



Annual Physical Inventory

Step-by-Step

Prior to closing the financial records, the School Transportation Garages need to take an actual physical inventory of all materials and supplies. School Transportation Garages will use the attached Transaction Guides to perform the annual physical inventory.



An inventory can be taken at any time using this process; however, a full inventory must be taken towards the end of the year in order to have a reconciled inventory for the fiscal year and to provide better data for the TD 1 Annual Report.

To perform a physical inventory, inventory documents must be created for use during the counts and for auditing purposes. These documents are created, in a batch process, by plant and storage locations. All materials extended to a specified plant/storage location will be listed on the inventory document(s). The created inventory documents are then printed and used to perform the inventory counts.

Prior to doing the inventory, a posting block may be set on all materials to be inventoried. This prevents any good movements from occurring while the materials are being counted. The posting block should not be set until the day of the inventory count.

BSIP inventory counts are performed “blind”; i.e. the current stock quantity does not display on the inventory documents. All materials, including those with zero difference between current quantity and counted quantity, must be entered into BSIP.

After the manual count, the results are entered into BSIP. The results should be reviewed and any entry errors corrected. The documents must then be posted. To finalize the inventory, review the List of Inventory Differences to ensure that all materials on the list have been counted, recounted, deleted and/or differences have been posted. A printed list of inventory differences

from MI20 should be kept with your inventory documents for records purposes.



Creation of the inventory documents, entering the counts and posting of inventory corrections/directions must be completed in the same accounting month.

Transactions Used to Perform Physical Inventory in SAP

The list of transactions below contains numbered items and bulleted items. The numbered items are essential processes and the order in which they should occur. The other transactions are only used if something doesn't go exactly right. For example MI05 (Change Count) is only used if a typo or incorrect count is found when using MI20 to review your counts.

Inventory Preparation:

1. MI31 Create Physical Inventory Documents in Batch
2. MI21 Print Physical Inventory Documents

Process Inventory Results:

3. MI04 Enter Count Results
4. MI20 Review List of Inventory Differences
5. MI20 Post Inventory Differences
6. MI20 Inventory Completion Check
7. MI20 Print List of Inventory Differences




A number of other processes are available at the end of standard steps for various contingencies arising during the process. For example, MI05 is used to change a material count of an un-posted item in the event of a typo or other correction.

Key Terms

Term	Description
Book Count	On hand quantity in SAP. Same as Unrestricted Stock number shown in IVLD (ZMB21).
Inventory Document	Document generated by SAP that lists all materials extended to a specified plant/storage location.
Planned Count Date	Date on which the inventory is going to be taken. Posting block may be set.
Posting Block	Block which prevents any goods movements/receipts of items while inventory is being taken. If the posting block is set, goods movements must be tracked manually.

GRAPHIC CONVENTIONS

The following graphics indicate important information such as a note, hint or warning:

	Note: A guideline or practice that applies to the procedure.
	Warning: A notification of important information about a procedure.
	Helpful Hint: A tip or hint that helps with the procedure.


1. Create Physical Inventory Documents (in batch)

MI31

Use this transaction to create physical inventory documents for multiple materials in your plant and storage locations.



Inventory documents may be created and printed prior to the count date; however, the posting block **should not be set** until the day of the actual physical inventory count.

1. From the **SAP R/3 System** screen, enter transaction code **MI31**.
2. Click  or press **Enter**. The **Selected Data for Phys. Inventory Docmts w/o Special Stock** screen displays.
3. Enter or select a value for each of the following required fields:
 - **Plant** (enter plant code)
 - **Storage location** (do one storage location at a time)
 - **Name of session**



Remove the checkmark from the **Materials marked for deletion** field will exclude items previously marked for deletion from the inventory document.




The default session name is MB_MI01. Enter something uniquely yours so that it is easier to recognize later. Ex. KHARRISON1


- **Max. no. items/doc** - use 99 for main storage location;
 - use 300 for truck storage locations.

- **Planned count date** - enter date of inventory count

- **Physical inventory number** - enter fiscal year followed by plant number and storage location. Example:
2013FY60118071

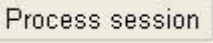
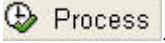
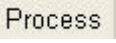
- **Set posting block** - check if count is immediate; do not check if creating batch documents ahead of the inventory count date.

- **Sorting** – click on  and select **Plnt-SLoc. - Stor.bin description - Material**. (If you do not have good current storage bin descriptions use Plant – Sloc. – Material)

4. Erase any variants under “Display options”.
5. Click . The **Batch Input Created for the Creation of Phys. Inv. Docmts** screen displays.





Enter through any system information messages or errors.

