

Standard Operating Procedures Manual

KELLY PAPER OPERATIONS

Physical Inventory Procedures

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Section
1

Overview

All merchandise that you physically have on your floor must be counted except for product labeled with a **F4** label (**F4** product is product that is *not* in your inventory and you are not going to count, such as obsolete or damaged items).

The only merchandise that you are allowed to count that you do not physically have on your floor, is merchandise that you have a put-a-way list for such as:

- Two day transfers
- APO or Must Have orders on the distribution center dock

Counting merchandise you do not physically have on your floor, apart from the exceptions above is in violation of company policy and is subject to disciplinary action, up to and including termination (Refer to the Transaction and Asset Management Policy, section IV, D on page 15).

If you have an item that you feel should be counted and researched after inventory, contact your District Manager for authorization.

The steps to the physical inventory process are as follows:

1. Prep
2. Counting
3. Entering Count Sheets
4. Researching Variances during inventory and if needed after inventory
5. Post physical inventory counts

Section

2

Physical Inventory Preparation

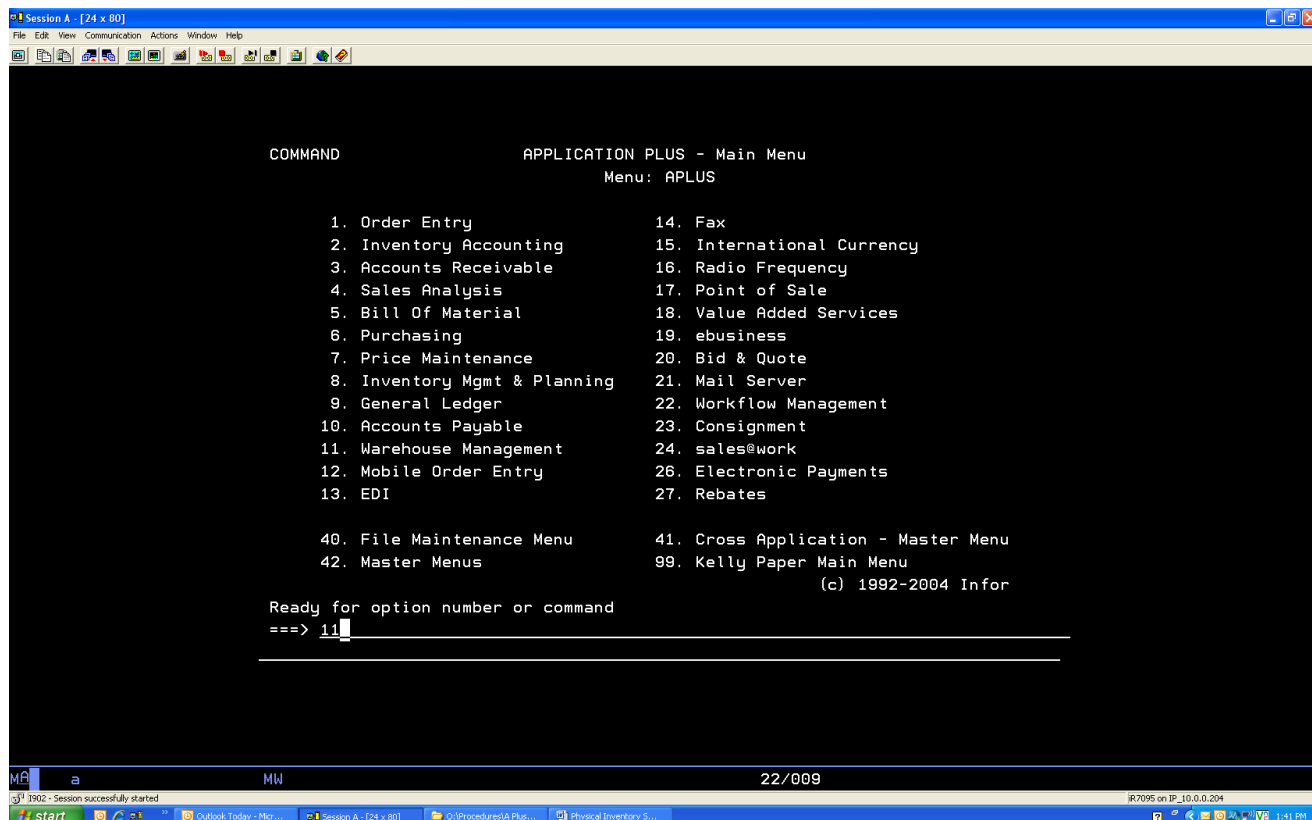
TWO WEEKS BEFORE INVENTORY

Do the following:

1. Petty cash:
 - a) Verify that you have enough money for any supplies, inventory lunch and dinner.
 - b) At this time submit a voucher if needed, this will be enough time to get a check back on time.
2. Verify all your bin locations are correct. To verify your bin locations do the following:
 - a) Print contents by location report.
 - b) Walk your floor checking each bin against your contents by location report verify correct bin location and or product on shelf.
 - If your report doesn't match your actual product in the bin, you must verify correct bin (check override bin locations) and move the product (system) into the correct bin.
 - c) Check the bargain area by doing the following:
 - Separate product labeled **F4** from product that is to be counted (F4 product is product that is **not** in your inventory and you are not going to count).
 - Make sure a bin location is listed for all product to be counted
3. A second person should then walk the floor with a new contents by location report to double check the accuracy.

CONTENTS BY LOCATION REPORT

To print contents by location report, do the following:

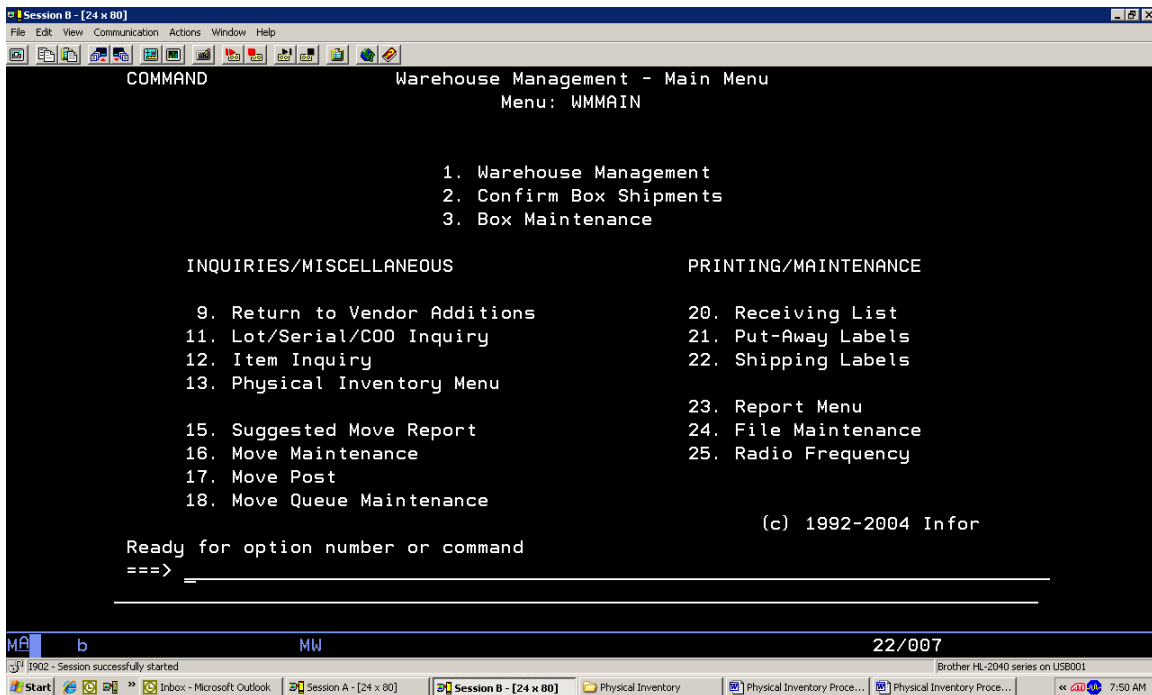


From the A+ main menu, do the following:

11

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

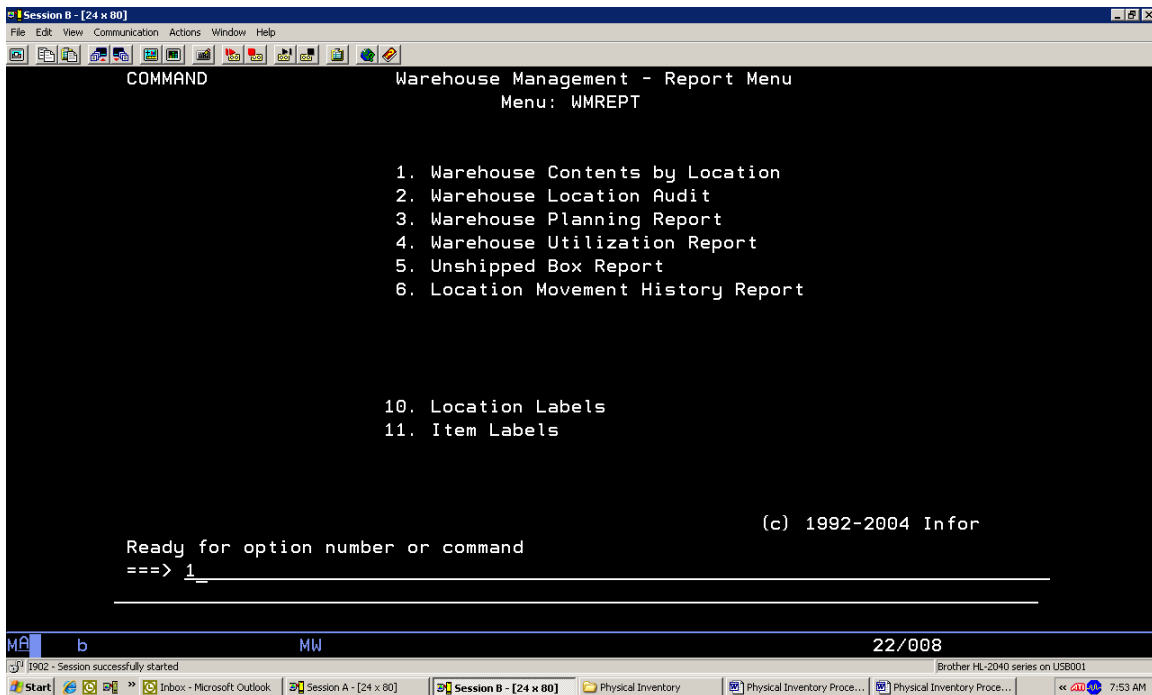


From the warehouse management main menu, do the following:

23

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

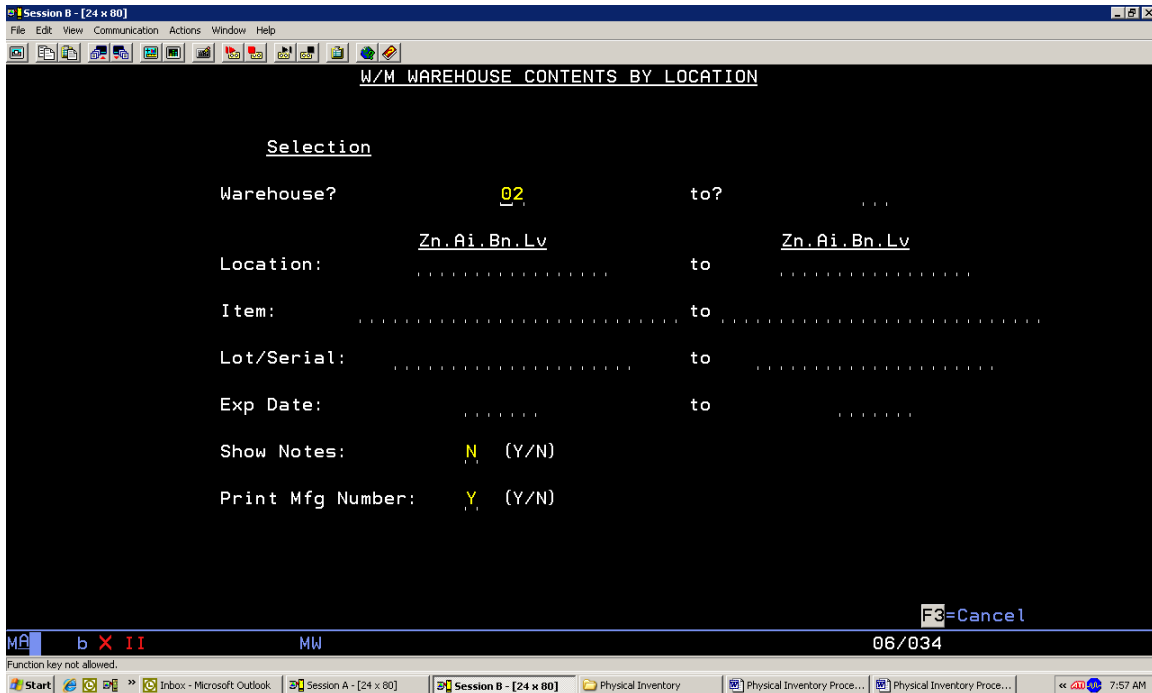


From the warehouse management reports menu, do the following:

1

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the W/M warehouse contents by location screen, do the following:

Warehouse? **Enter your warehouse number**

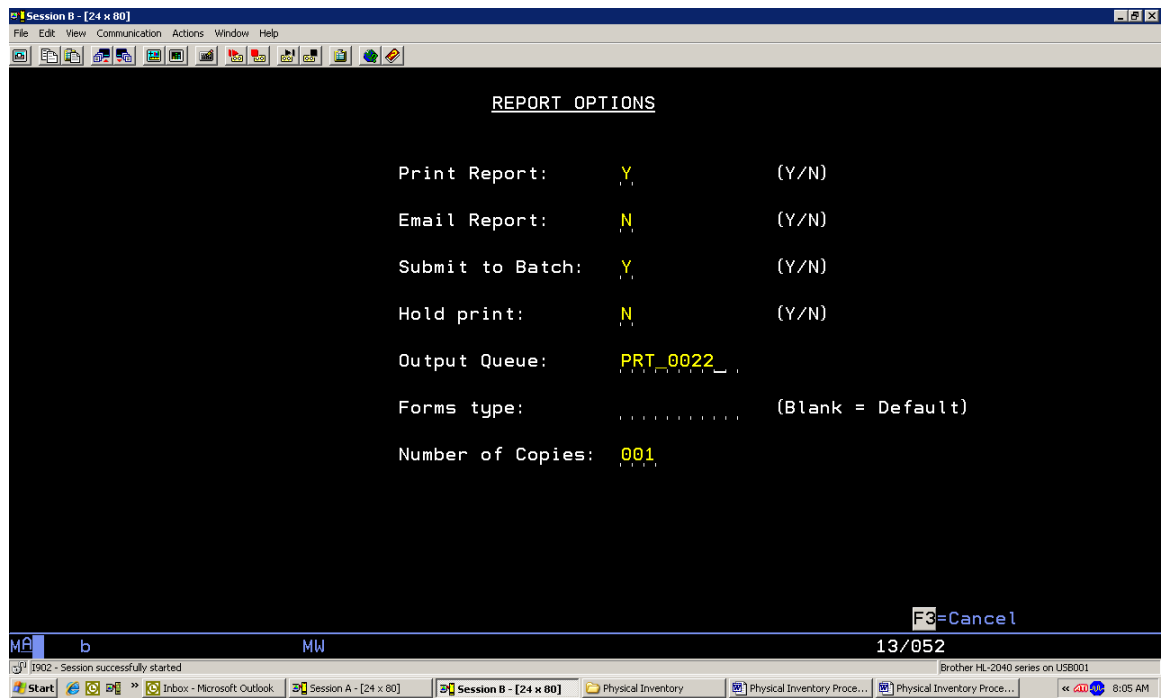
Location: **Enter bin location range or leave blank for entire store**

Show Notes: **N**

Print Mfg Number: **Y**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



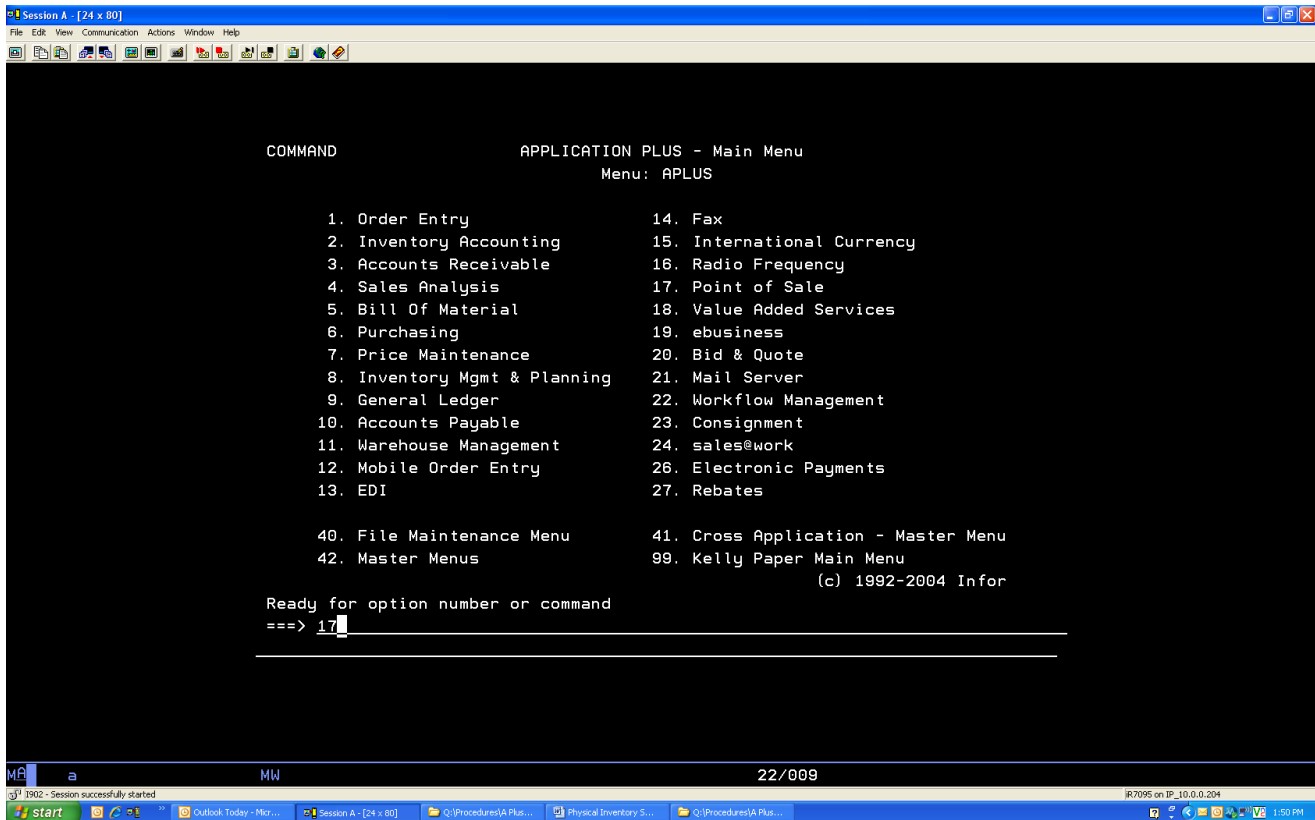
From the report options screen, do the following:

Verify correct Output Queue is correct

[Enter]

ENTERING OVERRIDE WAREHOUSE AND POS LOCATION

To make changes and additions to bin locations from location contents by location report, do the following:

