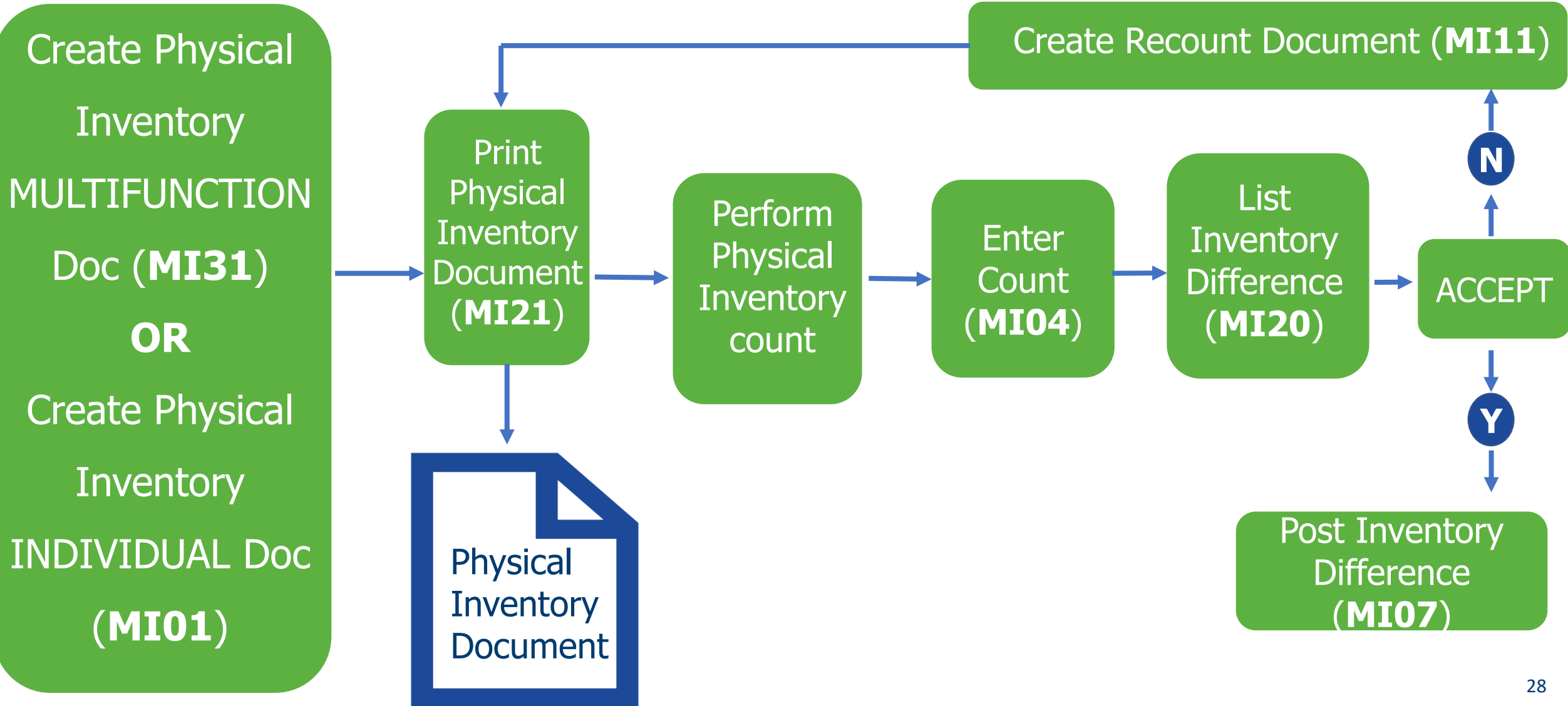
View the inventory movement in **MB51**.

Conduct a physical inventory reconciliation.

Conduct a physical inventory count.

Recognize physical inventory documents that have not been counted.

