

Conducting a Physical Inventory

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A physical inventory count is performed to reconcile what is physically on-hand to the on-hand quantity your database displays. The difference between the database and the count is then recorded by creating a series of adjusting entries.

The physical count process allows you to freeze inventory in order to take physical inventory counts, calculate variances and update inventory based on differences in system quantities and actual counted quantities (physical inventory). Several inventory counts can be in process simultaneously. When lotted or serialized items are included in a count, each lot or serial number is listed separately for counting purposes.

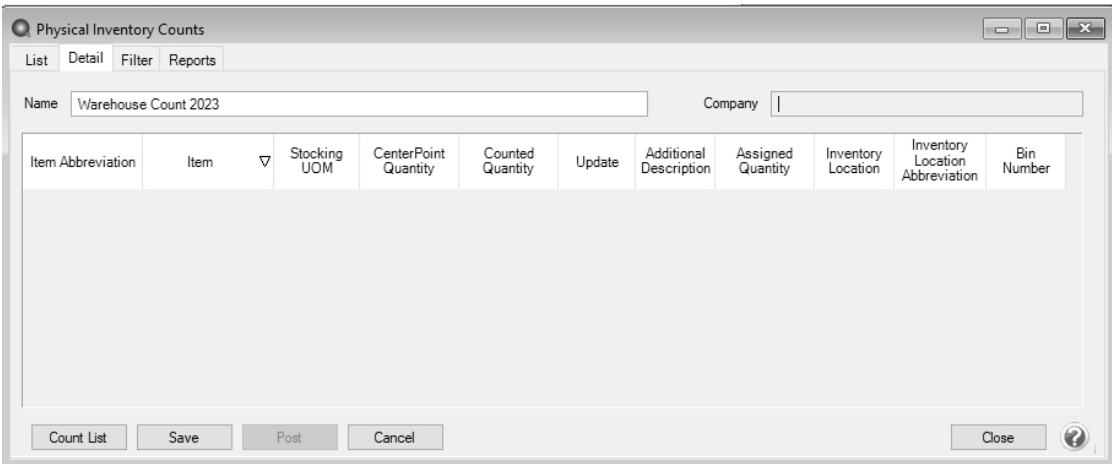
The physical inventory process requires the Inventory module be purchased, installed and registered.

This document includes the following steps:

- [Step A: Create the Physical Inventory File](#)
- [Step B: Print Count Sheets](#)
- [Step C: Physically Count the Items being Inventoried](#)
- [Step D: Enter Physical Counts in CenterPoint](#)

Step A: Create the Physical Inventory File

1. Prior to creating the physical inventory file, be sure that transactions that have transpired on the shop floor have been entered in CenterPoint (purchase orders received, sales orders filled, etc.). Please refer to the Prepare for a Physical Inventory topic for more information on planning the inventory.
2. Select **Processes > Inventory > Physical Inventory Counts**.
3. Click **New**.
4. Enter a **Name** for the physical inventory count, for example Warehouse Count 2023.



5. Click the **Count List** button to specify selection criteria that determines which inventory items to include in the physical count.

Physical Count Filters

Company

Filter Selections

Item	Selected Criteria
Sales Group	<All>
Account Category	<All>
Inventory Account	<All>
Item	<All>
Item Type	<All>
Item Status	<All>
Active	<All>
Inventory Location	<All>
Bin Number	<All>

Save Cancel

6. Choose the appropriate Filter Sections to limit the count list for this inventory click **Save**.

Physical Inventory Counts

List Detail Filter Reports

Name Company

Item Abbreviation	Item	Stocking UOM	CenterPoint Quantity	Counted Quantity	Update
Din	Dinner Tray	Each	54		☐
Eye	Eye Drop Instillations	Each	72		☐
Gluc	Glucometer Testing	Each	11		☐
Ins	Insulin Injections	Each	21		☐

Show Criteria Save Post Cancel Close

Step B: Print Count Sheets

Count sheets are used during the inventory counting process to document the quantities that are physically available.

1. Select the **Reports** tab and then select **Transaction Reports > Inventory > Physical Inventory Count List**.
2. In the **Report Selections**, select the same criteria that was used in Step 5 above.
3. Click **Preview**.
4. The report, by default, will be sorted by Item Abbreviation and Item. If you'd like it sorted by Sales Group or Bin Number instead; click on the **Group & Sort** tab. Select the Available tab and then select **Sales Group** or **Bin Number**. Select the **Selected** tab and use the green arrow to move the selection above Item Abbreviation and Item.
5. Click **Refresh**.
6. Click **Print**.
7. If you have lotted or serialized items, repeat steps 1-3, click on the **Columns** tab, click on the **Available** tab, select the **Lot/Serial Info 1 -3** and **Lot/Serial Number** columns, click **Refresh**, and then click **Print**.

Step C: Physically Count the Items being Inventoried

 Note: Once all items being inventoried have been counted, shipping and receiving activities can begin again.

Step D: Enter Physical Counts in CenterPoint

1. Select **Processes > Inventory > Physical Inventory Counts**.
2. Select the inventory file created in Step A and click **Edit**.
3. Enter the quantities that were counted in the **Counted Quantity** field for each inventory item.



IMPORTANT NOTE: if the counted quantity for an item is zero, simply put a check mark in the **Update** box. The system will enter the zero for you.

Item Abbreviation	Item	Stocking UOM	CenterPoint Quantity	Counted Quantity	Update
Din	Dinner Tray	Each	54	63	☒
Eye	Eye Drop Instillations	Each	72	71	☒
Gluc	Glucometer Testing	Each	11	0	☒
Ins	Insulin Injections	Each	21	23	☒

4. If you need to stop entering counts at anytime, simply click **Save** to save the Counted Quantities to this physical inventory file.
5. Once all counts are entered, click on the **Reports** tab to access the **Physical Inventory Variance**, **Physical Count List**, or **Physical Count by Location** reports. The Physical Count List and Physical Count by Location reports can be used to print or export open physical inventory count lists for open physical inventory counts. The variance report will display a list of inventory items in this inventory, the expected quantity, the counted quantity and the variance between the two quantities.
6. Select **Transaction Reports > Inventory > Physical Inventory Variance**.
7. In the **Report Selections**, select the physical inventory file in the **Count** field. Click **Print**.
8. Click on the **Detail** tab to get back to the physical inventory details.
9. If any corrections are needed to counted quantities, they can be made at this time. The variance report can then be rerun if needed.
10. Once all counts have been entered and the variances reviewed, click **Post** to complete the physical inventory process and create the inventory adjusting transactions.
11. Enter the date the counts were conducted in the **Date** field and click **Post**.
12. Once the physical inventory is posted, the status will change to Closed (a Post Date column can be added to the List tab to view when a physical inventory was performed). The Physical Inventory Variance report can be printed again for inventories with a status of Closed and it will include quantity and dollar variances.