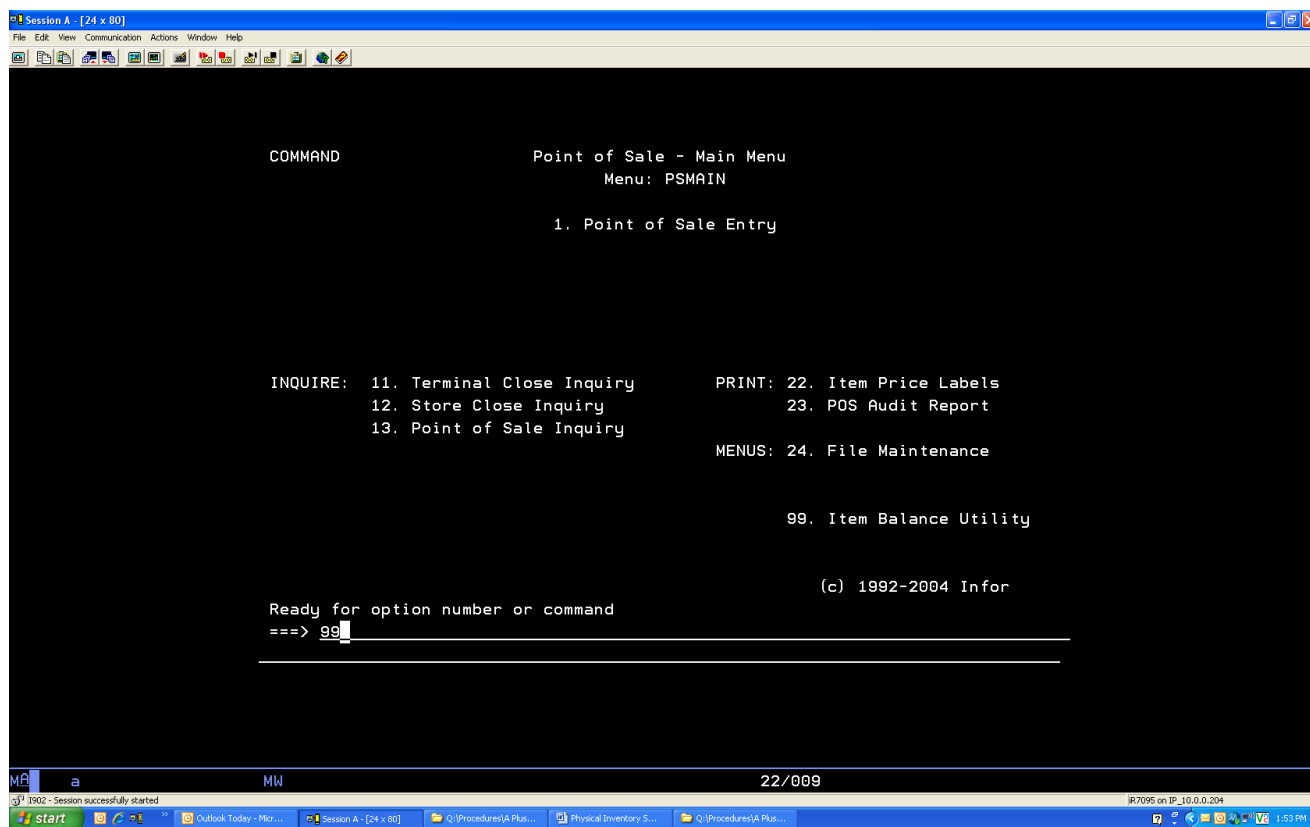


From the A+ main menu, do the following:

17

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

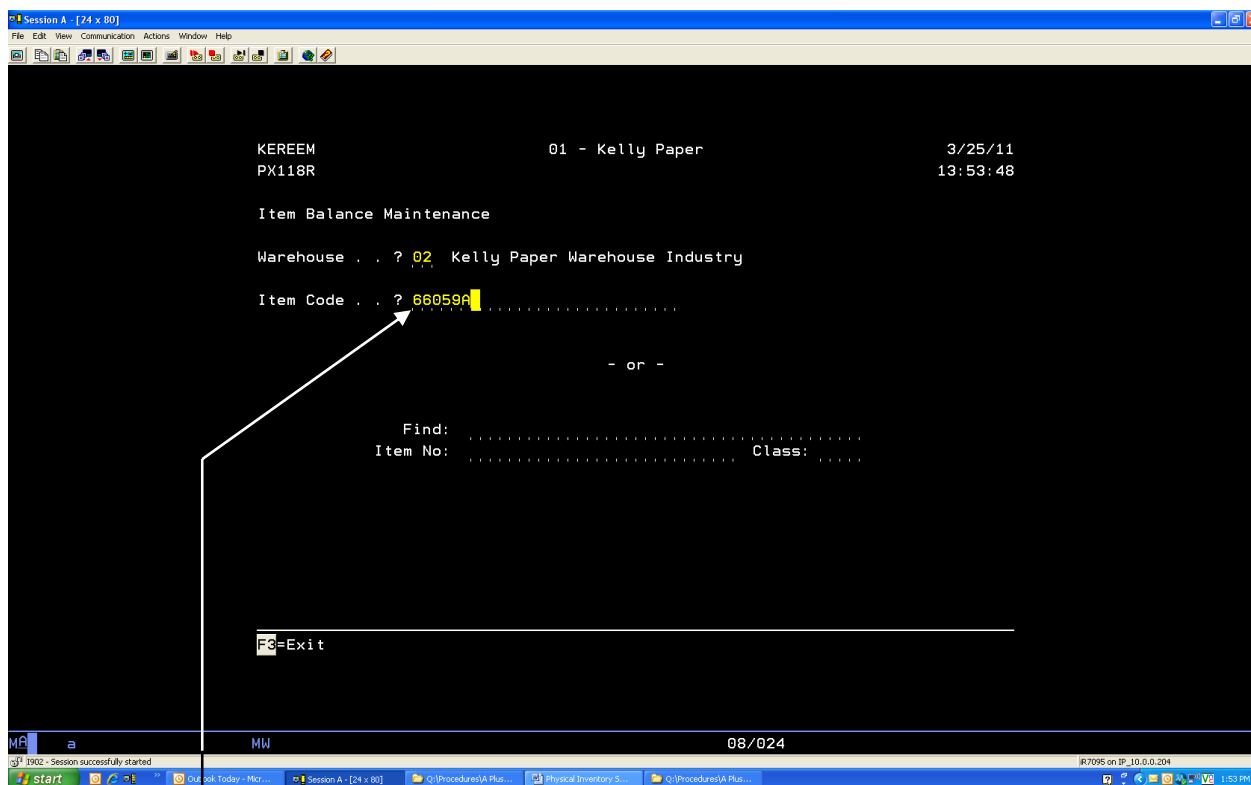


From the point of sale main menu, do the following:

99

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



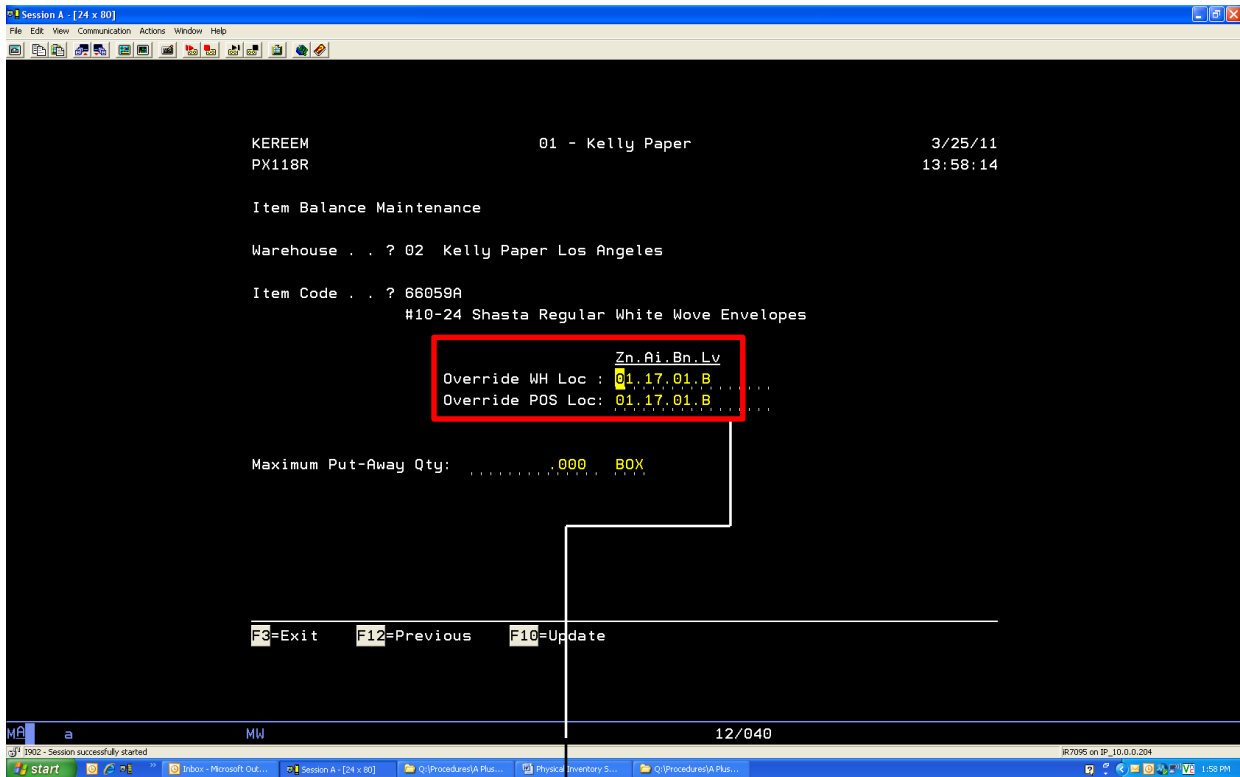
From the item balance maintenance screen, do the following:

Warehouse: **Verify warehouse is correct**

Item Code: **Enter Product Code**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the item/inventory balance master file maintenance screen, do the following:

Override WH Loc: Enter **Override Warehouse location**

Override POS Loc: Enter **Override POS location**

[F10]

Note: the override warehouse and override POS locations must be the same.

WEEK OF INVENTORY

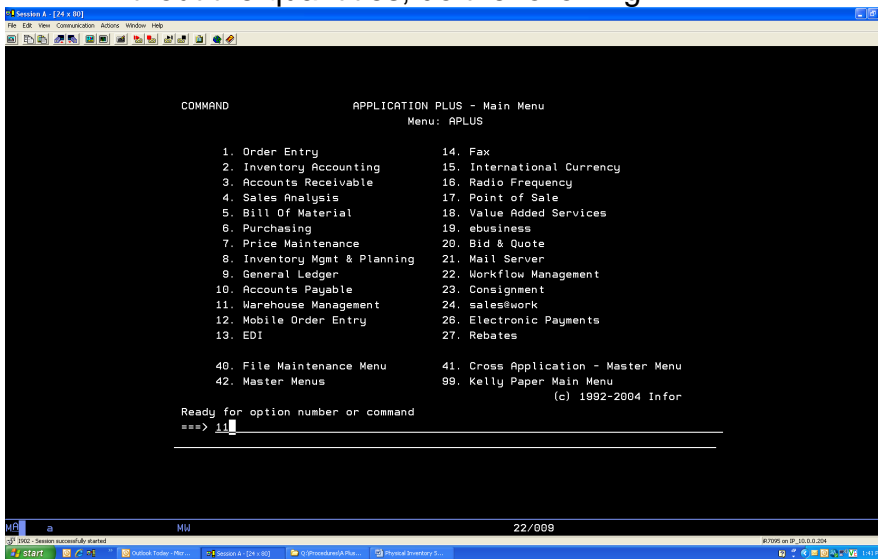
Do the following:

1. Print location audit report
 - a. Manage your negatives by bin (daily task)
2. Print contents by location report for your 1's
 - a. Manage your 1's (weekly task)
3. All excess inventories in the back of the store needs to be separated into 2 areas. First area is non-stock items for your store (1's) and second area is for stock items in your store.
 - a. All inventory in 1's will be counted on a count sheet
 - b. All inventory stock items in your store will be counted on an inventory count tag and will be tagged on the shelf
4. Employees should be looking for product in the wrong bin, taping open packages, filling sample bins and IA adjusting out any samples, damaged stock and usage.
5. Make sure you have toner cartridges for your printer.

DAY BEFORE INVENTORY

Do the following:

1. Make sure all supplies are ready e.g. pencils, toner cartridges, two-part inventory count tags, single pre-inventory count tags, clipboards, etc.
2. Dispute form must be sent to the distribution centers before 10 am. Failure to have dispute form sent before 10am will result in the issue(s) not being resolved.
3. All orders will be placed in the usual manner. The Distribution Centers will invoice all company 1 delivery orders in status 3 (shipped confirmed) for all stores with Mondays date. Make sure all company 99 transfer orders are shipped confirmed (status 3) before you go home.
4. Be up to date on all mill receiving and open orders for your store.
5. Put away old must have and will call orders.
6. Print and manage warehouse location audit report.
7. After closing pre-count graphics and retail area using contents by location report for the bin locations being pre-counted.
 - a. You may also use the inventory count book
 - i. You must cancel the count book after printing
 - b. If you are using the contents by location report to per-count, you must use the report with no quantities. **Failure to follow this procedure will be considered, not doing a blind count and will result in you having to do another full physical inventory.** To print the contents by location report without the quantities, do the following:

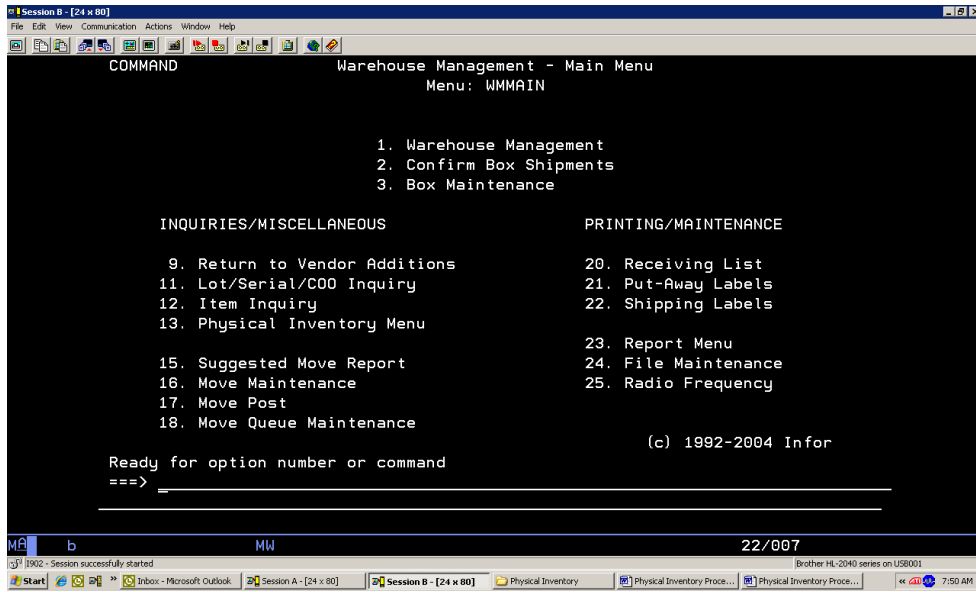


From the A+ main menu, do the following:

11

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

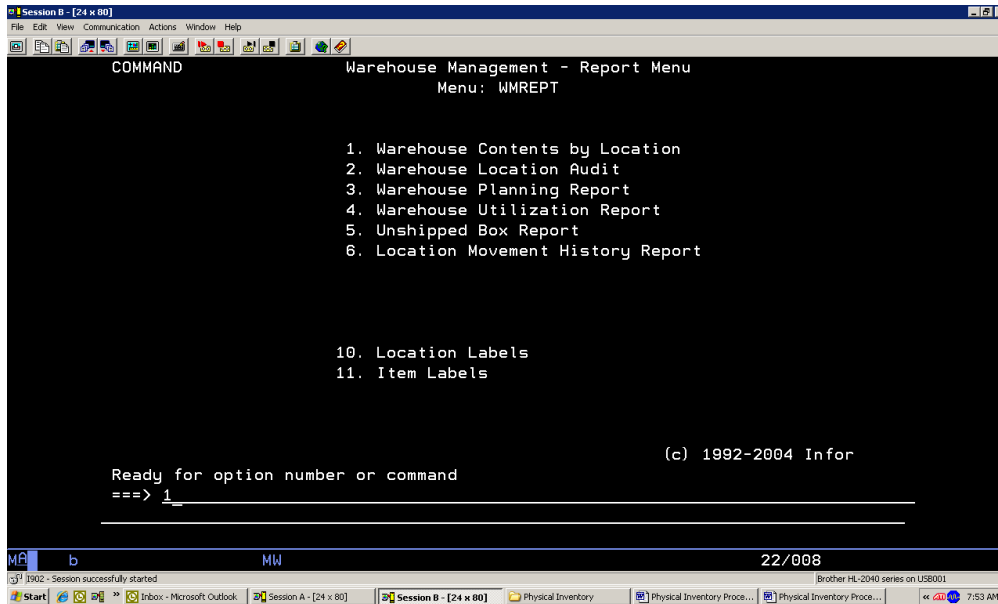


From the warehouse management main menu, do the following:

23

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the warehouse management reports menu, do the following:

1

[Enter]

```

                                     W/M WAREHOUSE CONTENTS BY LOCATION

      Selection

Warehouse?           02              to?           ...
                   Zn.Ai.Bn.Lv
Location:           .....          to           .....
                   Zn.Ai.Bn.Lv
Item:               .....          to           .....
Lot/Serial:         .....          to           .....
Exp Date:           .....          to           .....
Show Notes:         N (Y/N)
Print Mfg Number:  Y (Y/N)
Print Quantity:     N (Y or N for Pre-count Report)

```

F3=Cancel

From the W/M warehouse contents by location screen, do the following:

Warehouse? **Enter your warehouse number**

Location: **Enter bin location range or leave blank for entire store**

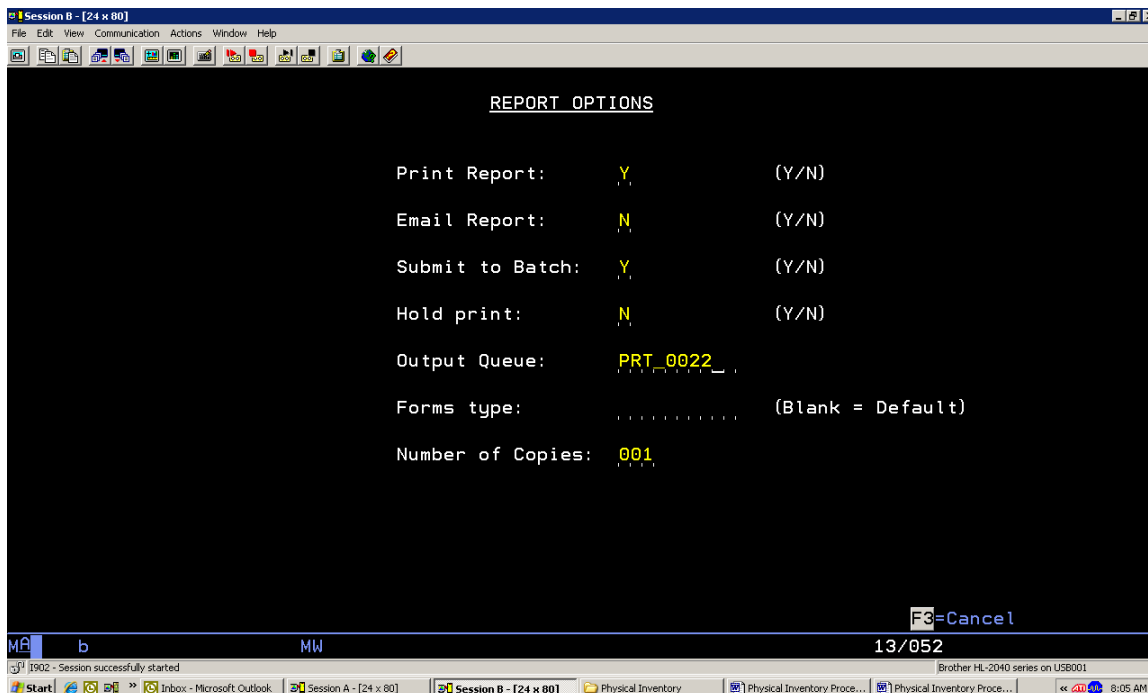
Show Notes: **N**

Print Mfg Number: **Y**

Print Quantity: **N**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the report options screen, do the following:

Verify correct Output Queue is correct

[Enter]