Physical Inventory Process: Year-End or Periodic

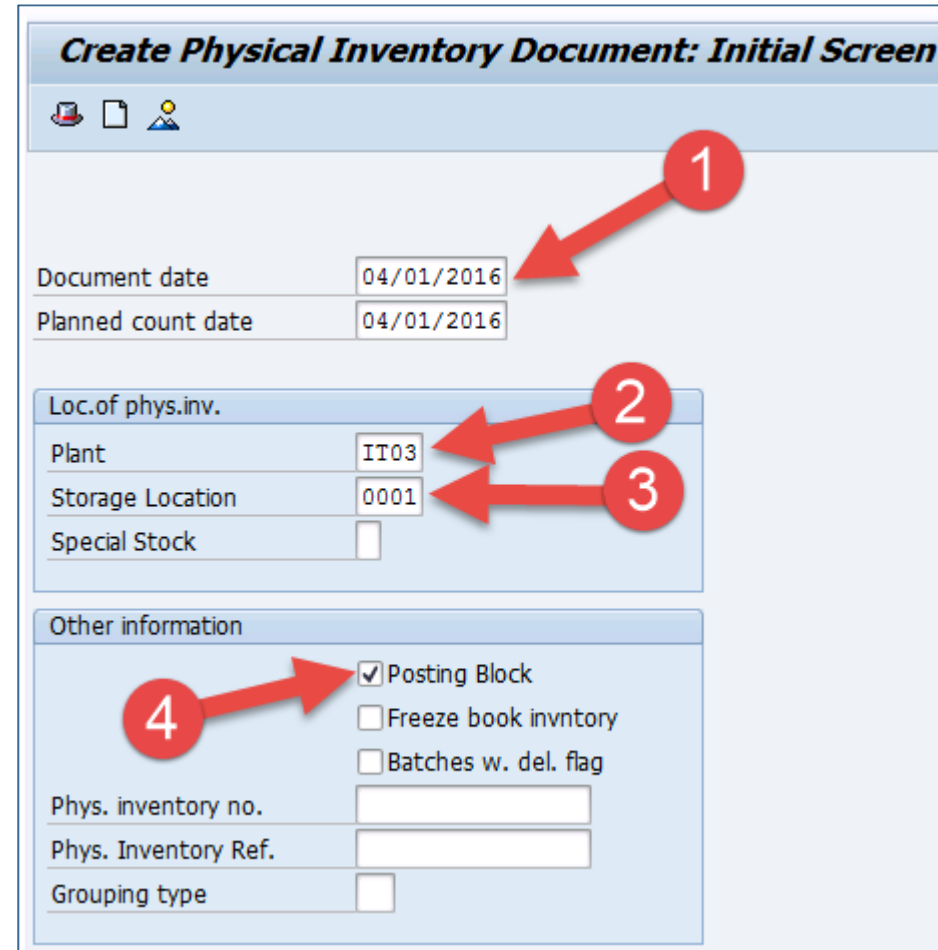


Create Physical Inventory Document – MI01 (Individual Items)

From the initial screen for function **MI01**:

1. Enter the **Document date**.
2. Enter the **Plant** (code).
3. Enter the **Storage Location**.
4. Check the **Posting Block**.

NOTE: Checking the **Posting Block** freezes any movement for the material during inventory.



Create Physical Inventory Document: Initial Screen

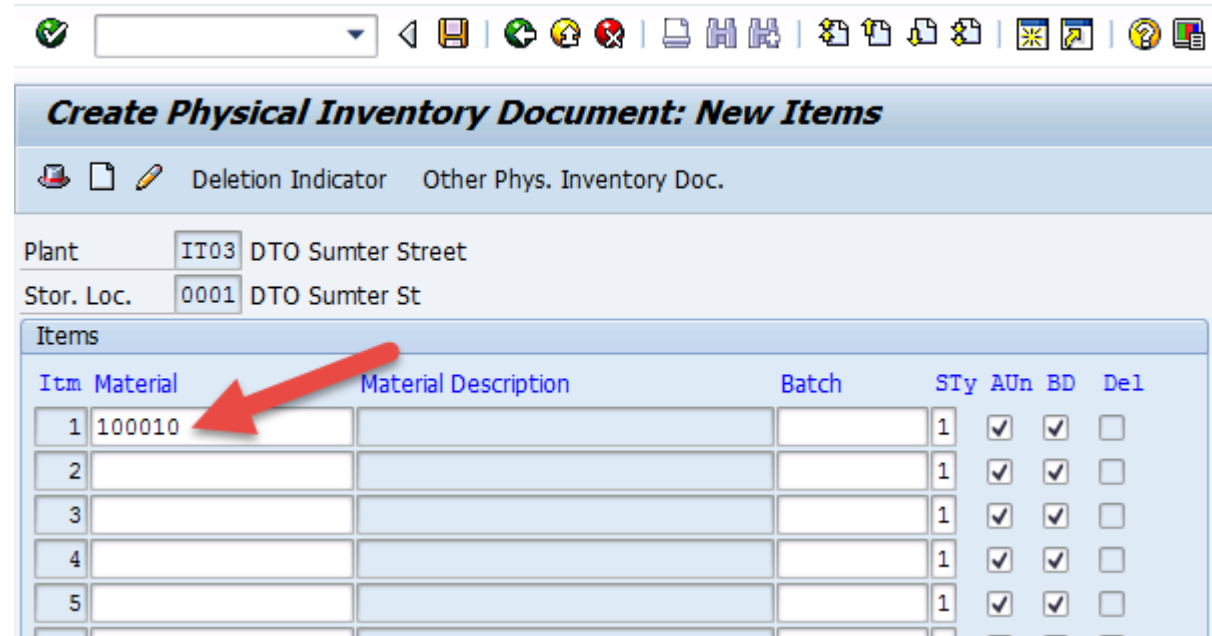
Document date: 04/01/2016
Planned count date: 04/01/2016

Loc. of phys. inv.
Plant: IT03
Storage Location: 0001
Special Stock:

Other information
 Posting Block
 Freeze book inventory
 Batches w. del. flag
Phys. inventory no.:
Phys. Inventory Ref.:
Grouping type:

Create Physical Inventory Document – MI01 (Individual Items or Subset)

The New Items screen displays.
5. Enter the material master number(s) for the planned count in the **Itm Material** field.



