

Inventory Management / Physical Inventory

Inventory – General:

All inventory items under the responsibility of the DGS Distribution Center will be counted a minimum of one (1) time per year.

The inventory will be counted using the ABC methodology for inventory classification. This can be found in General Plant Data/Storage 1 tab, CC Phys Inv. Ind (Cycle-Count Physical Inventory Indicator). The code is generated by material number strictly from an inventory movement history standpoint. There will be 4 codes associated with this indicator: A = top 56% of inventory movement, B = next 28% of inventory movement, C = 14% of inventory movement and D = last 2% of inventory movement. This breakdown is automatically calculated in SAP and we transferred the results. We will compare usage rates every 6 months to ensure we have the correct cycle counting code in place.

Based on the new CC codes, we will cycle count in the following manner:

A Items = monthly, B Items = Every 2 months, C Items = quarterly and D Items = yearly.

Metrics will be compiled monthly to report results by agency and warehouse. A formal cycle-counting program will be established and inventory accuracy will be counted as a “hit” if count and location is accurate.

Inventory accuracy for all distribution centers will have a goal of 98%+, by warehouse. If this goal is maintained for 2 consecutive quarters, no annual physical inventory will be accomplished.

Inventory – Spot Counts – DGS Distribution Center:

DGS Distribution Center will perform inventory spot counts as required to maintain accurate inventory. These counts will be in addition to the formal cycle-counting program.

Inventory – Spot Counts – Agency:

Agencies may visit any designated DGS Distribution Center to perform material inventory as desired/required. It is required that agency contact person schedule appointment with the appropriate warehouse.

Inventory – Posting:

Agencies will coordinate with the DGS Distribution Center the “posting” of inventory in a timely manner.

Inventory – Discrepancies/Errors:

DGS Distribution Center will work with appropriate agency to resolve any discrepancies and/or errors. The DGS Distribution Center will not make any inventory adjustments without consent from the affected agency. This consent may include, but is not limited to:

1. Telephone contact
2. Written notification of discrepancy/error
3. Re-counting of items by DGS Distribution Center
4. Counting of items by Agency Personnel
5. Written statement of occurrence signed by appropriate DGS Distribution Center and Agency staff person

Inventory Adjustments

Agency is responsible for determining any actions regarding their inventory. This includes, but is not limited to, all additions, deletions and changes.

Agency is responsible to notify DGS Distribution Center of all inventory additions, deletions and changes. This notification must occur in a timely manner to allow DGS Distribution Center adequate time to manage agency's inventory.

Agency must use the Inventory Communication Form regarding all notifications. A signed copy of this form must be promptly provided to DGS Distribution Center. The agency can e-mail this form or fax this form to the appropriate warehouse. Upon completion of form, DGS Distribution Center will maintain these forms at a central location at the DGS Distribution Center.

For additional details regarding Inventory count processes, please follow a link below:

[SAP Inventory Transactions – Section 16](#)

[Morris Physical Inventory – Section 14](#)

INVENTORY COMMUNICATION FORM

Name: _____

FAX # _____

Agency _____

Phone # _____

Action Date _____

Action Requested _____

(note symbol legend)

SYMBOL LEGEND

N – New Item D – Destroy stock on hand immediately D1 – Destroy stock when new edition received OD – Obsolete and destroy stock S – Send samples to Forms MGT	R – Restriction as noted M – Miscellaneous as noted C1 – Change unit of issue OHC – Request for on-hand count
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CHARGE DESTROYED STOCK TO PROGRAM OFFICE:	COST CTR	FUND	GENERAL LEDGER
FORM DETAILS			
SAP Number			
Form Number		NOUN NAME	UNIT COST
SOURCE CODE		UNIT OF ISSUE	Value of destroyed stock
REVIEW CODE/mont h		PARTS ON HAND	
NO. OF FORMS PER UNIT		FORM SPECIFICATION	
SIZE		HOW PRINTED	
PROGRAM OFFICE			
FOR OBSOLETE FORMS ONLY			
REPLACING FORM NO.		DATE OBSOLETE	
REASON			
ORDER INFORMATION			
P.O. NUMBER		ANTICIPATED DELIVERY	
NEW PART #		QTY ORDERED	EXPECTED # OF PALLETS
INFO			
PROCESSED AT MS	<input type="checkbox"/>	DATE	
PROCESSED AT WHSE	<input type="checkbox"/>	DATE	