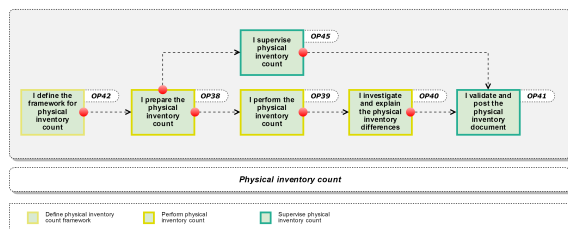


I define the framework for physical inventory count

Process: [Inventory Valuation](#)

Responsibility area: [Physical inventory count](#)



Scope

Frequency

References

- [OP.042](#)
- [Physical inventory procedure](#)

- [OP.042](#)
- [Physical inventory procedure](#)

Attachments

XX

I define the framework for physical inventory count >> [I prepare the physical inventory count](#)

Guideline

Finance responsible assigned (FRA)

- Determines the annual schedule in conjunction with the inventory manager and ensures schedule adherence,
- Prepares a site inventory procedure,
- Validates the inventory discrepancies analyzed by the inventory manager,
- Prepares and sends inventory reports.

Inventory manager or his representative (PIM)

- Participates in the preparation of the physical inventory and in the inventory counts,
- Analyses and justifies any significant discrepancies.

Inventory count team

- Performs an accurate count in accordance with the safety rules and must be familiar with the specific counting procedures.



Responsibilities can be adapted for each plant according to the segregation of duties, but any modification should be written in a procedure.

The annual planning includes:

1. A list of the inventory storage location:

- On site
- Off site: inventory on consignment, held in third parties facilities or by toll manufacturers.

2. Frequency of cycle counts

3. A planning by type of inventories taking into account the following objectives:

- Except for industrial supplies:
 - A complete count of the items included in the inventory records of each warehouse should be done for 31st December.
- A special time-frame is applied for industrial supplies:
 - All references must be checked over a 3-year period.
 - By December 31st, references counted must represent at least 80% of the total value of the industrial supplies inventory.

The site procedure has to include:

- The name of the Finance responsible assigned who is authorized to validate physical inventory discrepancies.
- Particularities linked to the segregation of duties
- A reference to applicable safety procedure.
- Determination of a threshold for the value of discrepancies above which a second count must be performed. A 0.5 % threshold of the total amount of the inventory concerned is recommended, it will be applied as such if the site inventory procedure doesn't specify otherwise.

Determination of a threshold for the value of discrepancies above which the finance manager or the business controller, the plant manager and the enterprise supply chain director are informed,

Specific scenarios in which no recount is required:

- Meter readings or print in continuous production environments,
- Scenarios specific to the site's activities.