Itm	Material	Material Description	Batch	STy	AUn	BD	Del
1	100010			1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2				1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3				1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4				1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5				1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

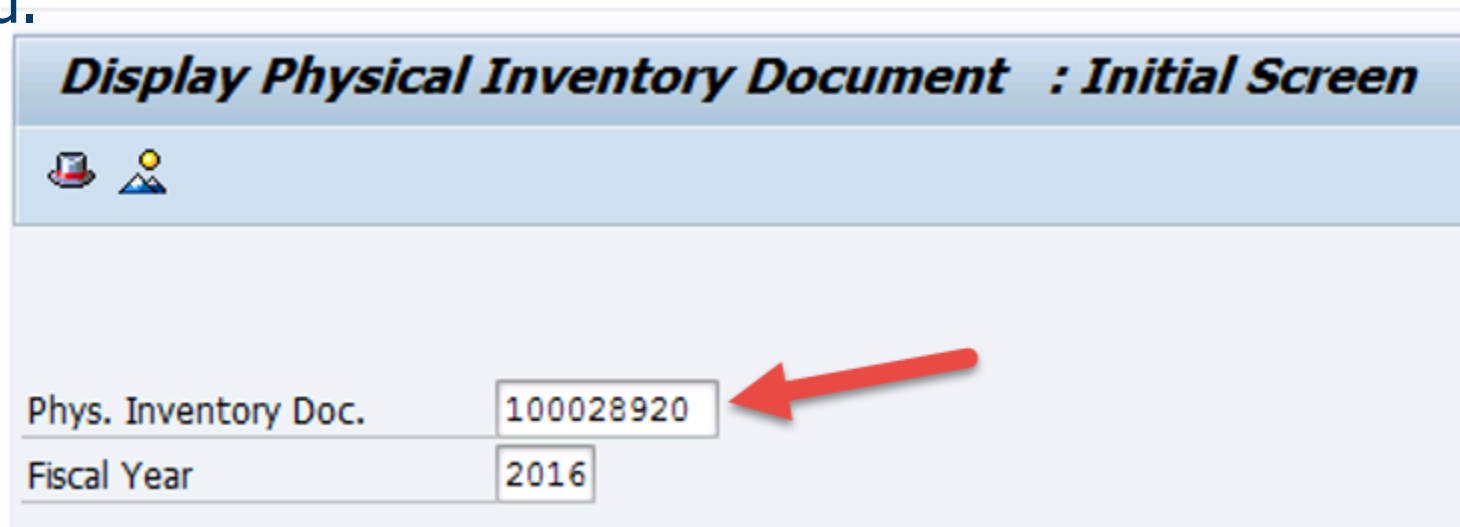
NOTE: Once the document is created a confirmation message will display at the bottom of the screen noting that the Physical inventory document [number] was created.

Physical inventory document 100028920 created

Display the Physical Inventory Document – MI03

From the Display Physical Inventory Document:
Initial Screen for function **MI03**:

Enter the number of the **Physical Inventory Document** to be displayed.



<i>Display Physical Inventory Document : Initial Screen</i>	
Phys. Inventory Doc.	100028920
Fiscal Year	2016

Display the Physical Inventory Document – MI03

8. View the Physical Inventory Document.

Display Physical Inventory Document 100028920 : Overview

Position... Physical Inventory History Statistics... Other Phys. Inventory Doc.

Plant DTO Sumter Street
Stor. Loc. DTO Sumter St

Items

Itm	Material	Material Description	Batch	STy	AUn	Del
<input type="text" value="1"/>	<input type="text" value="100010"/>	<input type="text" value="ADAPTER,HEADSET,ONE TOUCH,5..."/>	<input type="text"/>	<input type="text" value="1"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Create Physical Inventory Document – MI31 (Multi-function)

Selected Data for Phys. Inventory Docmts W/o Special Stock

Database Selections

Material		to		
Plant	1103	to		
Storage Location	0001	to		
Material Type		to		
Material Group		to		
Storage Bin Description		to		

Materials Marked for Deletion

Control

Select data and issue log
 Generate Batch Input
 Create docmts directly

Name of Session: MB_MI01

Hold processed sessions

Issue Log

Max. No. Items/Doc. **333**

No. Mtls to be Included

Selection Acc. to Stock Balance

Acc. to Stock

Threshold Value for Stock Exclude from selectio
SP Threshold Value for VO Mat. Exclude from selectio

Only Materials with Zero Stock
 Only Materials W/o Zero Stock
 Only Materials with Negative Stock

Stock Types

Unrestricted Use Incl. Mats Subj. to Phys. Inv.
 In Quality Inspection Incl. Btchs Subj. to PhysInv
 Blocked
 Value-Only Mats

Data in Phys. Inv. Docmt Header

Planned Count Date: 04/01/2016 Set posting block
Physical Inventory Number Freeze book inv.bal.
Phys. Inventory Ref.