6. Click . The **Batch Input: Session Overview** screen displays.
7. Click in the gray box next to the session name to highlight row. Click . The **Process Session {Session name}** dialog box displays.
8. Select the **Background** radio button.
9. Click . The following message displays:
“X session(s) transferred to background processing”.



It takes approximately 5 to 6 minutes for the system to process a batch session. **Please wait at least 5 minutes before continuing with Step 10.**


10. With the session name highlighted click . The **Batch Input: Log Overview** screen displays.
11. Click in the gray box next to the session name and click . The **Batch Input Log for Session {Session name}** screen displays.



If the batch processing is completed the last line in the Message column should read “Batch input processing ended”. If this message does not appear on the last line adequate time was not provided for the batch process to be viewed. SAP continues the batch processing in the background. Use transaction **MI24** to retrieve a complete list of Physical Inventory Documents created.

12. Record the *physical inventory document numbers* created. You will need the document numbers to print the inventory documents.



Clicking on  can print this list.

13. View the log for any errors generated.





A material master record being blocked for updates at the time of processing may cause errors. Note any material errors and add the materials to one of the existing physical inventory documents using transaction code **MI02**.

14. Click  to exit this transaction.

2. Print Physical Inventory Documents

MI21

Use this transaction to print the physical inventory documents that are used to record the actual physical inventory quantities and to key the data into BSIP. To print the inventory documents, you must know the inventory document numbers generated by transaction MI31. Refer to transaction MI24 if you do not know the inventory document numbers.

1. From the **SAP R/3 System** screen, enter transaction code **MI21**.
2. Click  or press **Enter**. The **Print Physical Inventory Document** screen displays.
3. Enter:
- **Phys. Inventory doc.** - (process one document at a time or enter a range of physical inventory document numbers)
4. Click . The **Print** dialog box displays.






Printer destination should default in.



Be sure that **Print Immediately** and **Delete After Print** are checked.




You can click  **Print preview** if you wish to review all documents prior to printing.

5. Click . The following message displays: “Print request completed”
6. Click  to exit this transaction.

3. Enter Results of Count


MI04

Use this transaction to process the physical inventory count into BSIP.

1. From the **SAP R/3 System** screen, enter transaction code **MI04**.
2. Click  or press **Enter**. The **Enter Inventory Count: Initial Screen** displays.
3. Enter or select a value for each of the following required fields:
 - **Phys. Inventory doc.** - (enter physical inventory document number)
 - **Count date** - date materials were counted




If the count date from MI31 and the planned count date are different SAP will give you a warning to reconcile the dates. Press Enter

4. Click  or press **Enter**. The **Enter Inventory Count XXXXXXXXXX: Collect.Processing** screen displays.
5. Enter the inventory count for each item. If the count is zero check the ZC box instead of entering 0



Always click the checkbox for ZC when the count is zero. SAP recognizes a “0” count as blank and not counted unless this checkbox indicator is active.






If all items on the physical inventory document are not displayed, click  to advance to the next page. (Or press Page Down)



SAP inventory counts are performed “blind”. The current stock quantity does not display; enter the inventory counted for all items whether or not a difference exists.






If you get “**Obsolete w/warning**” message press **Enter** to continue.
You may have to do this multiple times.

6. Click  or press **Enter** after the count has been entered for all items.
7. Click  to save the entries. The following message displays:
“Count entered for phys. Inv. Doc. XXXXXXXXX”
8. Repeat steps 3 – 7 for all inventory documents.
9. Click  to exit this transaction.

4+7: Review / Print List of Inventory Differences




MI20

Use this transaction to review or print the list of inventory differences. Attach this printout to the physical inventory document.

1. From the **SAP R/3 System** screen, enter the transaction code **MI20**.
2. Click  or press Enter. The **List of Inventory Differences** screen displays.
3. Enter:
- **Phys. Inventory doc.** (process one document at a time or enter a range of physical inventory documents).
4. Click the **Phys. Inventory items** checkbox under **Status Selection for**.
5. Select the **Group by phys. Inv. Doc.** radio button on the **List display** section of the screen.
6. Click . The **Status of Physical Inventory Items** dialog box displays.
7. Click all the checkboxes.
8. Click . The **List of Inventory Differences** screen displays.






You may total the columns by highlighting the column heading and clicking the  icon.

9. Click . The Print dialog box displays.
10. Click  to print.
11. Click  to exit this transaction.

5. Post Inventory Count

MI20

Use this transaction to post the inventory count. This updates the inventory and financial information for the plant.





1. From the **SAP R/3 System** screen, enter transaction code **MI20**.
2. Click  or press **Enter**. The **List of Inventory Differences** screen displays.
3. Enter:
 - **Phys. Inventory doc.** (process one document at a time or enter a range of physical inventory documents)
4. Click the **Phys. Inventory Items** checkbox under **Status selection** for.
5. Select the **Group by phys. Inv. Doc.** radio button on the **List display** section of the screen.
6. Click . The **Status of Physical Inventory** dialog box displays.
7. Click all the checkboxes.
8. Click  (on the dialog box). The **List of Inventory Differences** screen displays.
9. Review the items for **Difference amount** and **neg. dff. Value** and **Pos. dff. Value**.