Section

3

Inventory

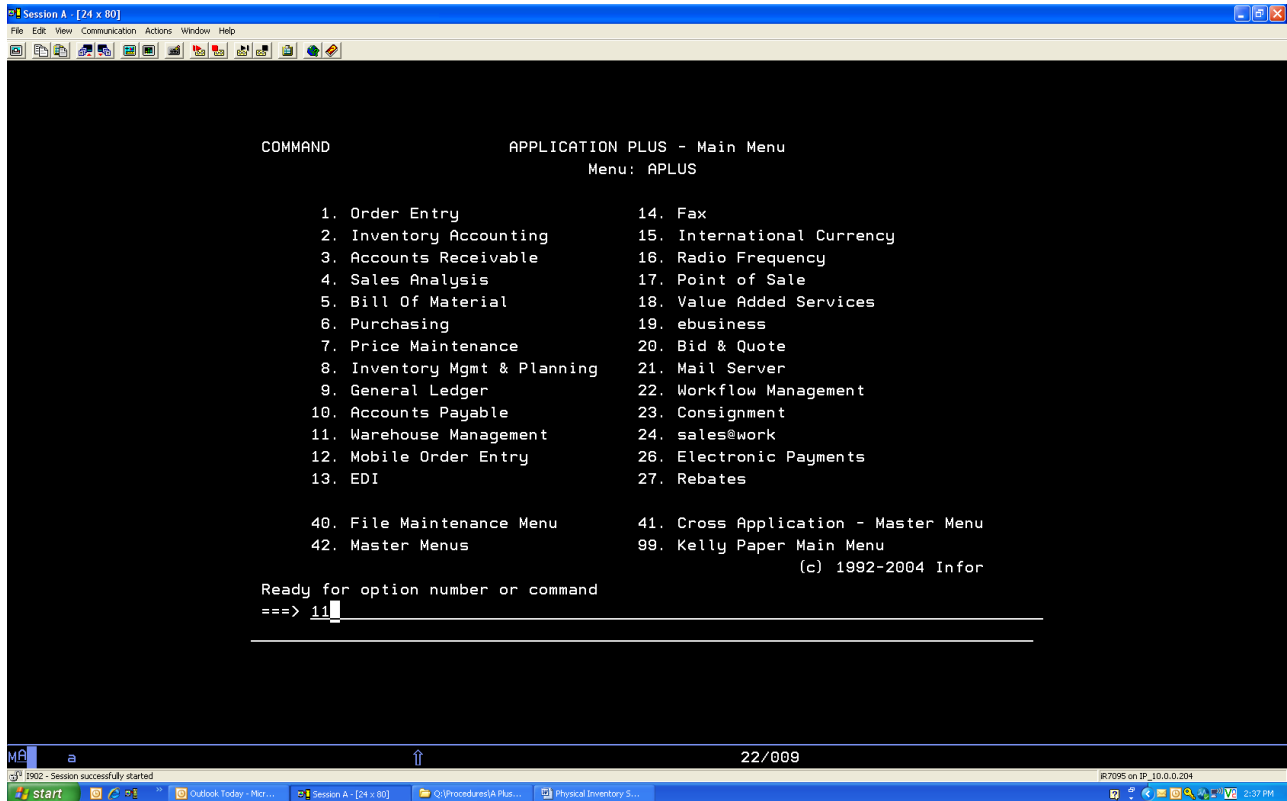
DAY OF INVENTORY

Do the following:

1. Do not make any IA adjustments. Do not create any Dispute PO's. The physical counts will correct any errors for that day.
2. Do not check in stock replenishment. Put the stock away on Saturday before you begin counting. If there is a contents report, or inventory count tag attached to this item, add additional inventory to the count on the inventory count tag or contents report.
3. Any two-day transfers must be counted by the receiving Store. (Paperwork in top audit tray) Make copy of paperwork or write up on inventory count tag and attach to bin to be count.
4. All P.O. Receivers must be completed before 8:30 a.m., this is only for product you have received and have either sold or are going to count. Vendor Purchase Orders that you have not received will remain open.
5. All company 1 and 99 open orders must be completed (Status 4) before 8:30 am.
6. Print contents by location report for bin location 55.55.55.55, 66.66.66.66, 77.77.77.77, 88.88.88.88 and 99.99.99.99. If you have any inventory in your 5's, 6's, 7's, 8's or 9's, you must move inventory from those bins to your override bin location.
7. Print your count sheets as soon as the above is done.
8. Create your inventory control sheet once count sheets have printed

PRINTING INVENTORY COUNT SHEETS

To print inventory count sheets, do the following:

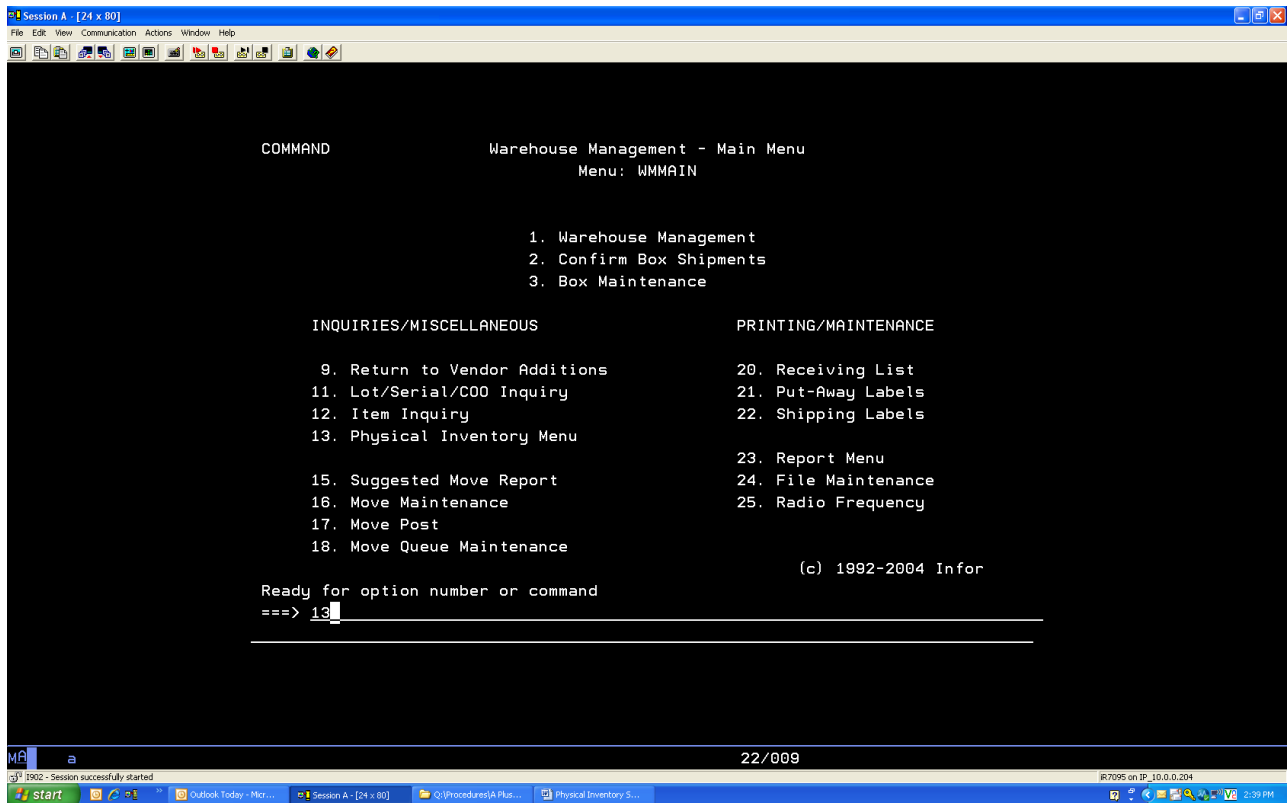


From the A+ main menu, do the following:

11

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

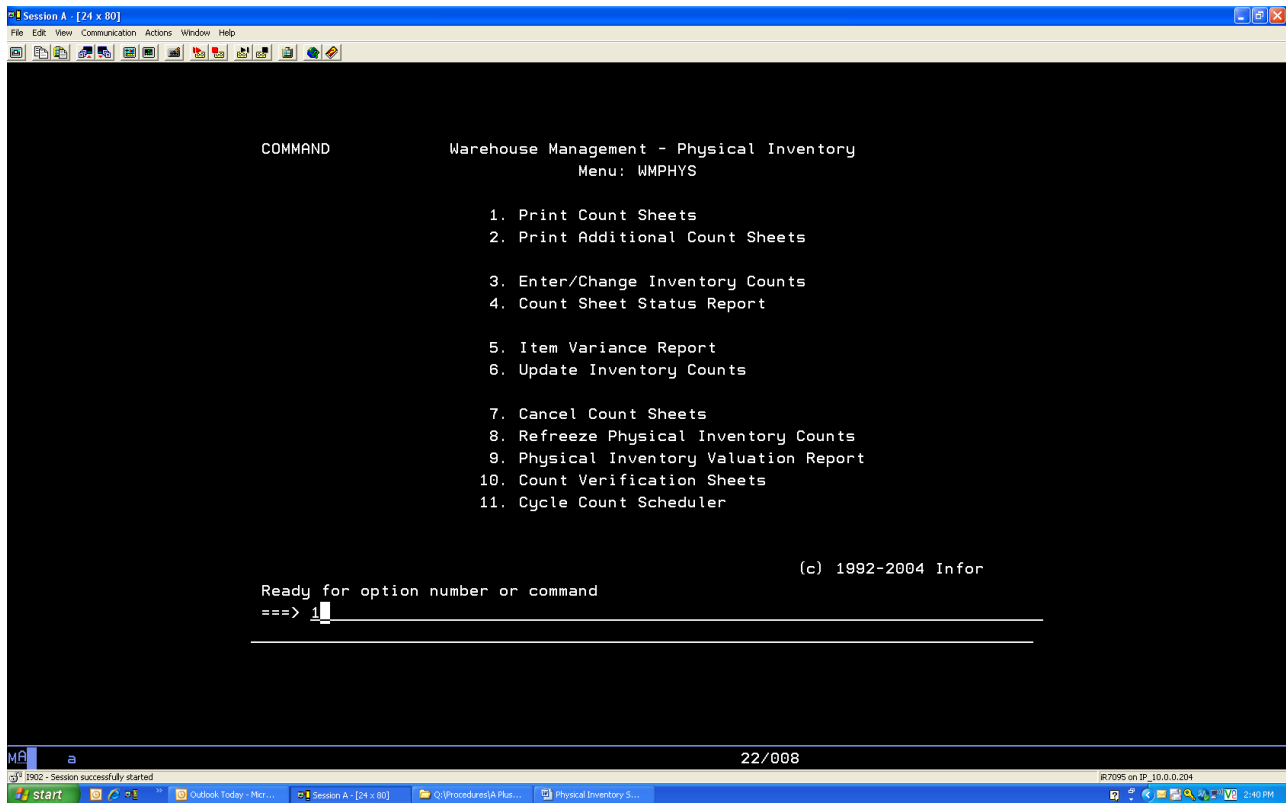


From the warehouse management main menu, do the following:

13

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



```
Session A [24 x 80]
File Edit View Communication Actions Window Help
[Icons]

COMMAND      Warehouse Management - Physical Inventory
              Menu: WMPHYS

              1. Print Count Sheets
              2. Print Additional Count Sheets

              3. Enter/Change Inventory Counts
              4. Count Sheet Status Report

              5. Item Variance Report
              6. Update Inventory Counts

              7. Cancel Count Sheets
              8. Refreeze Physical Inventory Counts
              9. Physical Inventory Valuation Report
              10. Count Verification Sheets
              11. Cycle Count Scheduler

              (c) 1992-2004 Infor

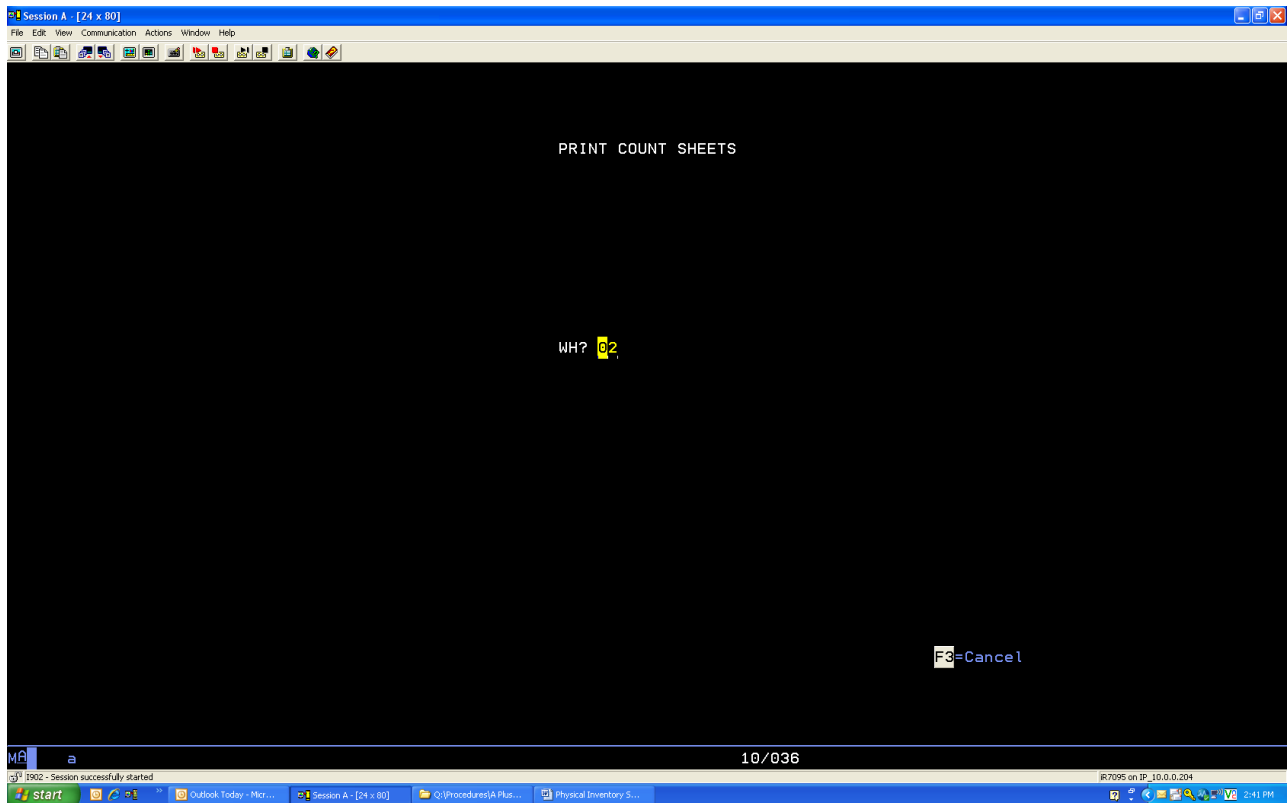
Ready for option number or command
==> 1
```

From the warehouse management physical inventory menu, do the following:

1

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

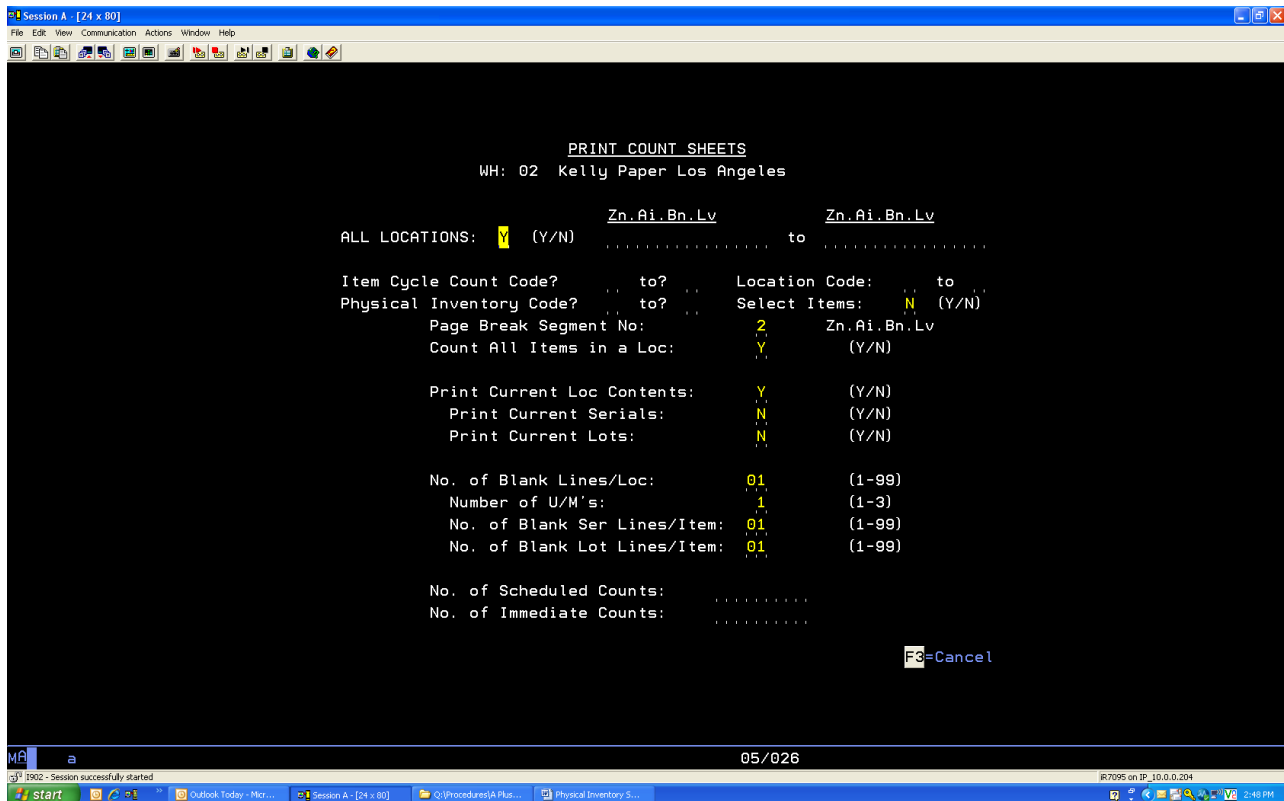


From the print count sheets screen, do the following:

WH?: Enter **your Location**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

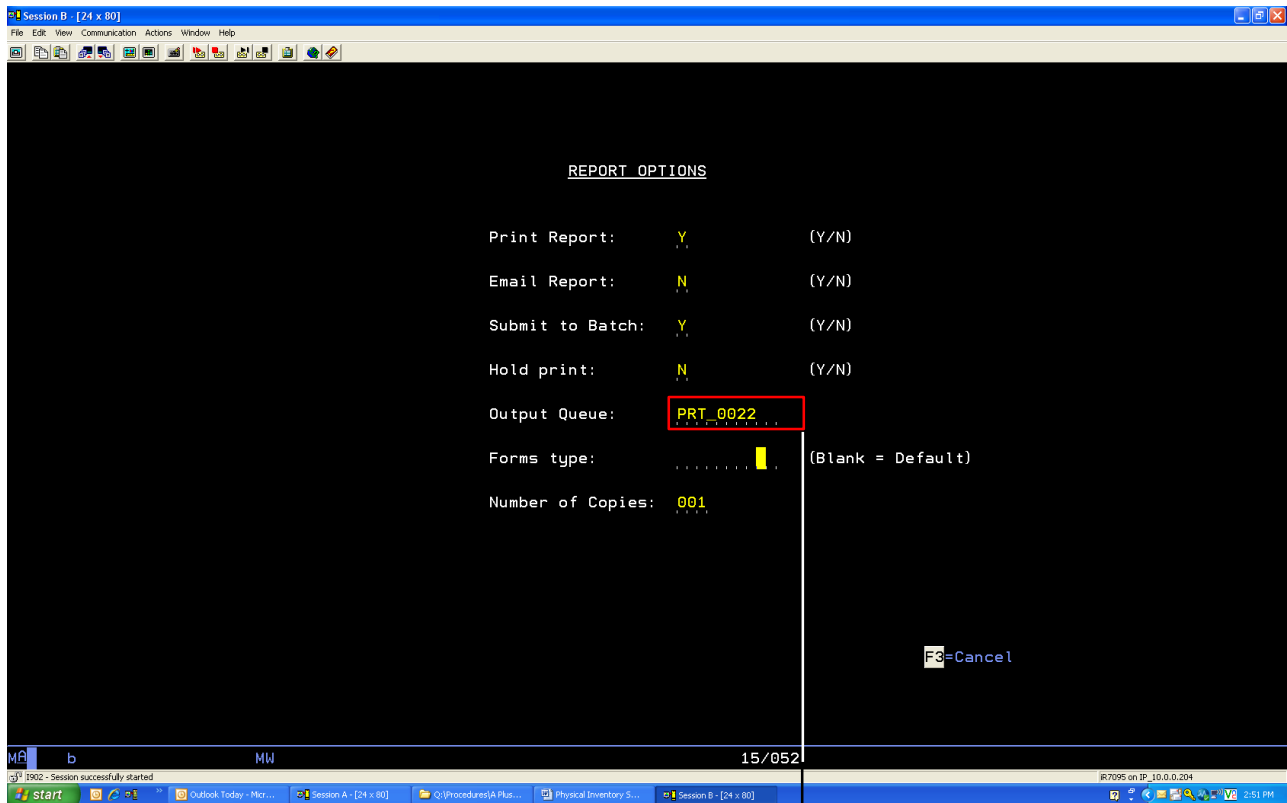


From the print count sheets screen, do the following:

- All Locations: **Y**
- Zn.Ai.Bn.Lv: **Leave Blank**
- Select Items: **N**
- Page Break Segment No: **2**
- Count All Items in a Loc: **Y**
- Print Current Loc Contents: **Y**
- Print Current Serials: **N**
- Print Current Lots: **N**
- No. of Blank Lines/Loc: **01**
- Number of U/M's: **1**
- No. of Blank Ser Lines/Item: **01**
- No. of Blank Lot Lines/Item: **01**
- No. of Scheduled Counts: **Clear out**
- No. of Immediate Counts: **Clear out**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the report options screen, do the following:

Make sure printer output queue is correct _____

[Enter]

INVENTORY CONTROL SHEET INSTRUCTIONS

The Inventory Control Sheet is to be used when doing a physical Inventory

Using this sheet will eliminate situations of missing and/or not entering your Physical Inventory Count Sheets. You **must** use this "**control sheet**" to maintain accurate control of **all** your Count Sheets.