Sorting

Sorting

Create the **Physical Inventory Document**.

Note: The maximum number of materials on an inventory document is 333. If there are more than 333, the system will generate enough documents to accommodate the inventory. For example, 999 materials would equate to 3 inventory documents with 3 different inventory document numbers.

Print Physical Inventory Document – MI21 (Count Sheet)

Print the **Physical Inventory Document**.

Print Preview for LOCL Page 00001 of 00001



⊕ ⊖

Plant : IT03
Description : DTO Sumter Street
Phys. inv. doc. : 100028880
Created by : RFERGUSON
Planned count date : 03/16/2016
Phys. inv. reference:
Phys. inv. no. :

Itm	Material	Batch	SLoc	Stor. bin	Stock type	Counted qty.	Un
001	100010 ADAPTER, HEADSET, ONE TOUCH, 500A1, REFURB Not yet counted		0001	147 Warehouse			EA

Enter Inventory Count – MI04

Enter Inventory Count: Initial Screen

  Other Count

Phys. Inventory Doc.

Fiscal Year

Date




Count Date

Other Information

Variance in %

1. Enter the **Inventory Count** in the **Quantity** field.

Enter Inventory Count 100028880: Collect.Processing

   Physical Inventory History Set Zero Count Other Count

Plant DTO Sumter Street

Stor. Loc. DTO Sumter St

Items

Itm	Material	Batch	Sales Value	Quantity	UnE	ZC
	Material Description		STy	Quantity	SKU	
1	<input type="text" value="100010"/>	<input type="text"/>		<input type="text"/>	EA	
	ADAPTER,HEADSET,ONE TOUCH,500A1,REFURB		1	0.00	EA	

Enter Inventory Count for Serialized Materials – MM03

Display Material 107804 (SC Material Masters)

Additional Data Org. Levels

Plant data / stor. 1 **Plant data / stor. 2** Accounting 1 Accounting 2 P..

Material: 107804 SHOTGUN,12 GAUGE,REMINGTON,W/SIGHTS,87 ...
Plant: PS03 DPS Highway Patrol Supply
Stor. Loc.: 0001 PA Supply

Weight/volume

Gross Weight	0	Weight unit	KG
Net Weight	0		
Volume	0.000	Volume unit	
Size/dimensions			

General plant parameters

<input type="checkbox"/> Neg. stocks in plant	Log. handling group	
Serial no. profile 2003 <input type="checkbox"/> SerLevel	Distr. profile	
Profit Center	Stock determ. group	

The system knows a serial number is required because when the material master was extended by the AMML they added a serial number profile under the Plant data/stor. 2 tab.

Run the List of Inventory Differences – MI20

List of Inventory Differences

Database Selection

Material		to		→
Plant	IT03	to		→
Storage Location	0001	to		→
Batch		to		→
Physical Inventory Document	100028880	to		→
Physical Inventory Number		to		→

Select list of differences criteria.

List of Inventory Differences

Post Difference Change Count Enter Count List of Unposted Docs

PhysInvDoc	Item	Material	Batch	Plnt	SLoc	Book quantity	Qty Counted	Difference qty	BUn	Difference amt.	Crcy	S
<input type="checkbox"/> 100028880	1	100010		IT03	0001	0.000	10,000.000	10,000.000	EA	482,200.00	USD	

Qty SCEIS shows in stock

Physical Inventory Count

Difference between count and stock shown in SAP

Value of difference

Perform a Recount – MI11

Enter Recount: Initial Screen

Selection Screen Other Phys. Inventory Doc.

Phys. Inventory Doc.

