This document, in conjunction with the “General Inventory Process Flowchart”, describes the general process of using the Inventory Module in JD Edwards. The process in general, is as follows:

1. Setup Inventory Items
2. Enter an Inventory Adjustment to Load Initial Quantities
3. Process Inventory Issues, Transfers, Adjustments and Purchase Orders involving Inventory
4. Select Items for Cycle Count
5. Create Cycle Count in JDE
6. Perform Physical Cycle Count
7. Enter Physical Counts in JDE
8. Review Cycle Count & Correct Variances (if needed)
9. Approve Cycle Count
10. Update Quantities in JDE with Cycle Count Values

Before a brief narrative of each step of the process is presented, there are two background items that need to be addressed one-time only: AAI’s and Security.

**AAI’s**

There are default AAI’s setup for Inventory transactions for each Company, therefore there is no required setup in order for your company to start using the Inventory Module. However, the AAI’s are general, and if your company requires specific setup that drives journal entries to different accounts than the general AAI’s, it is necessary to contact a Business Analyst or the Helpdesk for assistance. These resources can also assist in obtaining test or example journals that show how the general AAI’s drive inventory entries.

**Security**

The security access to the Inventory Module has been designed so the entire process can be handled by 2 people, one Inventory Administrator and one Inventory Manager. The “Security Access Document” shows a general breakdown of the specific JDE programs included in the Inventory process as well as the access provided to the Manager and Administrator. To avoid Separation of Duties (SOD) conflicts, the Administrator does most of the entry and the Manager has more inquiry and approval access. These 2 roles have been made into Supplemental Roles that can be assigned to more than just 2 people. However, each user assigned one of the Supplemental Roles will need to have potential SOD’s resulting from the combination of their normal Security Role and this Supplemental Role evaluated, prior to assignment. There are additional Accounting and Purchasing roles that have some access to the Inventory Module. All Reports and Inquiries within the Inventory Module are available to everyone (*PUBLIC).

1. **Setup Inventory Items**

Items can be setup manually one at a time via one of the Item Master program (see the instructions for “Manually Create a Non-Stock Item in the Item Master”), or via a mass upload process that can currently only be performed by a Business Analyst. Contact the Helpdesk for assistance on a mass upload of Items.

Non-Stock items are those that are regularly ordered, but not kept in a Warehouse or ordered in bulk and distributed to Jobs from Inventory. Stock Items are those that are kept in a Warehouse and are a part of the Inventory Balance Sheet account.

2. **Enter Inventory Adjustment to Load Initial Quantities**

Initial Quantities & Costs for Items are loaded into JDE via an Inventory Adjustment. This initial transaction setups up the original quantities from which the system starts adding and subtracting values when future transactions are made.
3. **Process Inventory Issues, Transfers, Adjustments and Purchase Orders**

Inventory Issues, Inventory Transfers, Inventory Adjustments and Purchase Orders are all ways in which the quantities and amount of Inventory are adjusted on an ongoing basis. Each are associated with different Document Type and set of AAI’s. In general, Issues are the removal of an Item from a Location, a Transfer is the movement of an Item between 2 Locations (i.e. from Warehouse to Job or Department), and Adjustments are a one-time change to cost or quantity (such as the original setup of quantities). Purchase Order Detail Lines can be marked with a Category Code that will direct the system to update Inventory quantities and cost with the Purchase Order values when they are received.

4. **Select Items for Cycle Count**

A Cycle Count is the regular process of manually counting Item quantities and comparing them to the numbers in JDE. Mostly an offline process, this step involves choosing which items to include in a Cycle Count. Cycle Counts should be done in a short period of time and no other transactions affecting Inventory should be entered during the Cycle Count period. Items can be counted by Branch/Plant, Location or each Item can be populated with a field telling the system how often it should be counted.

5. **Create Cycle Count in JDE**

Once the Items are selected to be counted, the Cycle Count “group” needs to be setup in JDE. This step gathers the Item records into a single record, a numerically labeled Cycle Count record. Use the Data Selections within the “Select Items for Cycle Count” program to identify the Items to be included within that Cycle Count.

6. **Perform Physical Cycle Count**

Count the quantities of the Items included in the Cycle Count population. This should be performed soon after the Cycle Count is created. If transactions are completed in JDE or physical Inventory movement occurs during the Cycle Count, these can result in variances that will be difficult to research and resolve. Cycle Counts can be “reset” to pick up the latest values if too much time elapses between the Cycle Count creation and the physical count.

7. **Enter Physical Counts in JDE**

The results of the physical item count is entered into JDE so it can be compared to the quantities on hand according to the system.

8. **Review Cycle Count & Correct Variances (if needed)**

If there are variances between the physical count quantity and the JDE Item quantity, there are various report and inquiry tools that can be used to research these problems. If the Cycle Count is approved, the JDE quantities will be overwritten with the quantities within the Cycle Count as determined by the physical count. Ensure the variance are correct or resolve them prior to approving the Cycle Count values.

9. **Approve Cycle Count**

When all the values within the Cycle Count have been reviewed and variances resolved, the Cycle Count needs to be approved in JDE. This is completed via a Row Exit within a Cycle Count Inquiry. The approval step provides no warning, does not create a batch, and happen instantly when the Row Exit is selected. If the option is selected by accident, contact the Helpdesk or a Business Analyst to help roll it back to its previous status. This cannot be done by the end user.

10. **Update Quantities in JDE with Cycle Count Values**

Running the “Cycle Count Update” program will update the quantities in JDE to match the quantities in the approved Cycle Count. It also creates a batch to post the variances in the G/L as needed. The resulting batch should be posted before Inventory related transactions resume.