The Control Sheet should be prepared prior to beginning any counting, as indicated in the headers of the "Control Sheets". The following list (and explanations) of columns will apply:

<u>SHEET #:</u>	List each sheet to be counted
<u>PAGE #:</u>	This is the page number on the count sheet(s). Put the starting page number and the ending page number. As an example, Sheet 1 may contain more than one page and you would write in the numbers (i.e., 1-40 which would show that pages 1 through 40 are assigned to Sheet 1) Understand that this is just an example and may not correspond with your store.
<u>COUNTED BY:</u>	This will be the person's name assigned to count the sheet.
<u>OUT:</u>	Enter the time when the count sheets are sent out to be counted.
<u>IN:</u>	Enter the time when the count sheets are completed and the sheets have been turned back in.
<u>ENTERED:</u>	Check this column after entering the recorded counts from the count sheets into A+. This will keep you updated as to what has or has not been entered.

COUNTING

Counting of the inventory will be done individually, or in teams. ***Do Not Enter Any Count Sheets into A+ before receiving notification from the COI warehouse.***

Do the following:

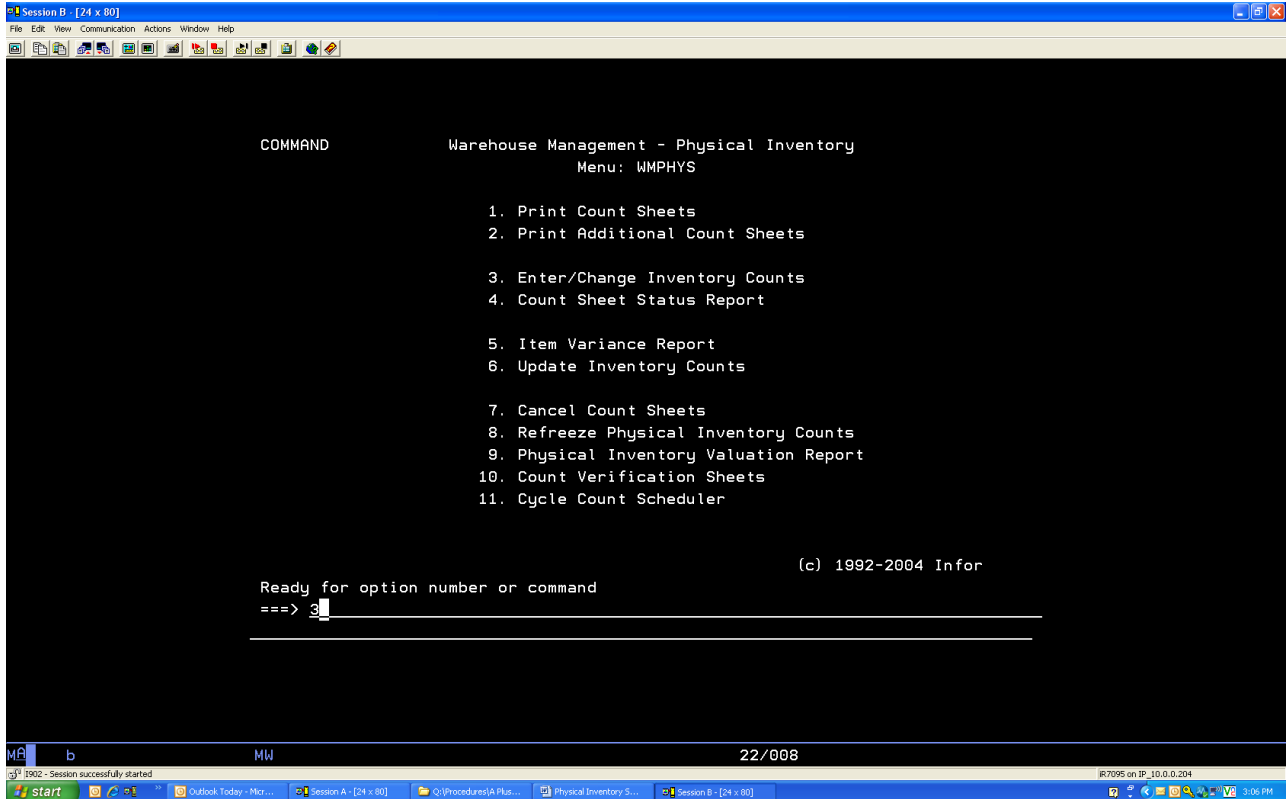
1. All items will be counted in the lowest unit of measure. Be sure the inventory is counted in proper quantities for all items. Record actual count from back stock, dock area, will call or surplus area on two-part inventory count tags. Place the top copy of inventory count tag in bin to be counted, leave the second copy with the product you have counted.
2. Make sure all employees take their time and count accurately, not fast. The goal is **ACCURACY**, not speed or how fast you can get done.
3. Record actual count from the bin and add any inventory count tags to your count and record on the count sheet. Counts will be done in pencil.
4. Mark each bin location with a colored post-it note as they are counted; it is not necessary to mark each SKU item.
5. Count the perimeter into the aisles (***no count sheets are to be handed out before the entire perimeter is counted and pink tags put in bins***):
 - a. Once perimeter is counted and ***pink inventory count tags*** are attached to bin where product is on the count sheet, walk entire perimeter making sure everything that is not in the primary bin has a ***gold inventory count tag*** attached. (This must be done before anyone starts writing on count sheets)
 - b. Once all aisles are counted, walk entire perimeter and aisles making sure either a gold inventory count tag or a colored post-it note is on the each bin. (This must be done before you run your 1st variance)

Note: No one is allowed to work over 12 hours without approval from your District Manager.

ENTERING COUNT SHEETS

You will be entering the physical inventory counts from the count sheets into A-Plus.

To enter count sheets, do the following:

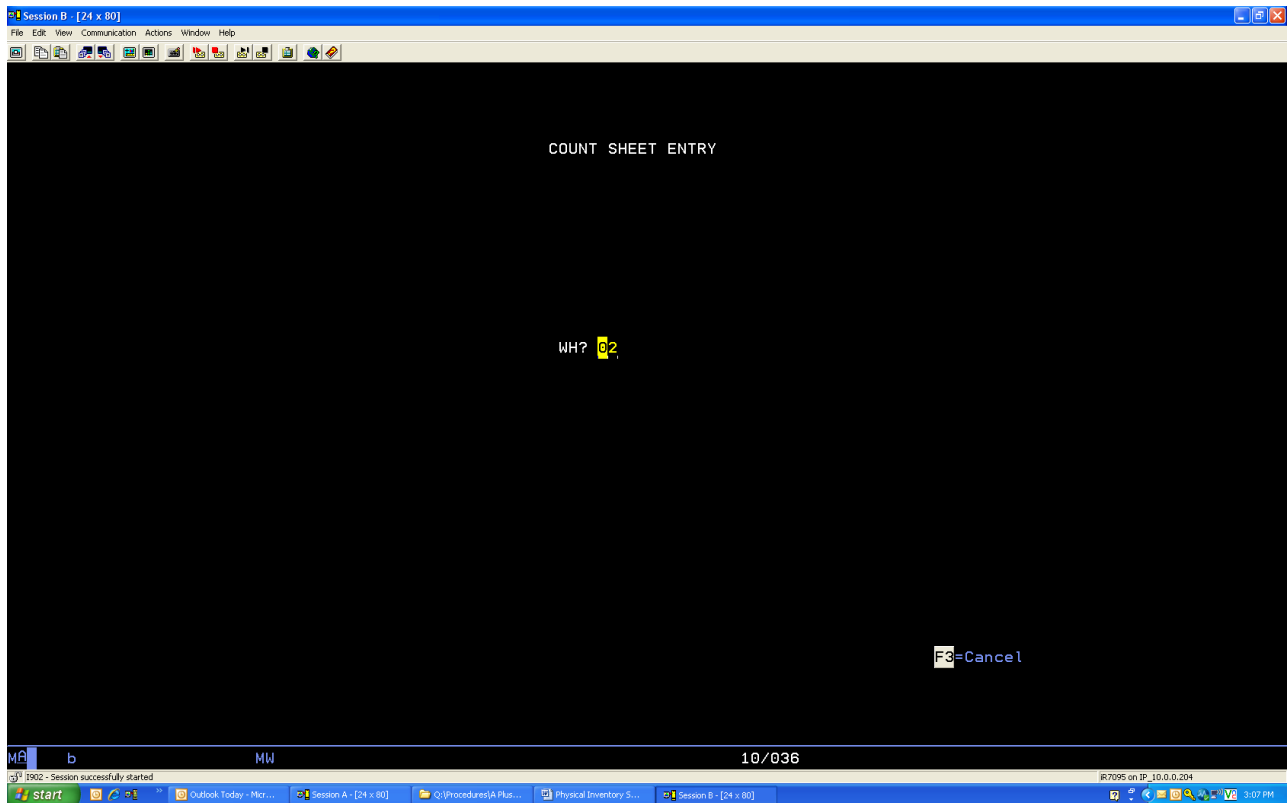


From the warehouse management physical inventory menu, do the following:

3

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

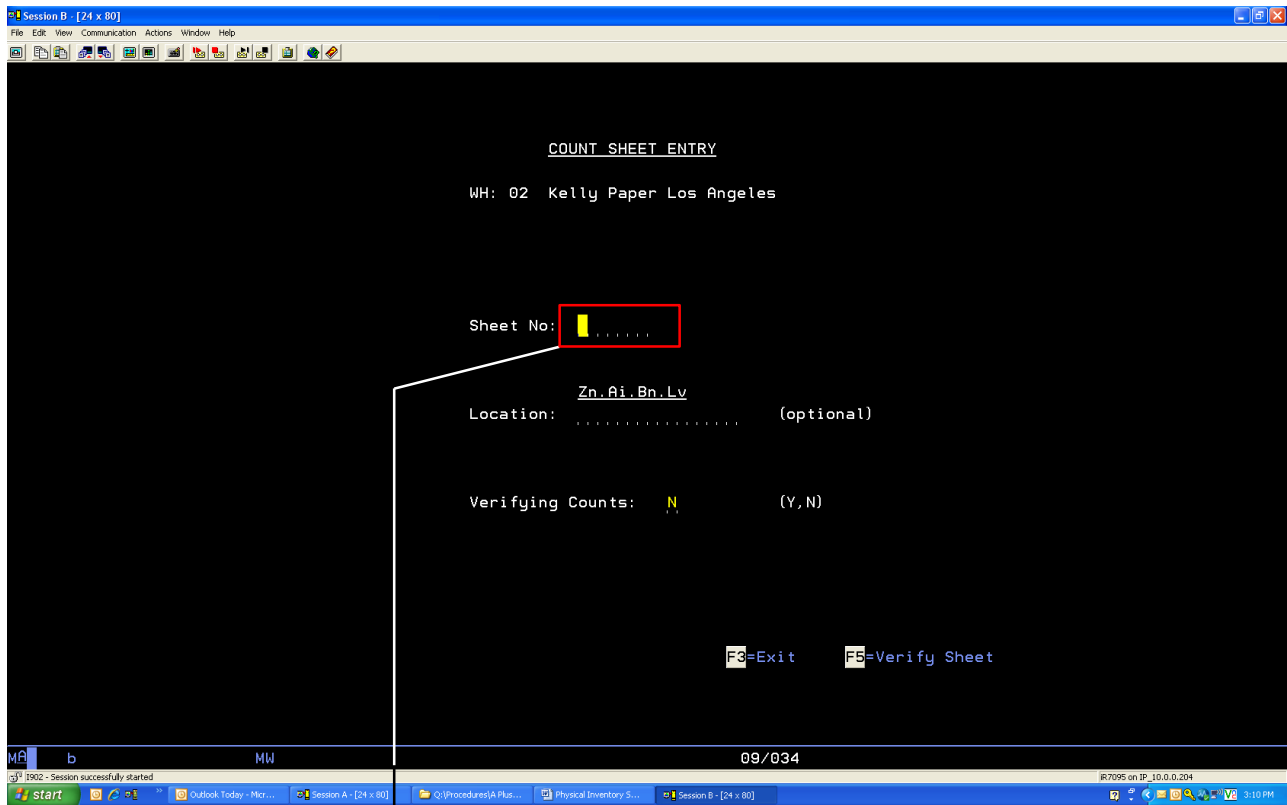


From the count sheet entry screen, do the following:

WH?: Enter your Location

[Enter]

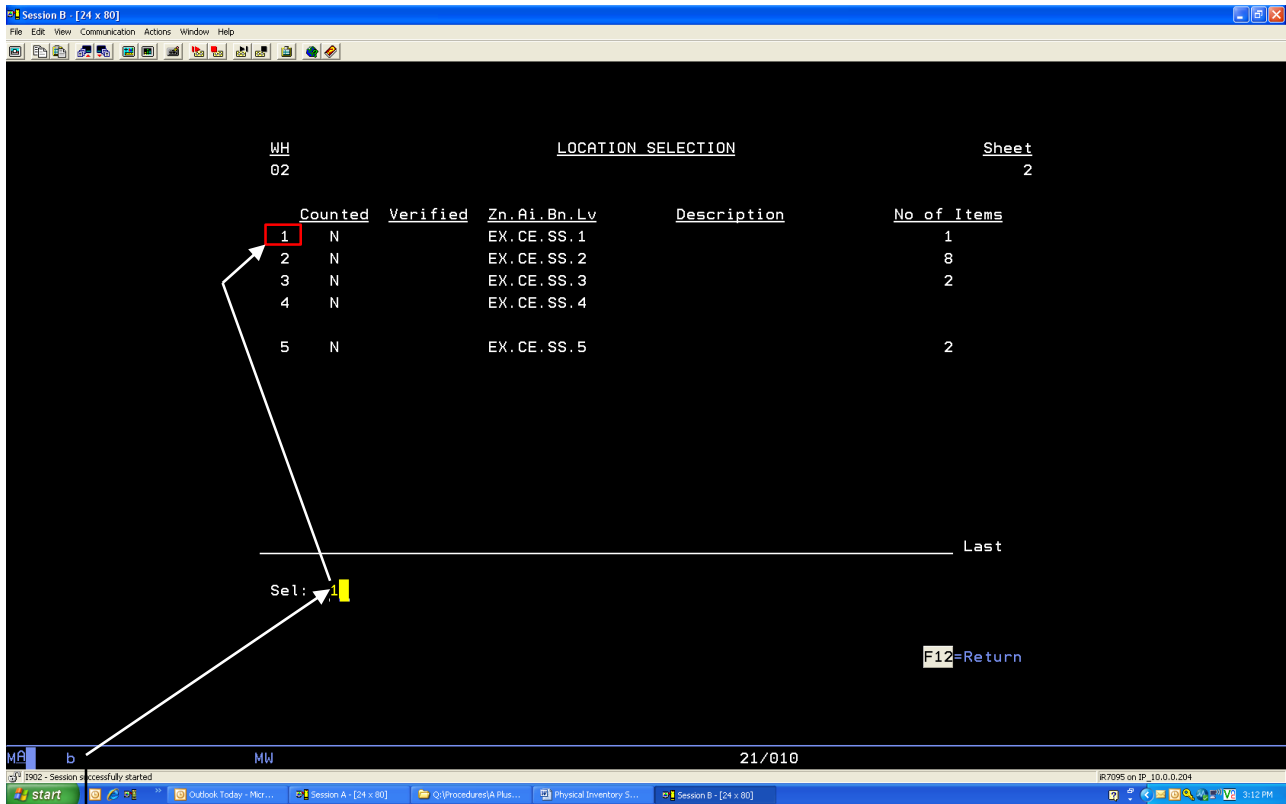
PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the count sheet entry screen, do the following:

Sheet No: Enter **Sheet Number** off of count sheet to be entered
[Enter]

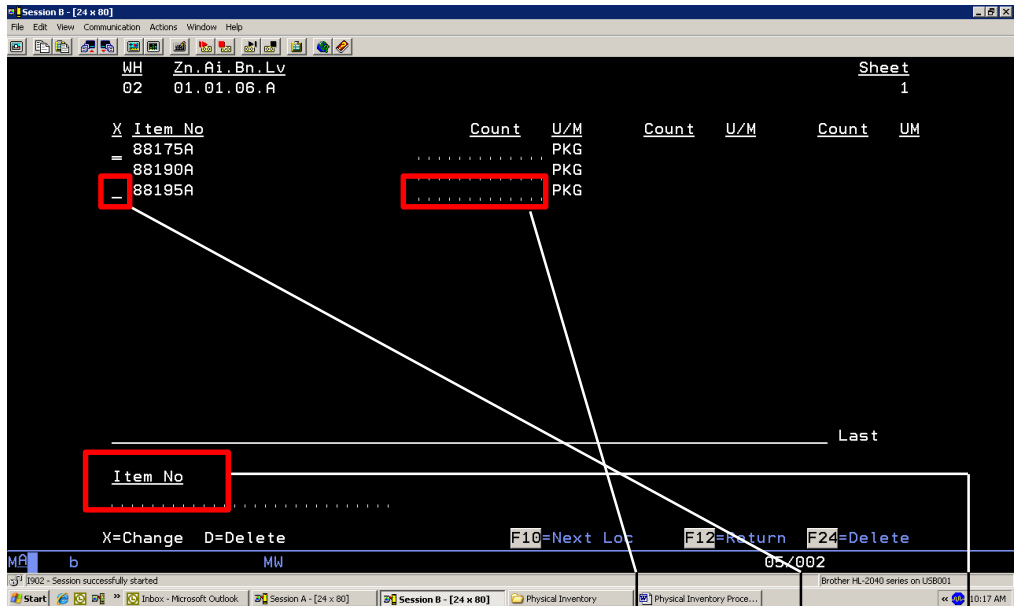
PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the location selection screen, do the following:

Sel: **Key in the selection number next to bin you are entering.**

[Enter]



From the bin location count entry screen, do the following:

To enter quantities for a bin.

Do the following:

Enter **quantity** in the Count Field _____

[Enter]

To enter zero counts for a bin.