Fiscal Year

Date

Planned count date

Document Date

Other Information

Posting Block

Freeze book inventory

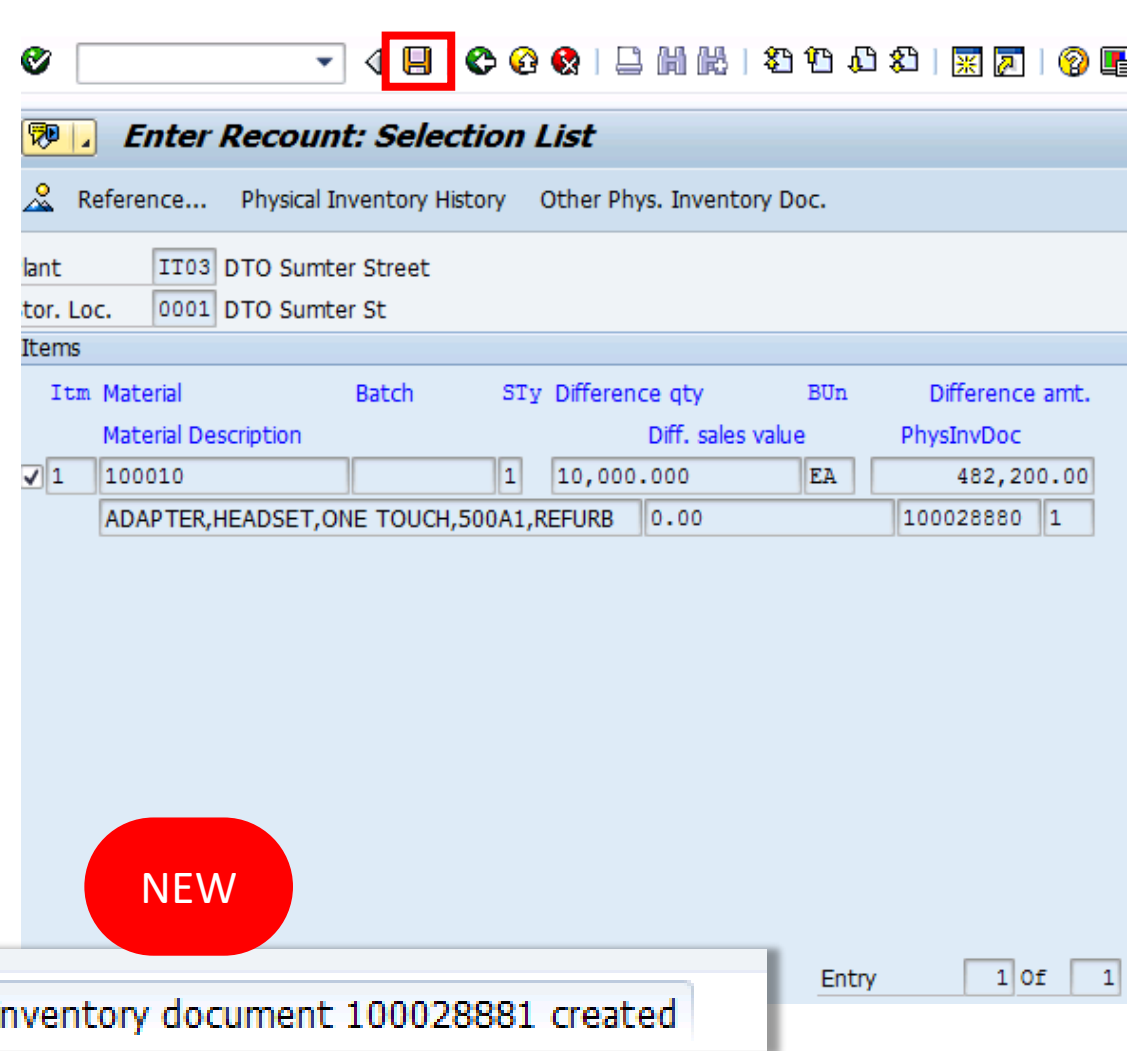
Phys. Inventory No.

Phys. Inventory Ref.

Threshold Value

INITIAL

The **Save** function will create a new inventory document and close the existing one.



Enter Recount: Selection List

Reference... Physical Inventory History Other Phys. Inventory Doc.

lant DTO Sumter Street

tor. Loc. DTO Sumter St

Items

Icm	Material	Batch	STy	Difference qty	BUn	Difference amt.
✓ 1	100010		1	10,000.000	EA	482,200.00
	ADAPTER,HEADSET,ONE TOUCH,500A1,REFURB			0.00		100028880 1

Entry of

NEW

✓ Physical inventory document 100028881 created

Enter Recount in – MI04

View the Difference Report – MI20

PhysInvDoc	Item	Material	Batch	Plnt	SLoc	Book quantity	Qty Counted	Difference qty	BUn	Difference amt.	Crcy
<input type="checkbox"/> 100028881	1	100010		IT03	0001	0.000	5,000.000	5,000.000	EA	241,100.00	USD



Enter Inventory Count 100028881: Collect.Processing

Plant: DTO Sumter Street

Stor. Loc.: DTO Sumter St

Items


Itm	Material	Batch	Sales Value	Quantity	UnE	ZC
	Material Description		STy	Quantity	SKU	
1	100010			5000	EA	<input type="checkbox"/>
	ADAPTER,HEADSET,ONE TOUCH,500A1,REFURB		1	0.00	EA	

1. Use **MI20** to view the Inventory Difference Report. 
2. Use **MI04** to view the recount. 

Post Inventory Differences – MI07

Use **MI07** to Post Inventory Differences.

