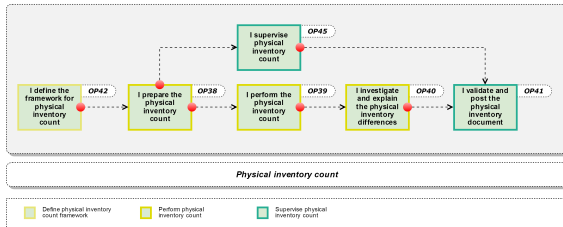


OP.040

I investigate and explain the physical inventory differences

Process: [Inventory Valuation](#)

Responsibility area: [Physical inventory count](#)



Scope

Frequency

References

- [OP.040](#)
- [Physical inventory procedure](#)

- [OP.040](#)
- [Physical inventory procedure](#)

Attachments

xx

[OP.039](#) << I investigate and explain the physical inventory differences >>
[OP.041](#)

Guideline

Inventory discrepancies above the threshold defined in the site procedure are analyzed and explained by the inventory manager who sends his analysis to the Finance responsible assigned.

Adjustments are analyzed in accordance with the value of the adjustment and type of item involved, in order to:

- Identify failures in the control systems so that improvements can be made,
- Reduce similar discrepancies in the future,
- Ensure that the proper adjustment was made,
- Evaluate indicators of trends or system problems for corrective action,
- Detect negligence, abuse, or theft

Timely investigation of inventory adjustments is essential. Delay increases the complexities of adequate research and reduces the probability of conclusive findings.

To make the analysis, it is necessary to use the material document history to look for anomalies for the product and batch under investigation with [MB51 - Material Document List](#)

The following plan gives an example of the main inventory movements that can create discrepancies and the main actions that could be taken to avoid them:

1 Reception: Movement type: **101-102 Goods receipt for purchase order into warehouse/stores**

- Raw materials: Compare reception in SAP with delivery notes
- Finished products: Check process orders-WP2/Cost Collectors-PF2

2 Consumption in process orders: Movement type: **261-262**

- Check production orders in which the material is consumed

Question 1

- Are production declaration made at standard quantity?

=> If yes, it can create under or over consumption :

Action

- Review standard unit consumption in BOM
- Organize regular check in process orders and if necessary adjust the consumption through a process order

Question 2

- Error of declaration in a process order.

Action:

- Improve analysis of variance on process orders (transaction ZWPP40A in WP2)

3 Transfer storage location: Movement types: **201-202**

- Check if the item is in an other warehouse or workshop
- Extract the inventory of this item/batch in all warehouses (transaction MB52)

4 Transfer posting material to material: Movement type: **309**

- Control the use of this movement (control IAC on critical transaction)

5 Goods delivery: Movement type: **6XX**

- Compare reception in SAP with delivery notes

- The Finance responsible assigned identifies items that require a second count according to the rules defined in the site procedure. As far as possible, it is a different count team who performs the second count.
- The results of the second count are recorded, and if necessary a third count can be asked. Otherwise a definitive list of inventory discrepancies is sent to the inventory manager.

The analysis and final list of inventory count discrepancies are

- Signed off and dated by the inventory manager and the Finance responsible assigned,
- Archived as inventory supporting documentation as part of the accounts adjustments documentation.