Do the following:

Enter **D** next to all part number(s) for all zeros _____

F-24

To add an item that was hand written on count sheet

Do the following:

Item Number: Enter **part number** underneath Item No field _____

[Enter]

Enter your count

[Enter]

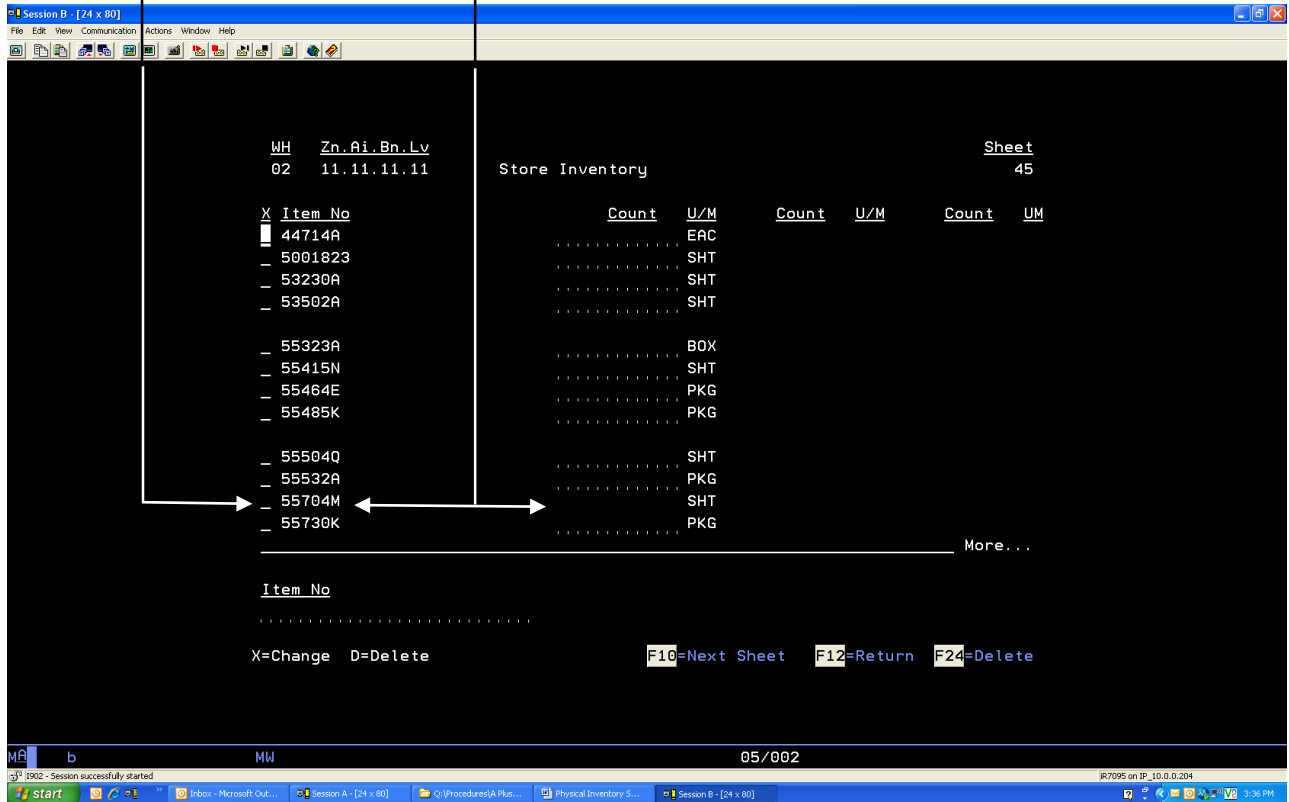
F-10 for next location

To enter quantities for items with multiple lot numbers/no dotted line.

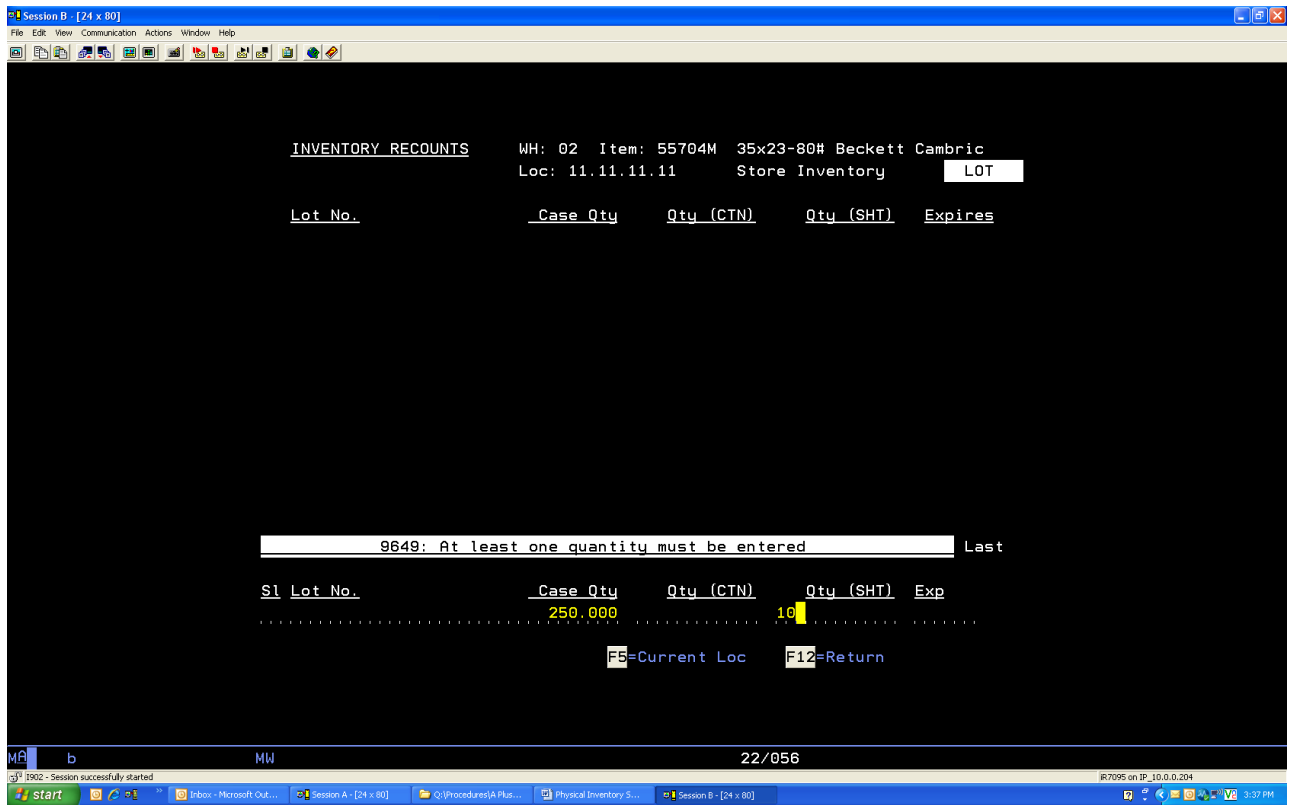
Do the following:

Key: an 'X' next the part number

[Enter]



PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



Qty (CTN): **Leave Blank**

Qty (SHT): Enter **Quantity on count sheet**

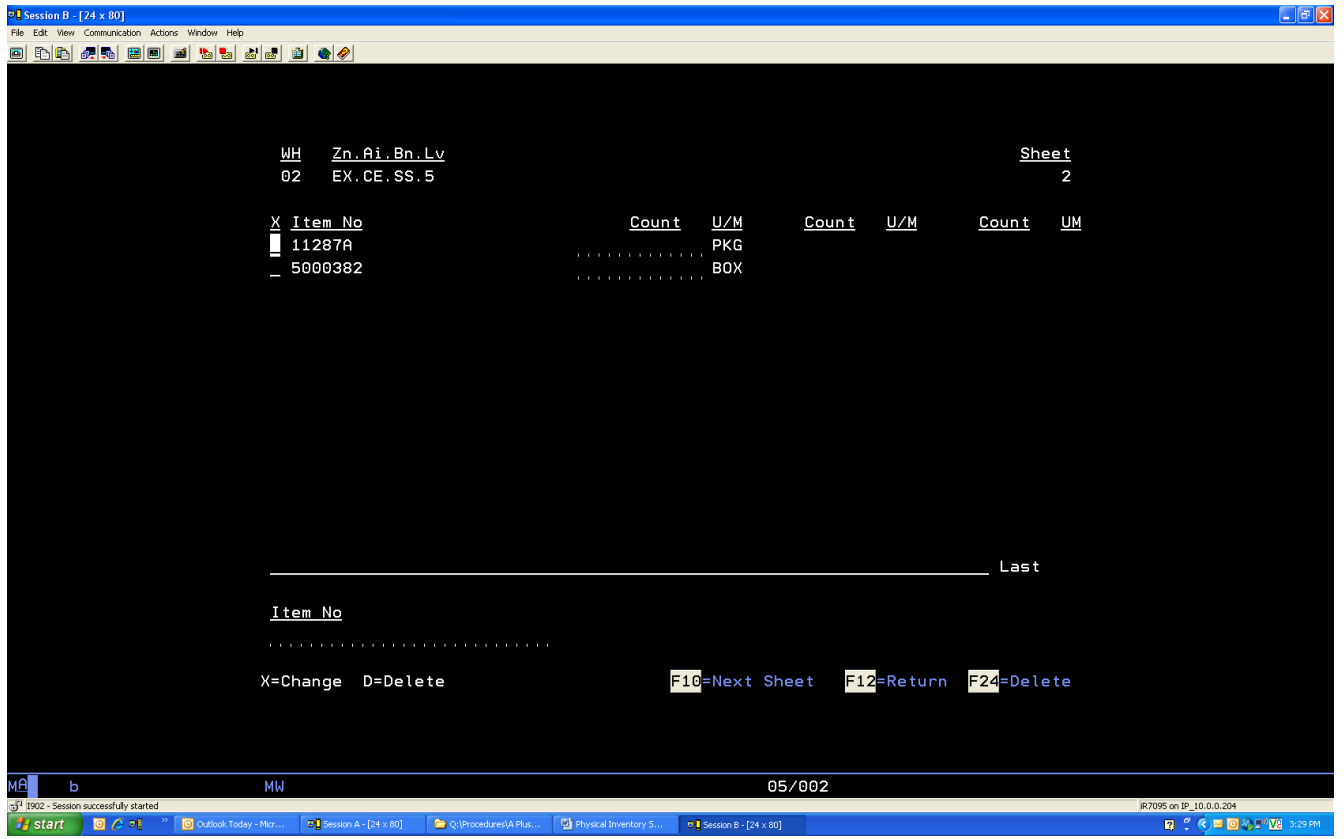
[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



F12

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



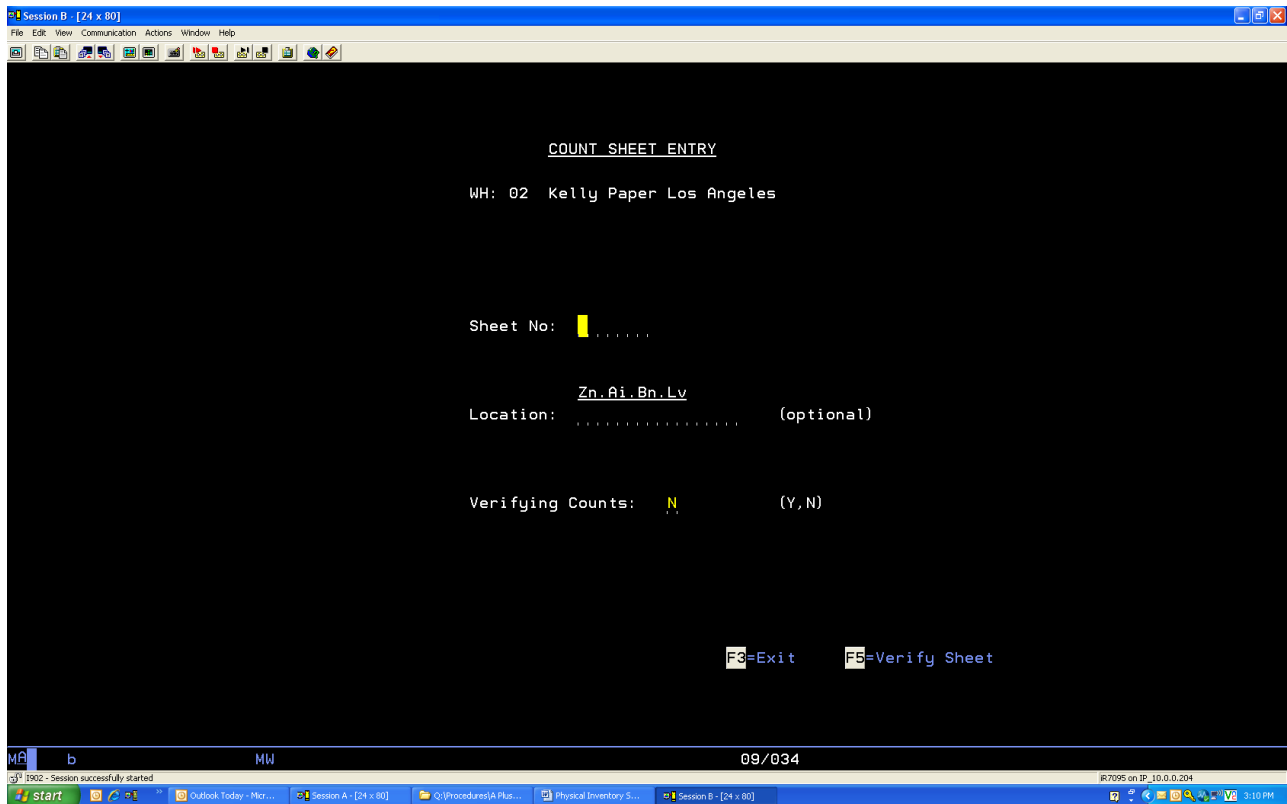
When you are done entering a full aisle you will get [F-10] next sheet

F10 for next sheet

F-12 to enter a new count sheet

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

Once you are done entering an aisle, do the following:



From the count sheet entry screen, do the following:

Sheet No: Enter **First Sheet Number** off of aisle, count sheet you just entered
[Enter]

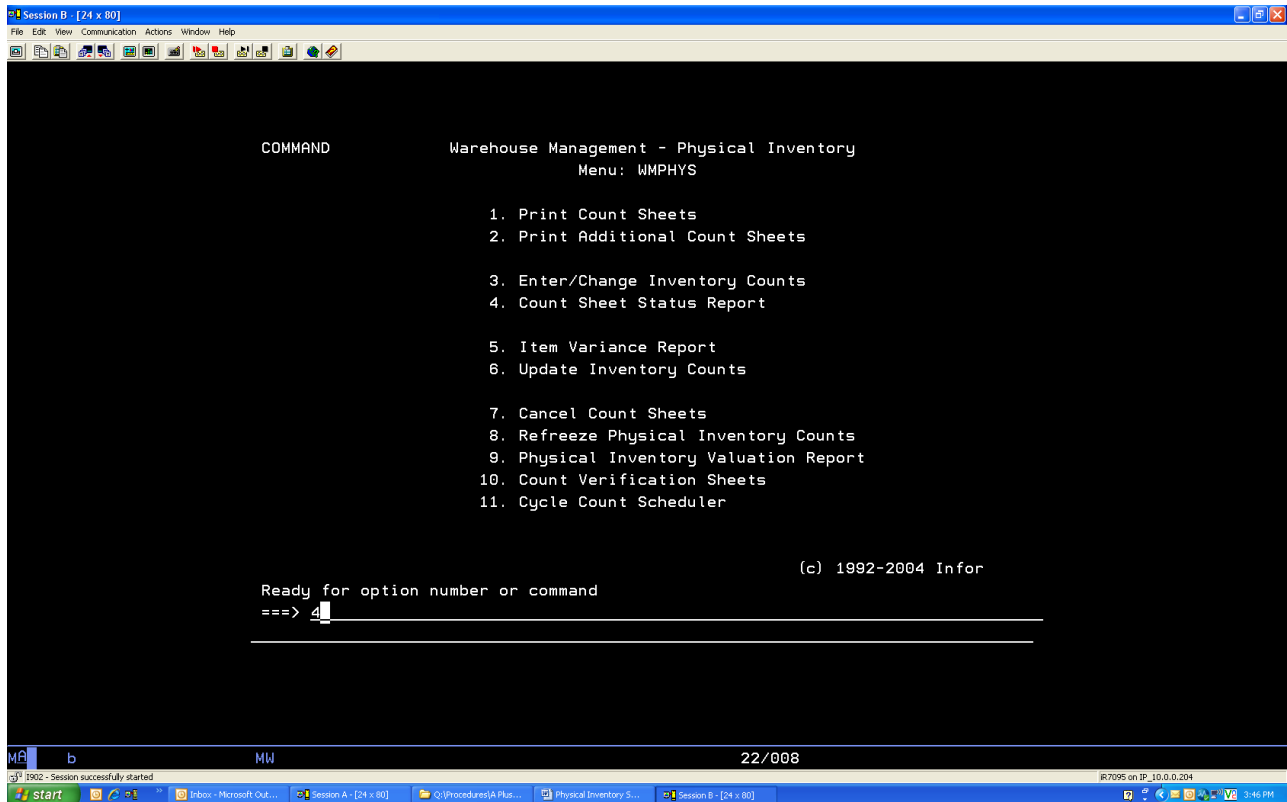
PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



Notice **Y** in the *Counted* column, indicates the item is *Counted/Entered* and **N** in the *Counted* column indicates the item has not been *Counted/Entered*.

COUNT SHEET STATUS REPORT

Running the Count Sheet Status Report shows you the count sheets and/or locations not yet counted. You cannot update (Post) your physical inventory counts if you have not counted all sheets and locations.