Post Inventory Difference: Initial Screen

 Selection Screen Other Difference

Phys. Inventory Doc. 100028881

Fiscal Year 2016

Date

Posting Date 03/16/2016

Other Information

Threshold Value

Note: A **49XXXXXXXXX** Document Number is created, which is a **701** or **702** inventory movement.

Diffs in phys. inv. doc. 100028881 posted with m. doc. 4900729140

View Inventory Movement in MB51 by Plant/Storage Location

NOTE:
701 movement is an *inventory IN adjustment*.

702 movement is an *inventory OUT adjustment*.

Material Document List

🕒 📄 📁

Item Data

Material	<input type="text"/>	to	<input type="text"/>	➡
Plant	IT03	to	<input type="text"/>	➡
Storage Location	0001	to	<input type="text"/>	➡
Batch	<input type="text"/>	to	<input type="text"/>	➡
Vendor	<input type="text"/>	to	<input type="text"/>	➡
Customer	<input type="text"/>	to	<input type="text"/>	➡
Movement Type	<input type="text"/>	to	<input type="text"/>	➡
Special Stock	<input type="text"/>	to	<input type="text"/>	➡

Material	Material Description		Plnt Name 1	
SLoc MvT S Mat. Doc.	Item	Pstng Date	Quantity in UnE	EUn
100010	ADAPTER, HEADSET, ONE TOUCH, 500A1, REFURB		IT03 DTO Sumter Street	
0001 701	4900729140	1 03/16/2016	5,000.00	EA
0001 562	4900666958	1 07/01/2015	10.00-	EA
0001 562	4900666157	1 06/27/2015	1.00-	EA
0001 561	4900666158	1 06/27/2015	1.00	EA
0001 601	4900665142	1 06/24/2015	1.00-	EA
0001 601	4900622527	1 02/09/2015	5.00-	EA







Display OPEN Inventory Documents for Plant/Storage Location – MI22

Any Document marked "**Doc. Active**" is not a completed inventory document and **has not been posted.**

Display Physical Inventory Documents for Material

🕒 📄 📁

Database Selections

Material	<input type="text"/>	to	<input type="text"/>	
Plant	IT03	to	<input type="text"/>	
Storage Location	0001	to	<input type="text"/>	
Batch	<input type="text"/>	to	<input type="text"/>	
Physical Inventory Document	<input type="text"/>	to	<input type="text"/>	
Physical Inventory Number	<input type="text"/>	to	<input type="text"/>	

Material	Description	Plant	Storage Location	Doc. No.	Doc. Date	Doc. Status
100010	ADAPTER, HEADSET, ONE TOUCH, 500A1, REFURB	IT03	0001			
100003808				2	2010.12 06/28/2010 06/28/2010	1
100010721				2	2011.12 06/27/2011 06/27/2011	1
100014967				2	2012.12 06/25/2012 06/25/2012	1
100019061				2	2013.12 06/25/2013 06/25/2013	1
100022683				2	2014.12 06/23/2014 06/23/2014	1
100026772				2	2015.12 06/25/2015 06/25/2015	1
100028880				1	2016.09 03/16/2016 03/16/2016	1 Doc. Active

Lesson 4

“Slow Moving” and “Dead” Stock



SCEIS

SC ENTERPRISE INFORMATION SYSTEM

THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

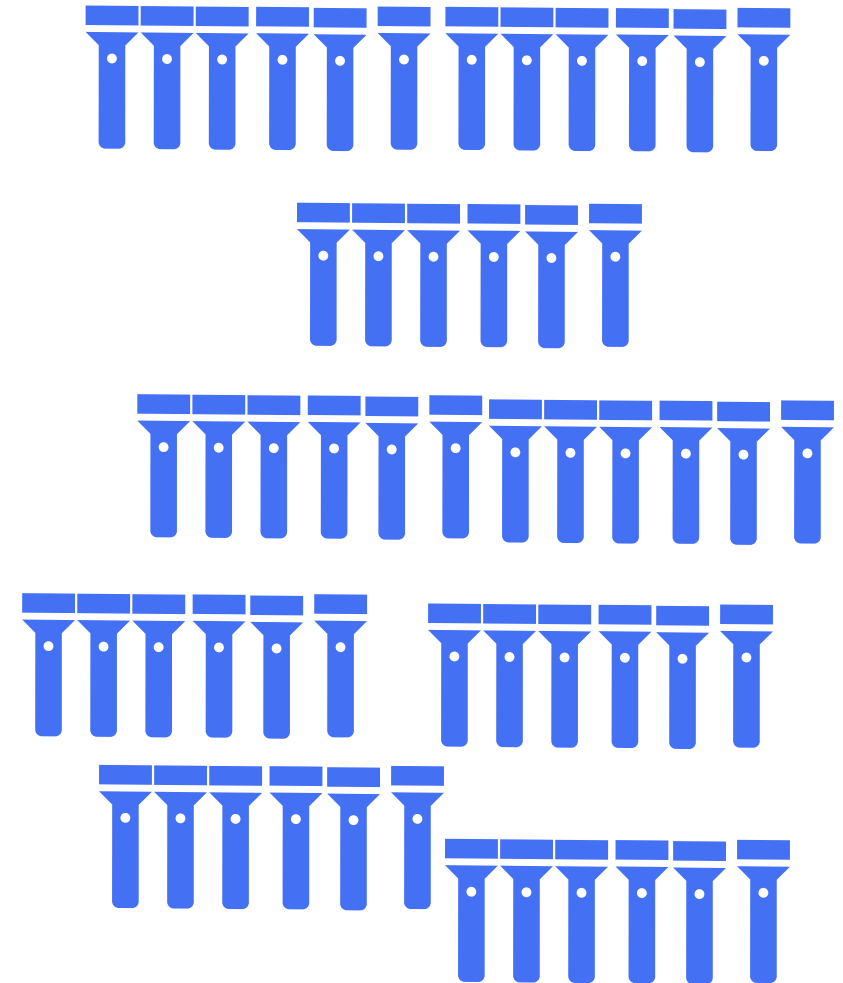
Describe and identify slow moving inventory in **MC46** by total value and individual material masters.

