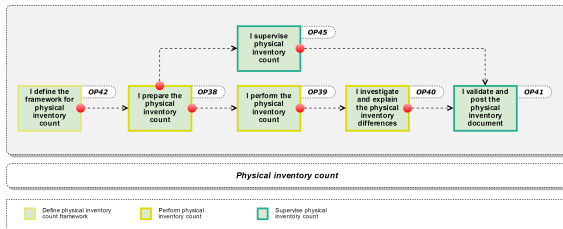


# I perform the physical inventory count

Process: [Inventory Valuation](#)

Responsibility area: [Physical inventory count](#)



Scope

Frequency

References

- [OP.039](#)
- [Physical inventory procedure](#)
  
- [OP.039](#)
- [Physical inventory procedure](#)

Attachments

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[OP.038](#) << | perform the physical inventory count >> [OP.040](#)

## Guideline

A complete count requires that the inventory being counted, includes all the items that should be present and does not include items that are not part of the inventory. It requires that:

1. No inventory movements (receptions, shipments or transfers) may be recorded in the inventory register during the physical count of the warehouse:
  - Everything is shipped before the physical inventory begins,
  - No movement of material is made during the count process,
  - No order is filled or material is received during the count process.



It is recommended to count when production is stopped or during a period when there is limited movement of inventory.

2. Any items shipped and not picked up or receipts that come in are segregated and labelled "do not inventory".
3. Blind counts are performed. The physical inventory is made without the knowledge of the quantity in the inventory records:
  - Batch number, item code, description, location, and other information necessary to perform the count are printed on the counting sheet but not the item quantity information.
4. Each count team has an assigned zone to count. Counting team progression should be as linear as possible. They receive count sheets and tags. In the absence of bar-coding / scanner device, it is recommended that counting is performed by team of two persons:
  - One person counts the item and attaches a tag to the inventory items that were counted,
  - The second one records on the inventory document the actual quantity counted.
5. At the end of and during the inventory count process, the finance responsible assigned and the inventory manager walk through the warehouse and visually inspect that a count tag is attached to every inventory item to check that all inventory items have been counted and also ensure that the inventory is not counted twice.

- Check that all count sheets are collected and that they are input into the system.
- Recording of count results is made with dedicated functionalities of the inventory management system.
- A list of inventory discrepancies calculated automatically by the inventory management system is printed.
- 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.