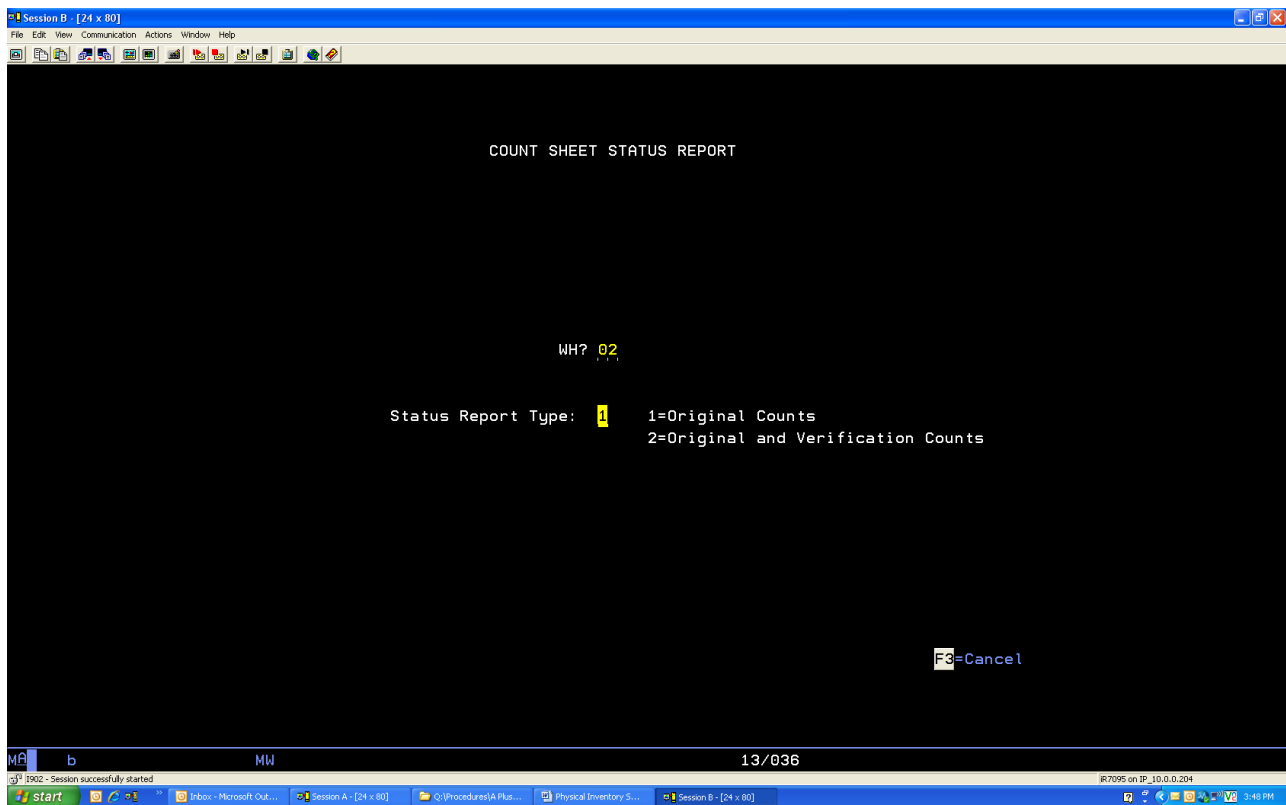


From the warehouse management physical inventory main menu, do the following:

4

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

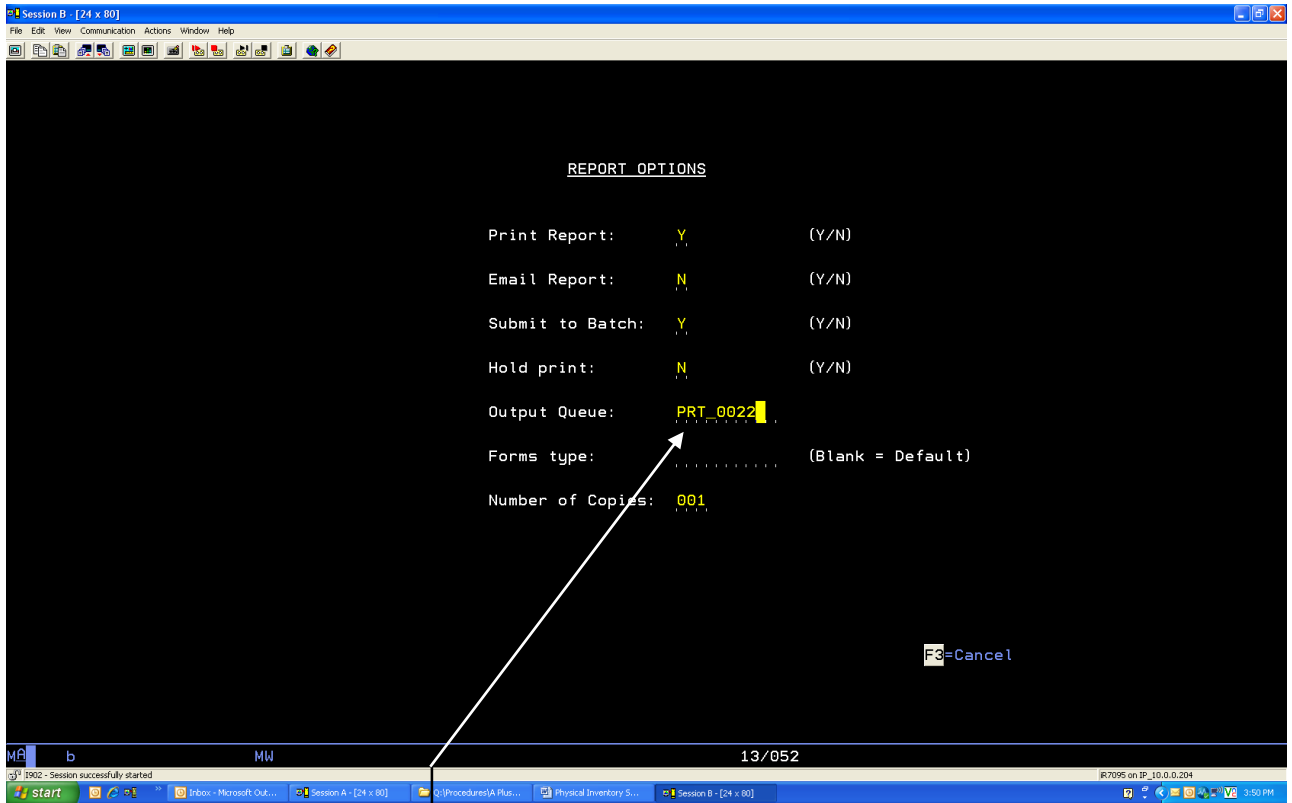


From count sheet status report, do the following:

WH?: Enter **your Location**

[Enter] twice

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the report options screen, do the following:
Make sure output queue is correct
[Enter]

The count sheet status report will print. Look at the report and do the following:

1. If the report has any sheet number(s) and bin location(s), do the following:
 - a. Enter the counts for the sheet number(s)/bin location(s)
 - b. Re-run count sheet status report
2. If the report has no sheet number(s) or bin location(s), do the following:
 - a. Run the variance report (next section)

Variance Report

The item variance report shows variances between the counted value and book value of your inventory in A-Plus.

Control your variance reports just as you would control your count sheets. Only hand out one variance report sheet per employee at a time.

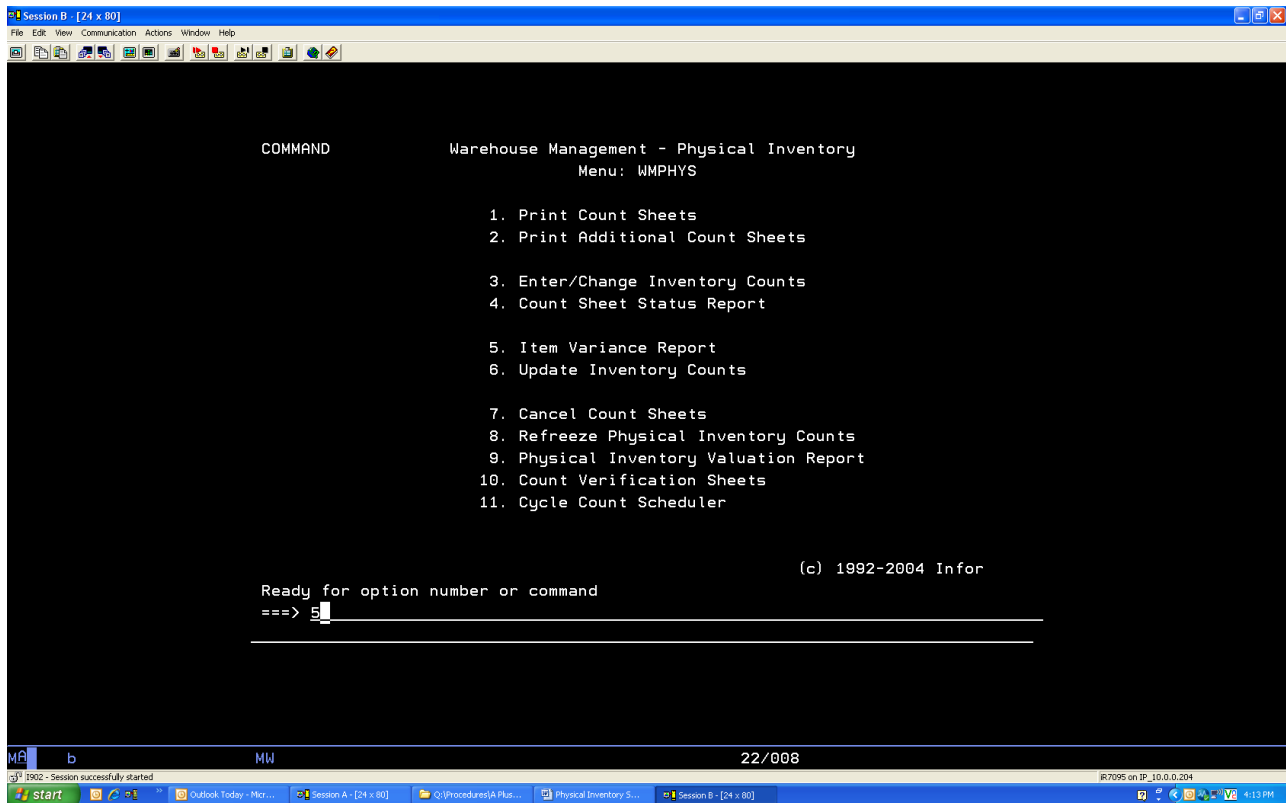
1st Variance Report

The 1st variance will be run by bin location and you **Must Recount ALL** variances for accuracy.

The variance report will show you variance for that bin only, not the on hand. Only count the bin on the report, unless there is a pink tag (if it has a pink tag you can go count where that pink tag was counted at only)

After you have entered all count sheets and ran your count sheet status report, do the following:

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

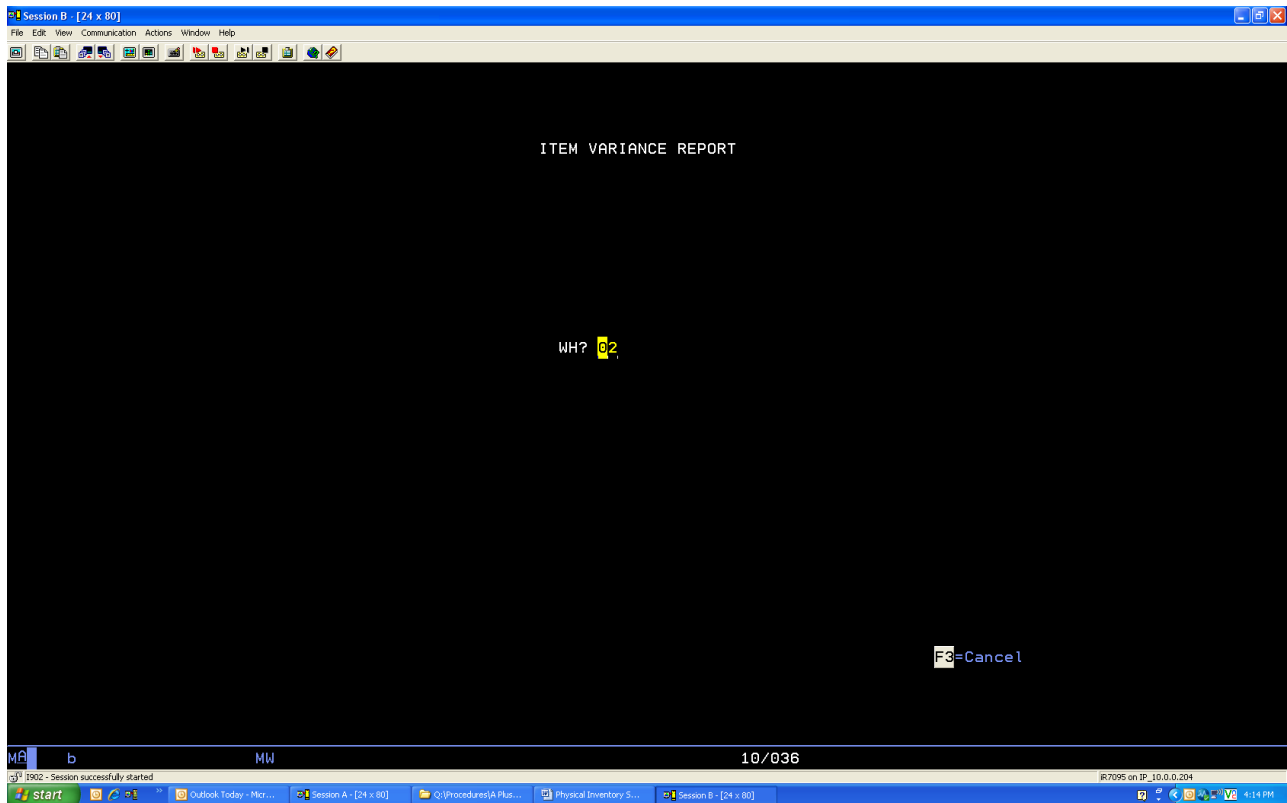


From the warehouse management physical inventory menu, do the following:

5

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

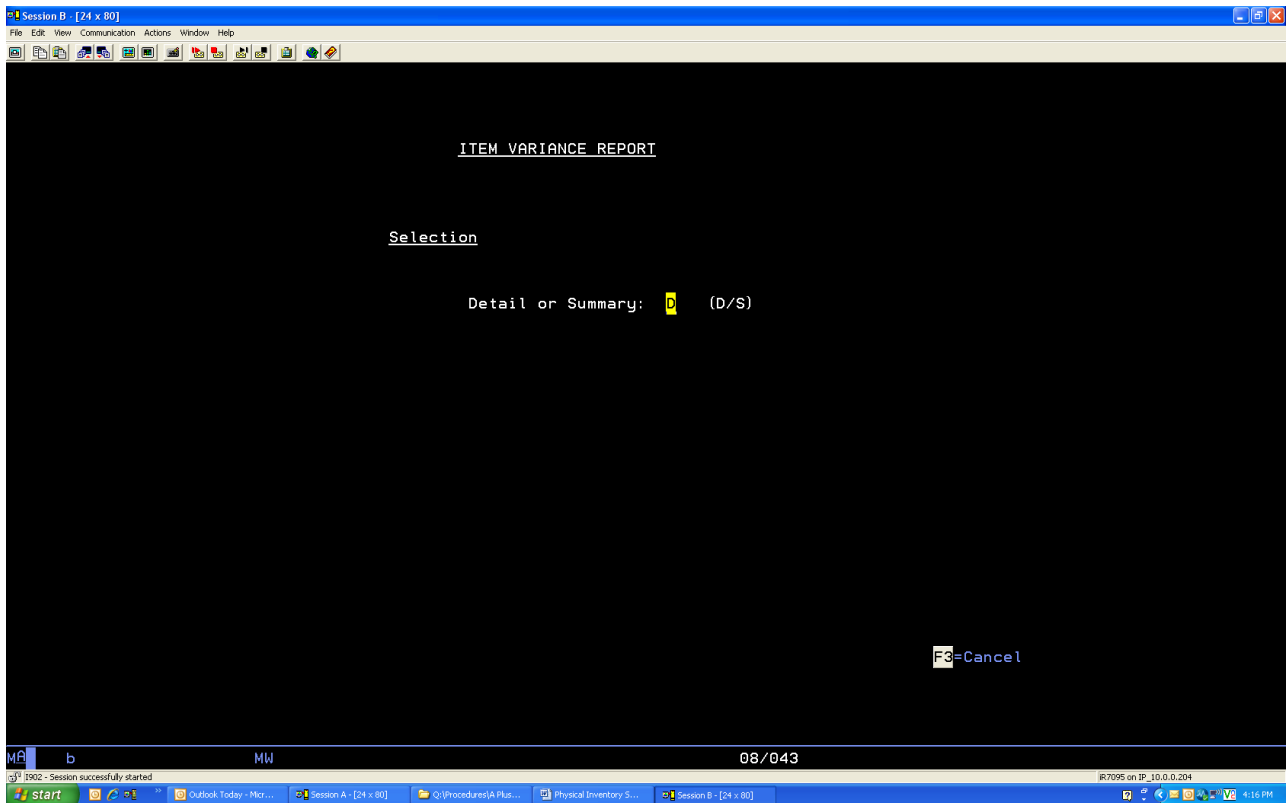


From the Item variance report screen, do the following:

WH?: Enter **your Location**

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

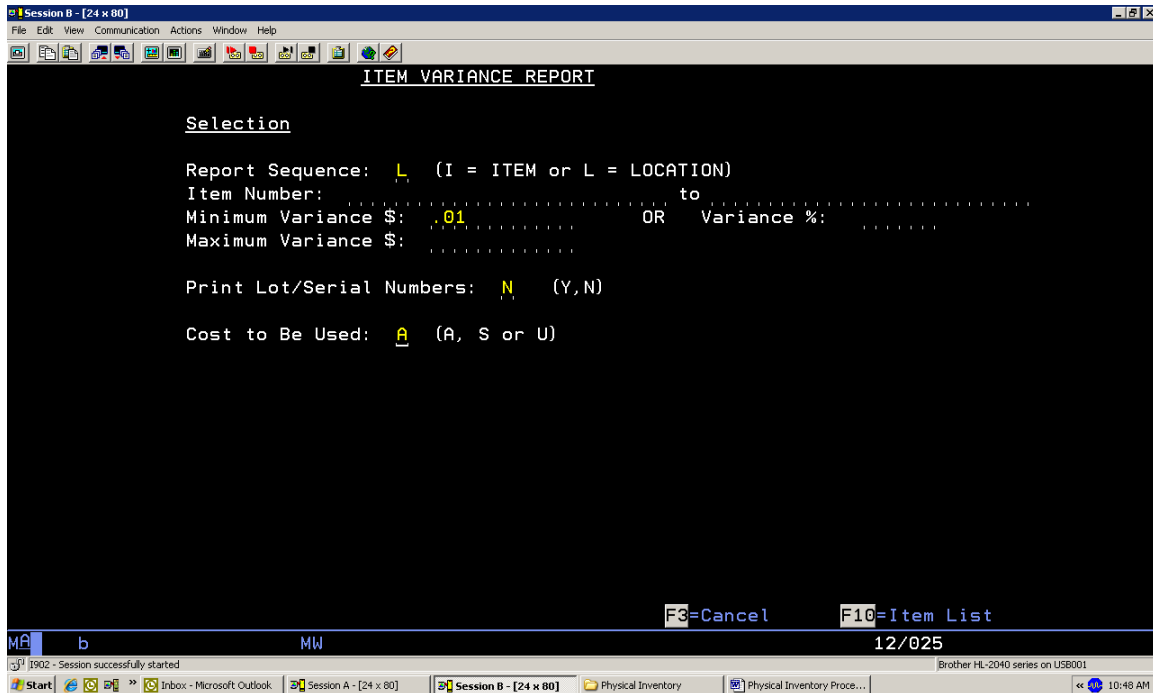


From the item variance report screen, do the following:

Detail or Summary: ***D***

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the item variance report screen, do the following:

Report Sequence: L

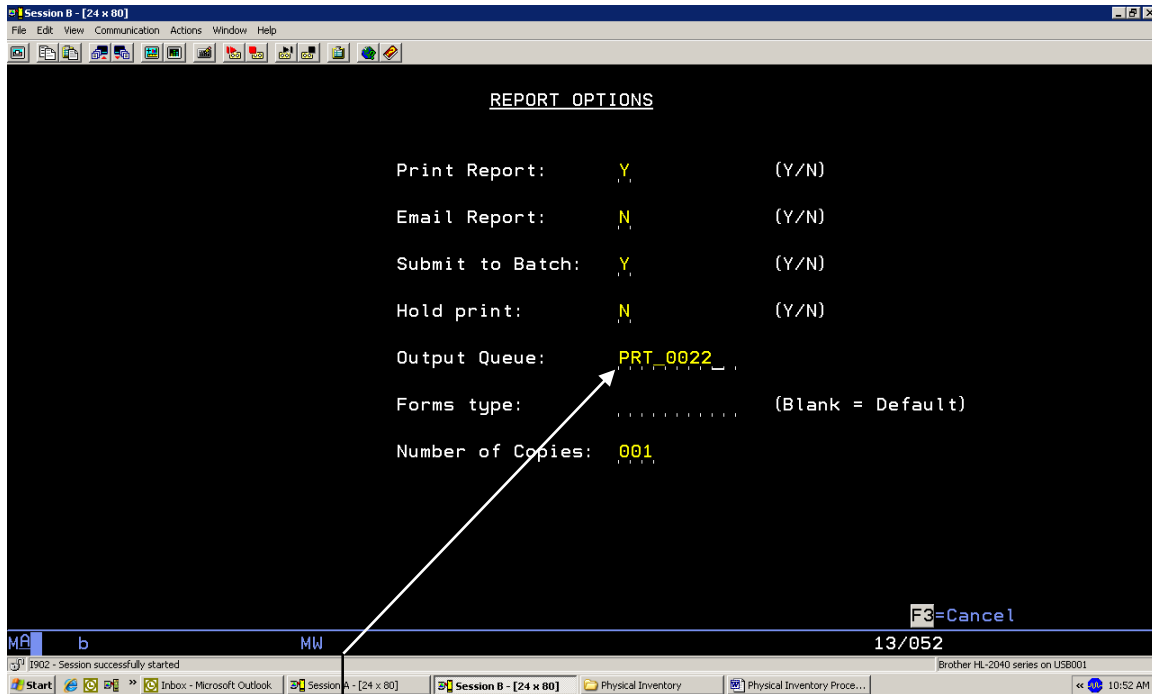
Minimum Variance \$: .01

Print Lot / Serial Numbers: N

Cost to Be Used: A

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the report options screen, do the following:

Make sure correct output queue

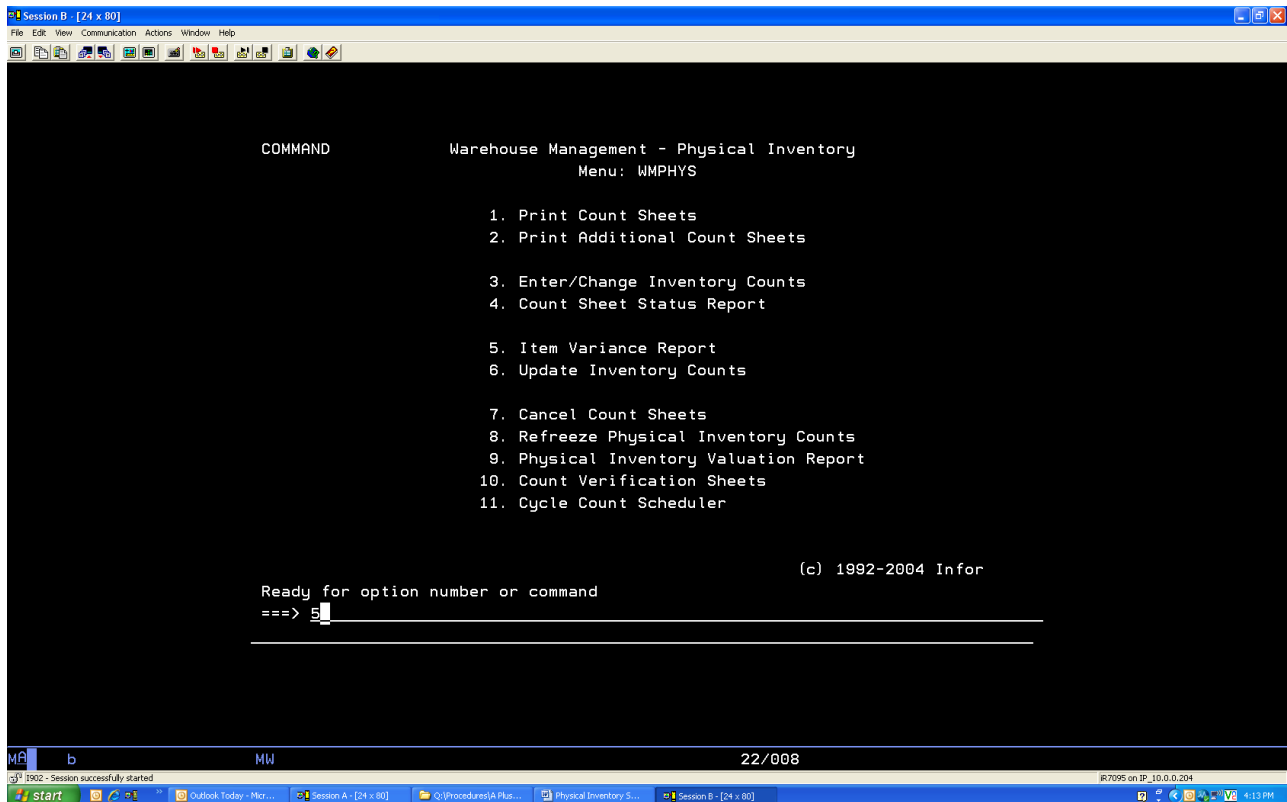
[Enter]

If errors are discovered refer to change inventory counts on next section.

2nd and All Other Variance Reports

The 2nd and all other variances will be run by item number and you must look for high dollar variances and are to look everywhere in your location to find it. You can also use A+ transaction history to determine where the problem might be at. Remember you cannot count product you do not physically have.

After you have entered all count sheets and ran your count sheet status report, do the following:

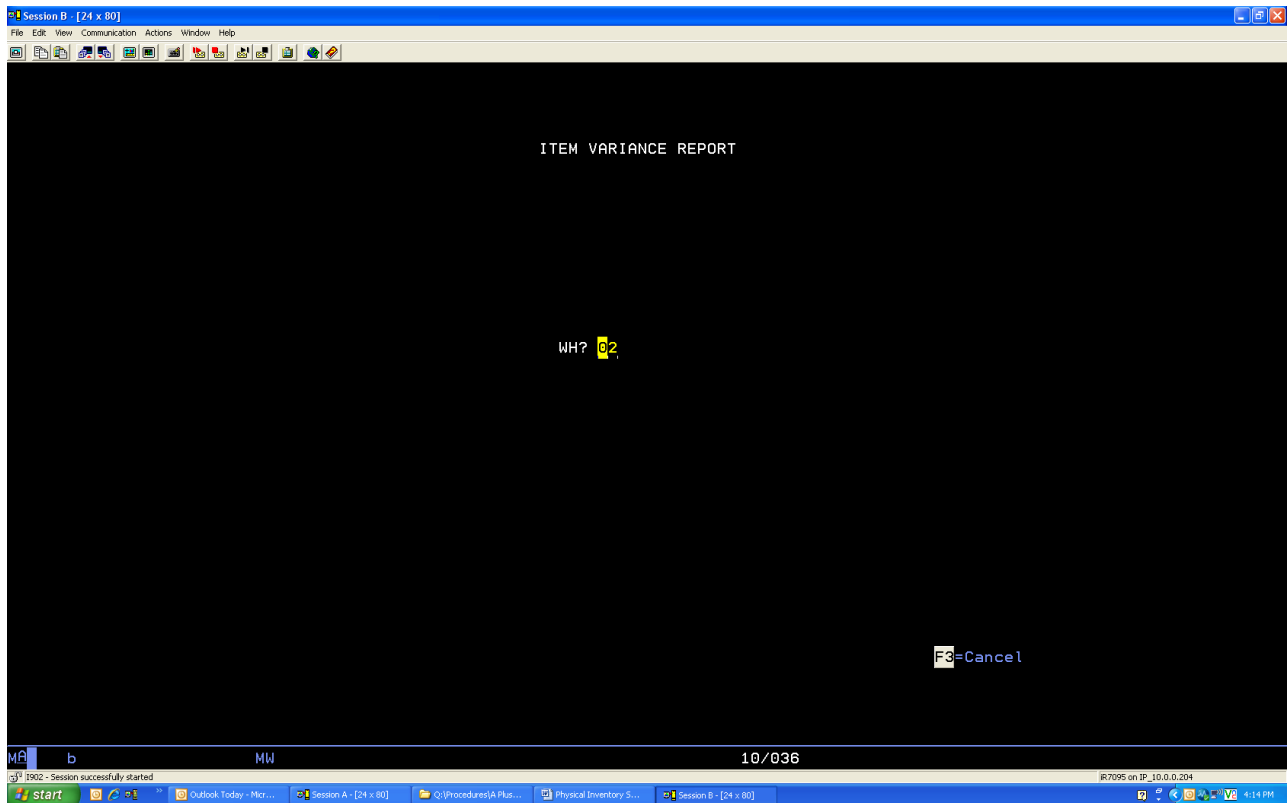


From the warehouse management physical inventory, do the following:

5

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

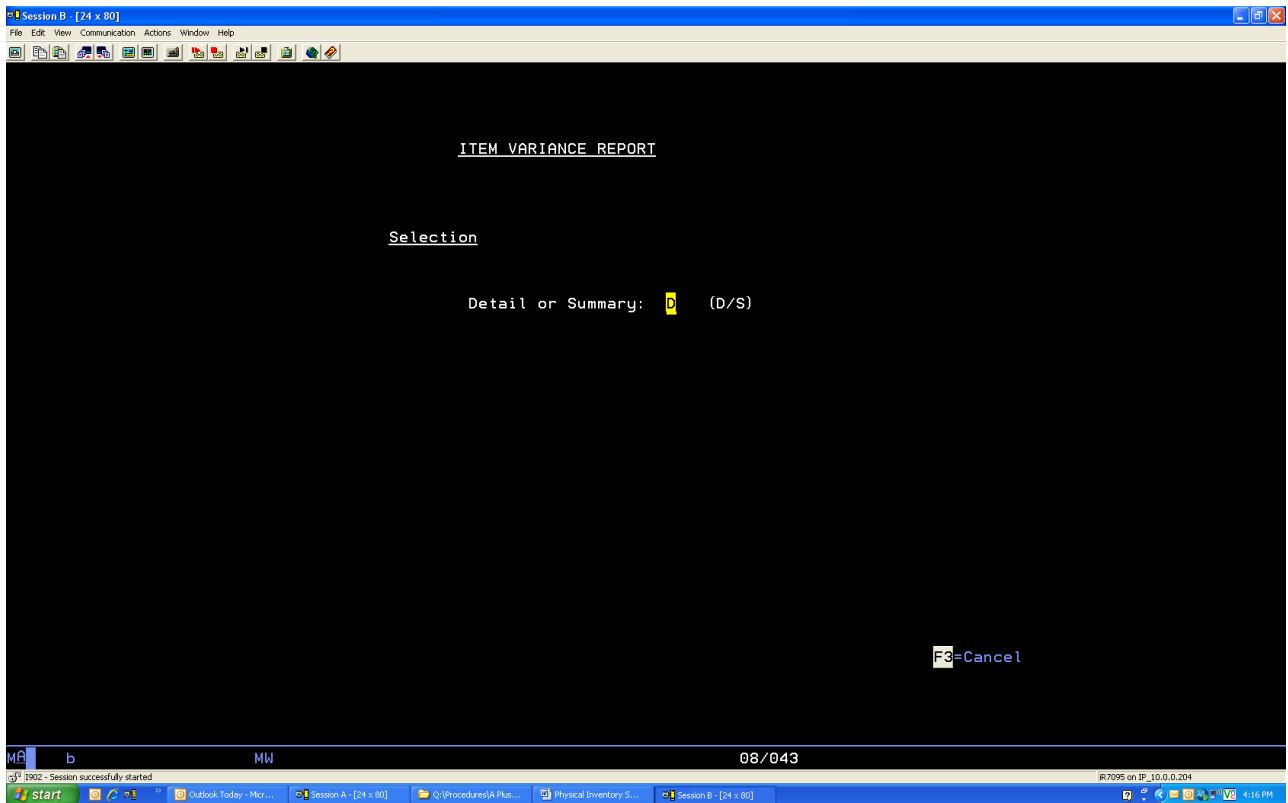


From the Item variance report screen, do the following:

WH?: Enter **your Location**

[Enter]

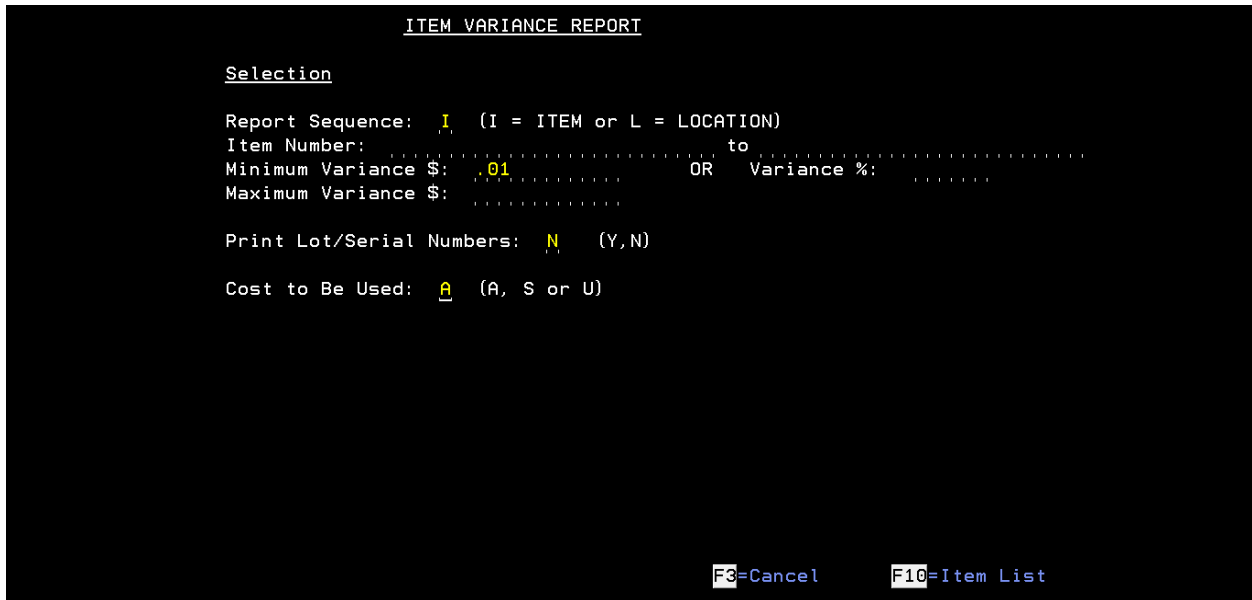
PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the item variance report screen, do the following:

Detail or Summary: ***D***

[Enter]



From the item variance report screen, do the following:

Report Sequence: I

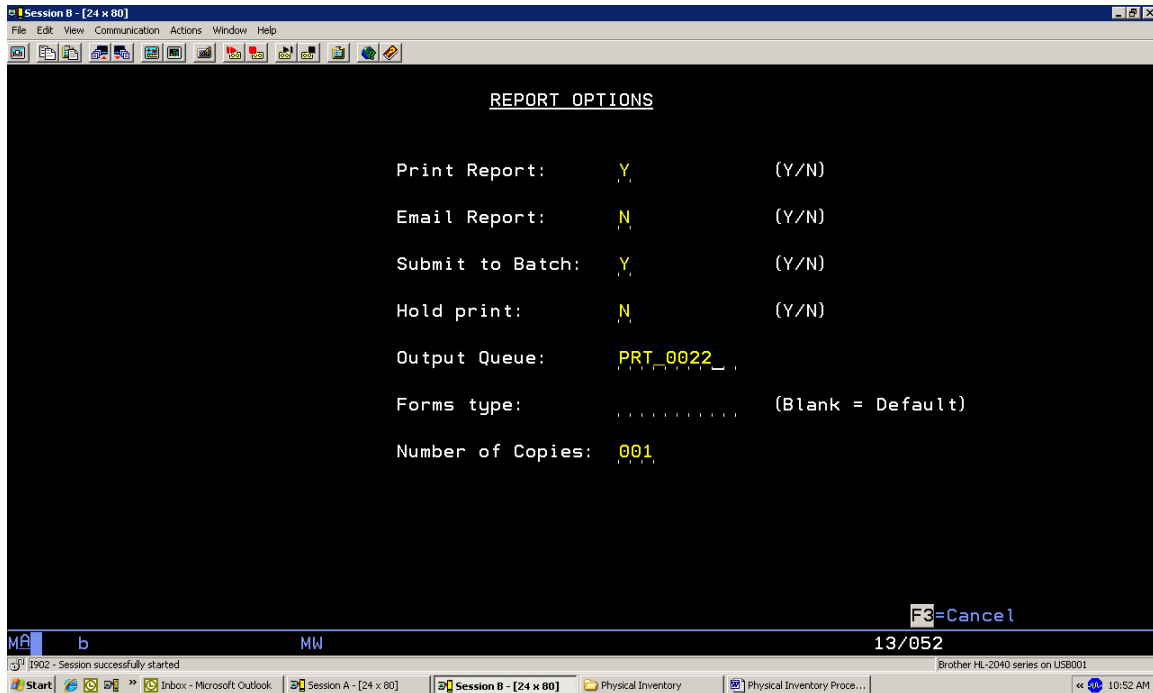
Minimum Variance \$: .01

Print Lot / Serial Numbers: N

Cost to Be Used: A

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the report options screen, do the following:

Make sure correct output queue

[Enter]

If errors are discovered refer to change inventory counts on next section.

Variance Report

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

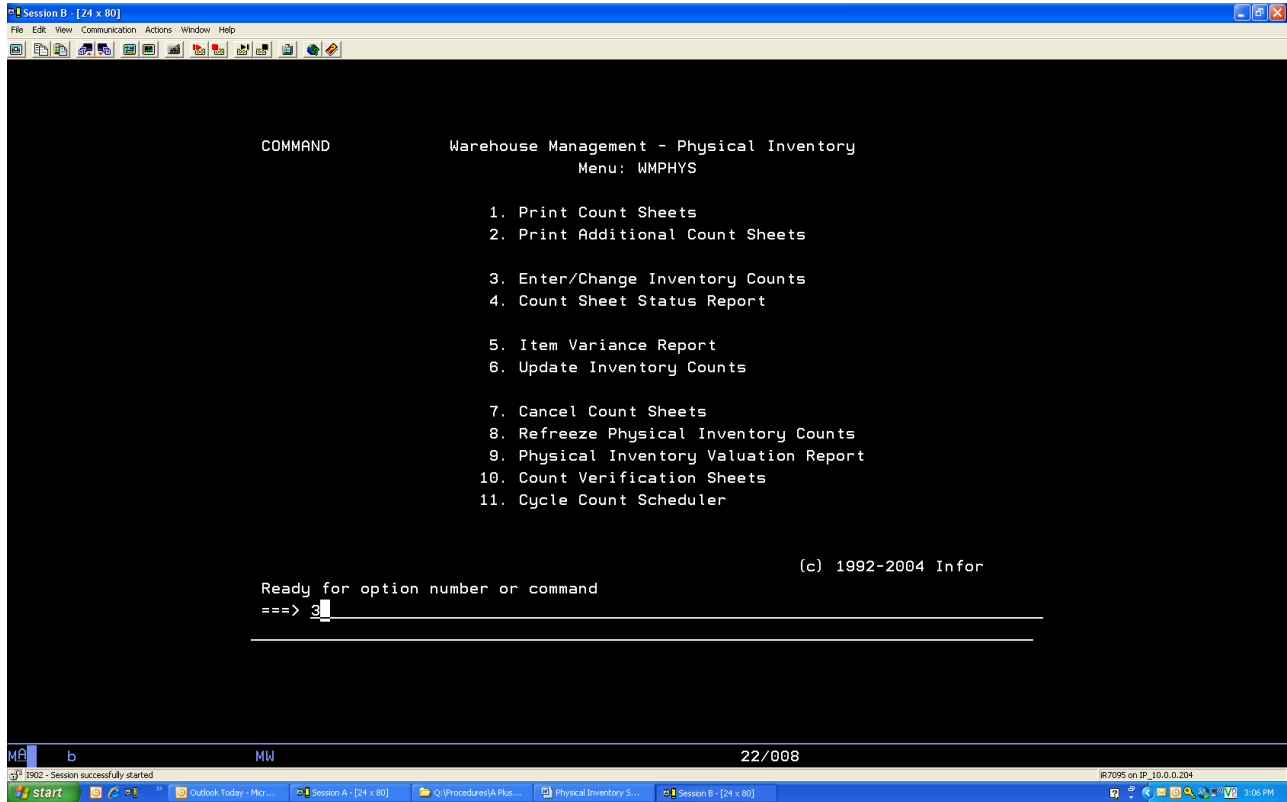
ZMW755 10/25/08 17.02.02		DETAILED ITEM VARIANCE REPORT			03-Kelly Paper Signal Hill		CC/KENERU		PAGE 1	
\$ Variance Min	.01	Cost Used:	Average	Sheet #	Qty Before	Qty After	\$ Variance			
\$ Variance Max	2n.A1,Bn.Lv									
Item Number										
99656H	1-1/2 Inch Round Drill Blocks	GRAB.HI.C	12/Pkg	1	2,000 EAC	.000 EAC				11.04-
11196D	24 X 100" LITTLE SANTA BR.KRAB T WRA	HO.LI.DA.Y		2	1,000 EAC	2,000 EAC				5.08
11473P	#370100 Mini Colored Ornaments	HO.LI.DA.Y	Christmas Card 18/Pkg	2	3,000 PKG	.000 PKG				17.40-
11475L	#48244 Wreath With Gold Holly	HO.LI.DA.Y	Christmas Card 18/Pkg	2	3,000 PKG	.000 PKG				22.20-
11478B	#7238 HANUKAH DREIDEL HOLIDAY C.ARD	HO.LI.DA.Y		2	4,000 PKG	.000 PKG				12.52-
11479W	#M8621B Red/Gold Border	HO.LI.DA.Y	Seasons Greetings Blank 25/Box	2	4,000 BOX	.000 BOX				51.53-
11480J	#152817 Stacked Snowman	HO.LI.DA.Y	Imprintables 20/Pkg	2	11,000 PKG	6,000 PKG				23.75-
11483E	#M8245B ROYAL XMAS CARDS (BLANK)	HO.LI.DA.Y		2	1,000 BOX	.000 BOX				11.60-
11485E	#25053 Holly Bow	HO.LI.DA.Y	Envelopes 50/Pkg	2	1,000 PKG	.000 PKG				4.15-
11486J	#8547 SILVER ORNAMENT XMAS CARD	HO.LI.DA.Y		2	3,000 PKG	.000 PKG				12.09-
11486N	#3546820 Season's Greetings	HO.LI.DA.Y	Christmas Card 18/Pkg	2	3,000 PKG	.000 PKG				11.78-
11487L	#6884 JOLLY ST NICK CARD	HO.LI.DA.Y		2	2,000 PKG	.000 PKG				7.43-
11488S	#142146 Lights	HO.LI.DA.Y	Imprintables 20/Pkg	2	7,000 PKG	3,000 PKG				18.59-
11489B	#564818 Antique Horns Christmas	HO.LI.DA.Y	#10 Eps 25/Pkg	2	6,000 PKG	.000 PKG				10.03-
11489L	#920280 Holiday Lights Christmas	HO.LI.DA.Y	#10 Eps 25/Pkg	2	12,000 PKG	8,000 PKG				7.06-
11490D	#979725 Plaid Bow Christmas	HO.LI.DA.Y	#10 Eps 25/Pkg	2	13,000 PKG	6,000 PKG				12.41-
11490E	#964134 Holly / Ribbon Christmas	HO.LI.DA.Y	#10 Eps 25/Pkg	2	6,000 PKG	.000 PKG				10.03-
11490L	#970089 Trimmed Holly Christmas	HO.LI.DA.Y	#10 Eps 25/Pkg	2	11,000 PKG	7,000 PKG				7.03-