Describe what constitutes dead stock.

Identify dead stock in **MC50**, by total value and individual material impact.

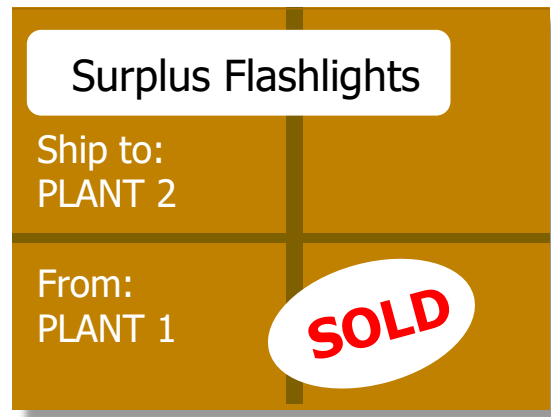
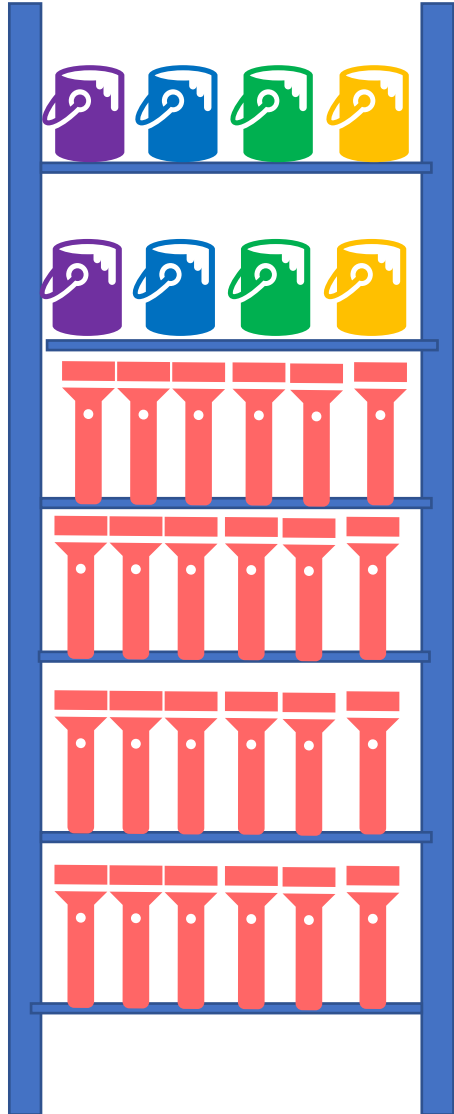


You have completed your inventory and are confident of the outcome. Now is the time to evaluate slow moving inventory.



The Slow Moving Inventory report counts the number of days since the last issue of each material.





Slow moving inventory:

- Takes up valuable warehouse space.
- Ties up capital.
- Should be monitored.
- Material can be:
 - scrapped.
 - sold to another plant.
 - surplus to SC Surplus Property.

Slow Moving Inventory – MC46

Key Figure: Slow-Moving Items



Objects to analyze

All plants cumulated

Sales Organization to

Purchasing organization to

Plant to

Period to analyze

Period: last consumption Days

Daily usage

Area to analyze

Material to

Materials marked for deletion

Materials kept in stock

Materials with zero stock

Material Group to

Material Type to

ABC Indicator to

Purchasing Group to

MRP Type to

MRP Controller to

Including MRP consumption

MRP Area to

Stock Value

Scope of ranking list

No restriction

No. of days up to last consumption from to

Materials with greatest no. of days

Materials with smallest no. of days

Use transaction MC46 to show **Key Figure: Slow-Moving Items**. In this example, **400 Days** is used to search the last consumption.