If errors are detected, use transaction **MI05** to change the inventory count entered **before completing the rest of this process**.



Be sure that the **Inv. Status** for each material is **“Counted”**.

10. Click  to select all items. Click  to update inventory counts. The **Post Inv. Differences: Initial Screen** displays.
11. Click  or press **Enter**. The **Post Inv. Differences XXXXXXXXXX: Selection Screen** displays.
12. Click  to post the inventory count. The following message displays:
“Diffs. Phys. Inv. Doc. XXXXXXXXXX posted with m. doc. 49XXXXXXX.”
Record this number.






If you get **“Obsolete w/warning”** or **“Flagged for Deletion”** message press **Enter** to continue. You may have to do this multiple times to cover all obsolete or flagged materials.



If multiple documents were selected, the next physical inventory document number will appear in the **Phys. Inventory doc.** field.








Posting must be done separately for each document. Click ; review the document and click  to post differences. Continue processing all documents until the **List of Inventory Differences** screen displays.

13. Repeat as necessary until all documents are posted.
14. Click  to exit this transaction.

6. Inventory Completion Check

MI20

Use this transaction to verify there are no outstanding documents once inventory has been completed.

1. From the **SAP R/3 System** screen, enter transaction code **MI20**. Click  or press **Enter**. The **List of Inventory Differences** screen displays.
2. Enter :
 - **Plant, Storage Location, and current Fiscal Year**
 - **Other fields in the top sections should be blank**
3. Click the **Phys. Inventory items** checkbox under **Status selection** for.
4. Select the **Group by phys. Inv. Doc.** radio button on the **List display** section of the screen.
5. Click . The **Status of Physical Inventory Items** dialog box displays.
6. Check the top two checkboxes. (Not yet counted and Only Counted)
7. Click . The **List of Inventory Differences** screen displays.
8. Any items displayed on this screen are incomplete. If the status is 'Not Yet Counted' check the necessary boxes and click **Enter Count**. If the status is Counted check the necessary check boxes and choose **Post Difference**.
9. Refresh the page using  and repeat 8-9 until all items have been resolved.
10. Click  to exit this transaction.

Additional Transactions Used to Perform Physical Inventory Tasks in SAP

MI24 - Display Physical Inventory List

- Used if you did not get the physical inventory document numbers from the MI31 process

MI02 - Change Physical Inventory Document

- Used to add materials to a document if there was an error during MI31

MI05 - Change Count on Existing Inventory Documents

- Used to change an incorrectly entered inventory count (can be accessed via a button on MI20)

MI11 - Create Recount Document

- Used when a known error in book quantity is identified and can be accounted for via other processes instead of making the adjustment. (For example, if a duplicate receipt is found). This will generally be a result of detailed examinations of differences.
- Used if inventory documents are not posted before the close of the physical month in which they were counted.





ZMB19 - Inventory Report

- Used to get a reconciled inventory list at the end of physical inventory if needed for auditors
- Also used after all work is posted in June and before any work is posted in July to get counts for the TD-1

Display Multiple Physical Inventory Documents

MI24









Use this transaction if you forget to record your inventory document numbers or if your SAP session times out or you get logged off the system while MI31 is processing. MI31 will continue running in the background and you can retrieve the document numbers by using this transaction.

1. From the SAP R/3 system screen, enter transaction code **MI24**.
2. Click  or press **Enter**. The **Physical Inventory List** screen displays.
3. Enter **Plant** and **Storage Location**.
4. Under **Status Selection**, select **Phys. Inventory document**.
5. Enter the **Fiscal year**.
6. Under **List Display**, select **Group by phys. Inv. Doc.**
7. Click .
8. On the dialog box that displays, select **Not yet counted**. Check  on the dialog box.
9. The **Physical Inventory List** screen displays showing all the physical inventory documents that meet the criteria
10. The first data column contains the physical inventory document number and shows all the materials associated with that document.
11. Record the inventory document numbers.
12. Click  to exit the transaction.

Change Physical Inventory Documents

MI02

Use this transaction to correct an error displayed in the log during processing of an existing physical inventory document; to set the posting block; to delete items or the entire physical inventory document.

1. From the **SAP R/3 System** screen, enter transaction code **MI02**
2. Click  or press **Enter**. The **Change Physical Inventory Document: Initial Screen** displays.
3. Enter or select a value for the **Phys. Inventory doc.** Field.
7. Click one of the options below to make changes to the physical inventory document:
 -  - Change the following fields: **Planned Count date, Posting Block (set/reset)**.
 -  - Add items to the Physical Inventory Document
Note: Enter the material number of the item(s) that you want to add to the Physical Inventory document and click
 -  - Delete item(s) from the Physical Inventory Document
Note: Select the material number to be deleted and click . A check appears in the **Del** column next to the material.
 -  - Delete the entire Physical Inventory document.
8. Click  at the end of option. The following message will display: *Physical inventory document XXXXXXXXXX changed*”.
6. Click  to exit the transaction.




Correct Physical Inventory Count Input

MI05

Use this transaction to correct keyboard errors made when entering data on MI04, or if additional material has been located. Physical Inventory Item must not have been posted.



This will not allow you to enter the initial count of an item. It will only change an existing count. To enter the initial item count of a material use MI04.

1. From the **SAP R/3 System** screen, enter transaction code **MI05**.
2. Click  or press **Enter**. The **Change Inventory Count: Initial Screen** displays.
3. Enter:
- Phys. Inventory doc. – (enter document to be changed)
4. Correct the appropriate line(s) by clicking in the white box under “Quantity”, deleting the incorrect amount and entering the correct amount.
5. Click  to save the changes. The following message displays:
“Count changed for Physical Inventory Document
XXXXXXXXXX”
6. Click  to exit this transaction.



Use this transaction to recount one or more items on a physical inventory document due to a posting period change or due to finding correctable errors in book quantity.



Only items or documents that have not been posted can be recounted.





When the physical recount document has been created, the new count must be entered into SAP using **MI04**.

1. From the SAP R/3 System screen, enter transaction code **MI11**.
2. Click  or press **Enter**. The **Enter Recount: Initial Screen** displays.
3. Enter or select a value for the following fields:
 - **Phys. Inventory doc** – enter number of original physical inventory document.
 - **Planned count date** – date inventory is planned to take place (accept default if data to be entered that day)
 - **Document date** – date of original document
 - **Posting block** – set only if recounting an entire document as in the case of correctable errors you want to be able to fix the errors
4. Click . The **Enter Recount: Selection List** screen displays.
5. Uncheck items that are not be recounted.



It may be better to uncheck all the items. Use menu path **Edit>Deselect all**. Check only the items to be recounted.

6. Click . The following message displays: *Physical inventory document XXXXXXXXXX created.*
7. Record the new inventory document number
8. Click  to exit the transaction.





Overview of Correction of a Book Quantity: First create the recount document, then fix errors w/ the material, then use MI04 to enter the count on the new document. Always recheck with MI20 before posting the count of that item.

View Results of Inventory Reconciliation

MB03

Use this transaction to display the material document generated by posting the inventory count.

1. From the **SAP R/3 System** screen, enter transaction code **MB03**.
2. The **Display Material Document: Initial Screen** displays. Enter Material Document number.
3. Click  or press **Enter**. The **Display Material Document XXXXXXXXXXXX: Overview** screen displays.
4. Click on . This screen displays general information about the **Material Document**.
 - Document date
 - Posting date of the document
 - Time of entry
 - Fiscal year
 - Transaction Type
 - Data entered by

Return to “Overview” screen, by clicking on green arrow.

5. Click on  **Details from item**. On **Position Cursor** dialog box, enter line item to be reviewed. Click  or press **Enter**.

The **Display Material Document XXXXXXXXXXXX: Details xxxx/xxxx** displays.





Movement type 701 is caused by the actual amount inventoried being greater than the book (SAP) inventory. System generates a **Goods Receipt** adding the difference to the book inventory.



Movement type 702 is caused by the actual amount inventoried being less than the book (SAP) inventory. System generates a **Goods Issue** deducting the difference from the book inventory.

Use this transaction to display the current quantities and value of every material in your inventory. This can be done immediately after the completion of physical inventory for audit purposes. The transaction must also be used at the very of June for purposes of the TD-1 annual report.

1. From the **SAP R/3 System Easy Access** screen or from your favorites, enter or select transaction code **ZMB19**.
2. Click  or press **Enter**. The **IVBA – Inventory Report** will display
3. Enter the following information:
 - a. Plant
 - b. Storage Location if desired
 - c. Material: Single * for all materials
 - d. Change the period for Total usage Months into the future (unless you need total usage for some other purpose)
4. Click 

Important Fields in the Report:

Material – DOT Number

Plant

Storage Location

Storage Bin – Bin Description Input by User

Material Description

Unrestricted – Current quantity in that storage location

Moving Price – Current price of stock on hand

Per – Indicates price units (Price per 1 or per 100 most commonly)

Total Value – Total Value of the Stock of that Material

Consumption Value – Number used during the time period requested above

5. Click  to exit this transaction.