Slow Moving Inventory – MC46

Note the **Stock value** is \$155,517.03 based on using 400 days since the last consumption. There are 341 selected materials that have not been issued within the last 400 days.

Key Figure: Slow-Moving Items

ABC analysis	Classification	Double-line	Sort in desc. order	Sort in asc. order
Sales organization ZDST		Analysis date 04/26/2018		
Analysis: Slow-moving item				
Number of selected materials:		341		
Stock value		155,517.03 USD		
Material	Short text	Days since consumpti		
100001	ACTUATOR, REED TYPE SWITCH	400	(no consumption)	
100016	ADAPTER, TELCO, 259C, MALE, 50 PIN	400	(no consumption)	
100047	AMPLIFIER, HEADSET, M22	400	(no consumption)	
100058	BACKBOARD, 187A1, WITH 89B BRACKET, BLUE	400	(no consumption)	
100085	BATTERY, 9 VOLT, RECHARGEABLE NIMH	400	(no consumption)	
100092	BATTERY, FOR TRANSTALK, 9031, 8 HOURS, BLACK	400	(no consumption)	
100125	BLADE, PUNCHDOWN, 66, 110 BLOCK	400	(no consumption)	

Slow Moving Inventory – MC46

Clicking the **Double-line** option at the top of the screen will show the last movement date of a material.

Material	Short text	Days since consumpti
100001	ACTUATOR, REED TYPE SWITCH	400 (no consumption)
100016	ADAPTER, TELCO, 259C, MALE, 50 PIN	400 (no consumption)
100047	AMPLIFIER, HEADSET, M22	400 (no consumption)

Key Figure: Slow-Moving Items

Material	Short text	Days since consumpti
100001	ACTUATOR, REED TYPE SWITCH	400 (no consumption)
	4.23 USD	03/22/2017

The last date of consumption was 03/22/2017.


Transaction **MC50** executes the **Key Figure: Dead Stock** report. It indicates the stock level for material over a period and identifies the lowest level reached for the material.


Key Figure: Dead Stock


🕒

Objects to analyze

All plants cumulated

Sales Organization to 


Purchasing organization to 

Plant to 


Period to analyze


Dead stock in a period of time to


Area to analyze


Material to 


Materials marked for deletion


Material Group to 

Material Type to 

ABC Indicator to 

Purchasing Group to 

MRP Type to 

MRP Controller to 

Definition

No restriction

Dead stock value to

No. of materials w/ greatest dead stock

No. of materials w/ smallest dead stock

The lowest level is the dead stock quantity. The theory is that stock was not required. This can be searched by **Plant** or **Sales Organization**.

Course Summary



SCEIS

SC ENTERPRISE INFORMATION SYSTEM

THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

Describe key inventory terms and concepts.

Understand the physical inventory process.

Describe and perform a physical inventory.

Recognize "Slow Moving" and "Dead Stock".

SCEIS Resources and Help



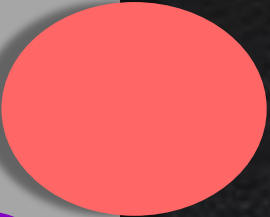
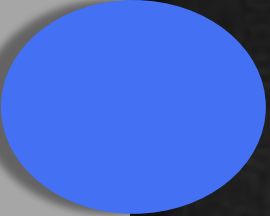
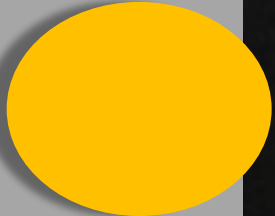
SCEIS


SC ENTERPRISE INFORMATION SYSTEM

THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

- SCEIS Website
 - ▶ <http://www.sceis.sc.gov>
- SCEIS Updates Webpage
 - ▶ <http://sceis.sc.gov/page.aspx?id=230>
- SCEIS Training Schedule
 - ▶ <http://www.sceis.sc.gov/page.aspx?id=366>
- Email or call the SCEIS Service Desk
 - ▶ Service Request form: <http://www.sceis.sc.gov/requests>
 - ▶ Phone: 803-896-0001 (Select option 2 for SCEIS Help.)

Any Questions?






Year-End Physical Inventory Closing (CO400)

SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

Revision date: April 15, 2020



Lesson 1

Key Inventory Terms and Concepts


SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION



Lesson 2

Physical Inventory Count Requirements


SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION



Lesson 3

Physical Inventory Process


SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION



Lesson 4

"Slow Moving" and "Dead" Stock

SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION



SCEIS Resources and Help

SCEIS
SC ENTERPRISE INFORMATION SYSTEM
THE SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION