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

ZMM755 10/25/08 17.02.02		DETAILED ITEM VARIANCE REPORT				CC/KEBERU	PAGE 12
\$ Variance Min	\$ Variance Max	.01	Cost Used: Average	03-Kelly Paper Signal Hill	All Items		\$ Variance
Item Number		Zn.Ai.Bn.Lv	Sheet #	Qty Before	Qty After		
55513C	8.5X11-10pt Currency Cover	01.03.15.D		0.00 PKG	3.000 PKG		43.95
55513D	8.5X11-10pt Currency Cover	01.03.15.D		.000 PKG	1.000 PKG		14.65
55356E	8.5X11-12pt Plastisheen	01.03.15.E		1.000 PKG	.000 PKG		23.33-
55356J	8.5X11-12pt Plastisheen	01.03.15.E		2.000 PKG	.000 PKG		49.00-
55356E	8.5X11-13pt Plastisheen	01.03.16.A		.000 PKG	1.000 PKG		23.33
55356J	8.5X11-12pt Plastisheen	01.03.16.A		.000 PKG	2.000 PKG		49.00
55513C	8.5X11-10pt Currency Cover	01.03.16.A		.000 PKG	3.000 PKG		43.95
55513D	8.5X11-10pt Currency Cover	01.03.16.A		.000 PKG	1.000 PKG		14.65
55621A	11X17-8pt Kromekote Plus	01.03.16.A		4.000 PKG	.000 PKG		59.07-
55622A	8.5X11-10pt Kromekote Plus	01.03.16.A		.000 PKG	40.000 PKG		356.92
55676G	8.5X11-12pt Cadillac Cover CIS	01.03.16.A		.000 PKG	2.000 PKG		49.00
99828B	8-10 inch Double-Wing	Natural Adjustasels 10/Pkg		1.000 PKG	3.000 PKG		11.89
55437A	8.5X11-10PT SUPRME GLOSS CIS	01.03.16.B		4.000 PKG	2.000 PKG		25.52-
55622A	8.5X11-10pt Kromekote Plus	01.03.16.B		39.000 PKG	.000 PKG		348.00-
66585A	4-7/8X5 24# CD/DVD Window	01.03.16.B		1.000 BOX	.000 BOX		2.03-
55625A	11X17-12pt Kromekote Plus	CIS 65.75M		3.000 PKG	2.000 PKG		19.21-
55643A	8.5X11-12pt Kromekote Plus	C25 35.23M		5.000 PKG	8.000 PKG		41.97
55387A	8.5X11-10pt Carolina Cover CIS	01.03.16.E		11.000 PKG	.000 PKG		52.83-

CHANGING INVENTORY COUNT SHEET

To entering the recounts from the variance report, do the following:

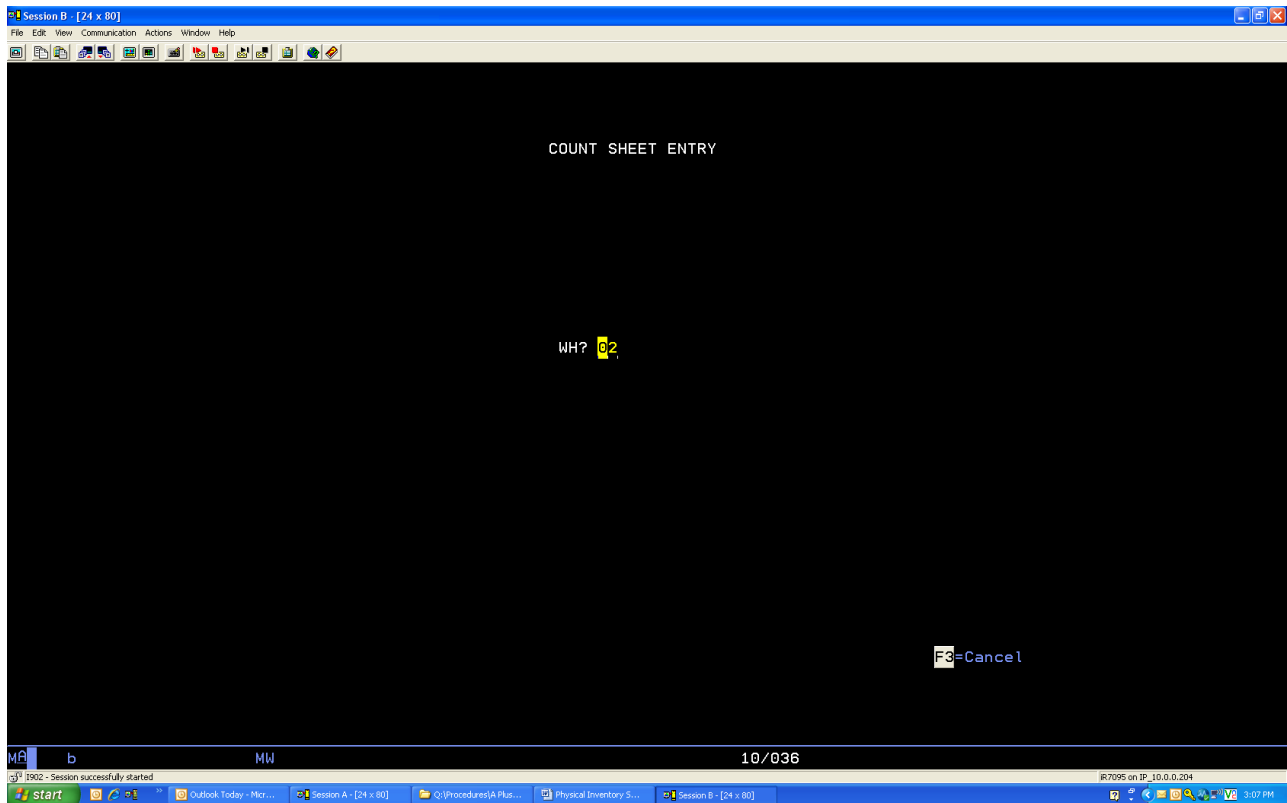


From the warehouse management physical inventory menu, do the following:

3

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

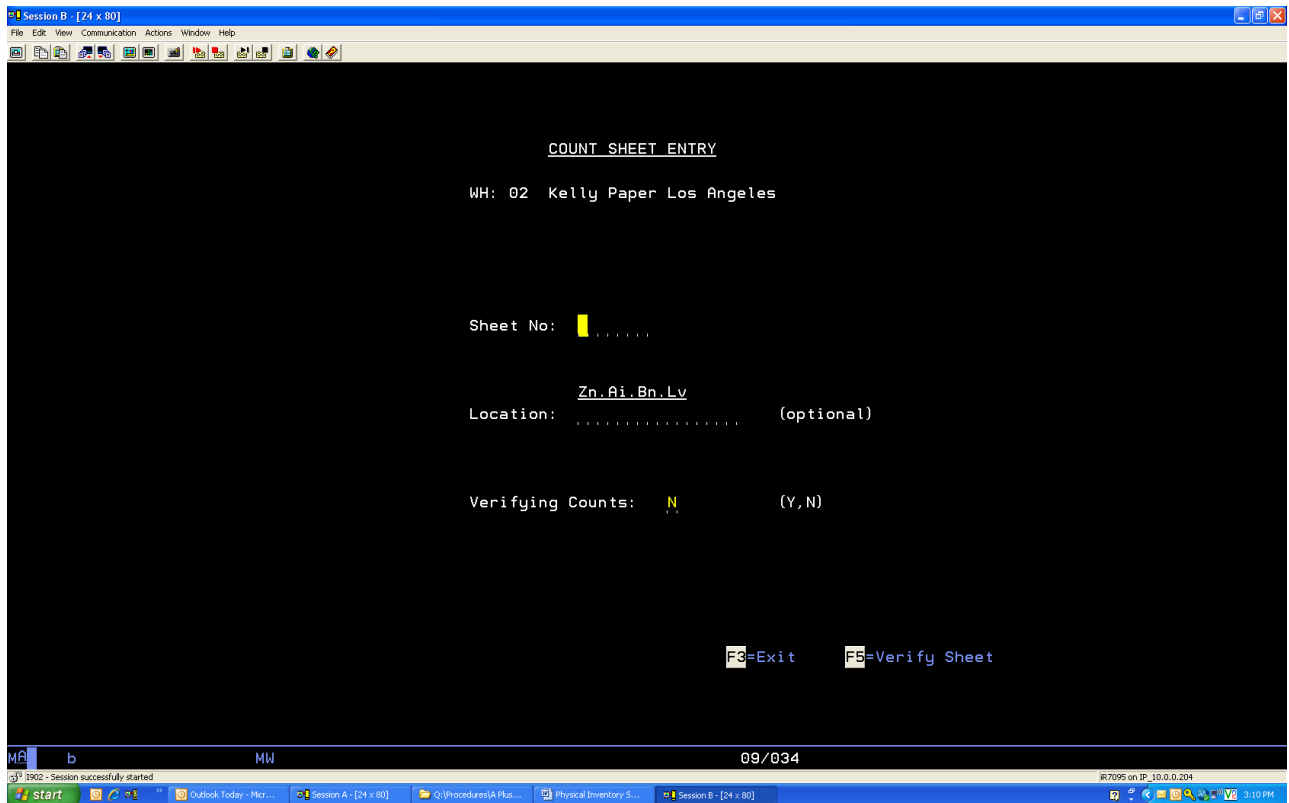


From the count sheet entry screen, do the following:

WH?: Enter your Location

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

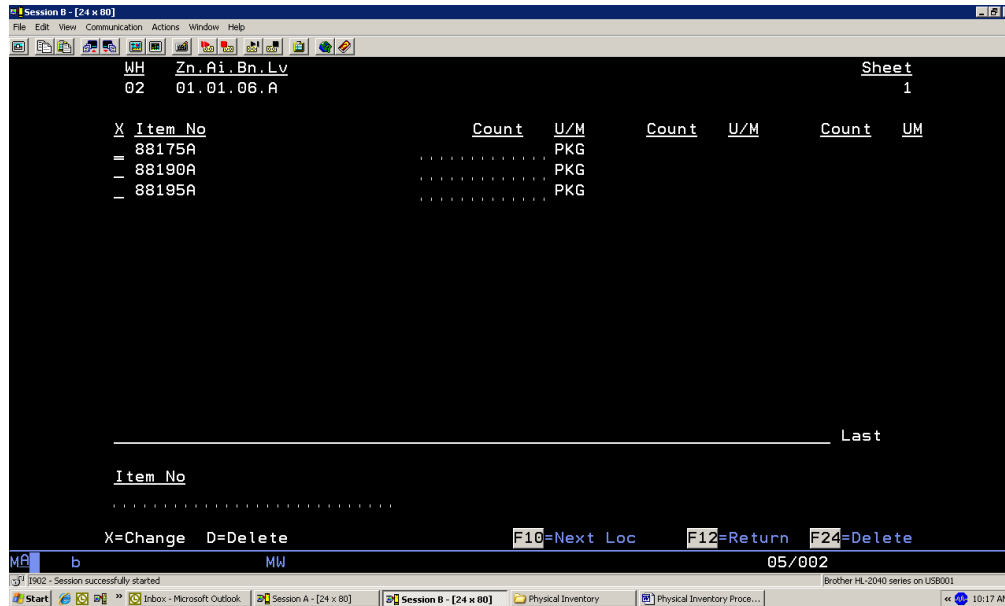


From the count sheet entry screen, do the following:

Sheet No: **Leave Blank**

Location: Enter **Bin Location Number** off of Variance report to be re-entered
[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the bin location count entry screen, do the following:

To enter quantities for a bin

Do the following:

Enter **quantity** in the Count Field

[Enter]

To enter zero counts for a bin

Do the following:

Enter **D** next to all part number(s) for all zeros

F-24

To Add an item that was hand written on count sheet

Do the following:

Item Number: Enter **part number** underneath Item No field

[Enter]

Enter your count

[Enter]

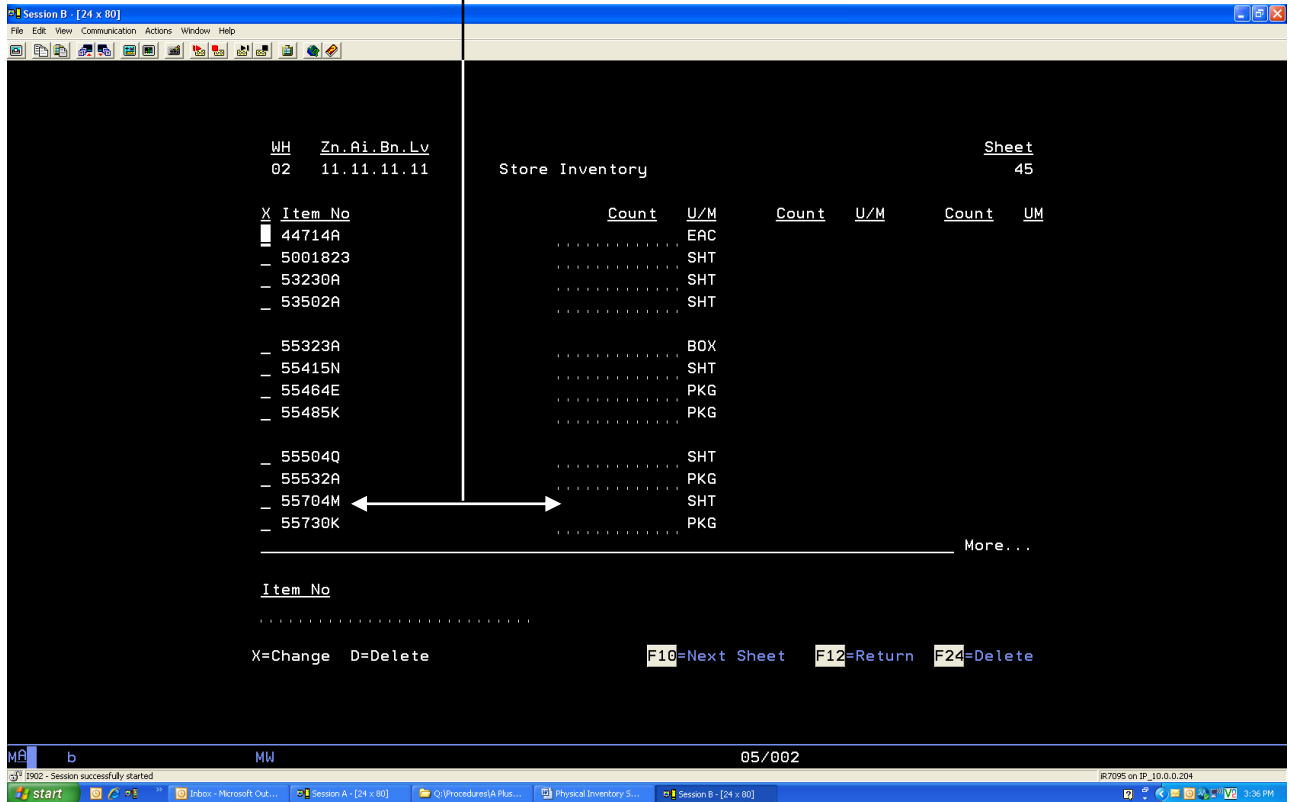
F-10 for next location

To enter quantities for items with multiple lot numbers/no dotted line

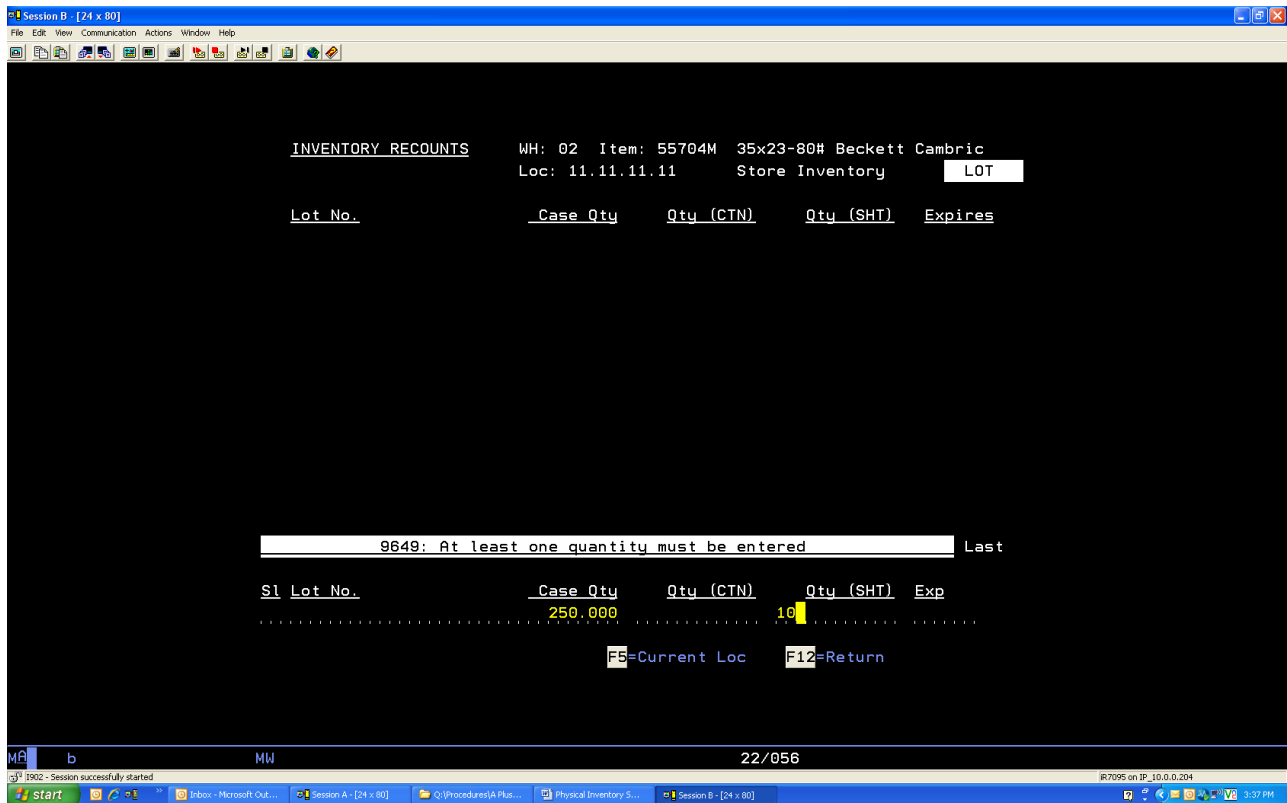
Do the following:

Key: an 'X' next the part number

[Enter]



PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



Qty (CTN): **Leave Blank**

Qty (SHT): Enter **Quantity on count sheet**
[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



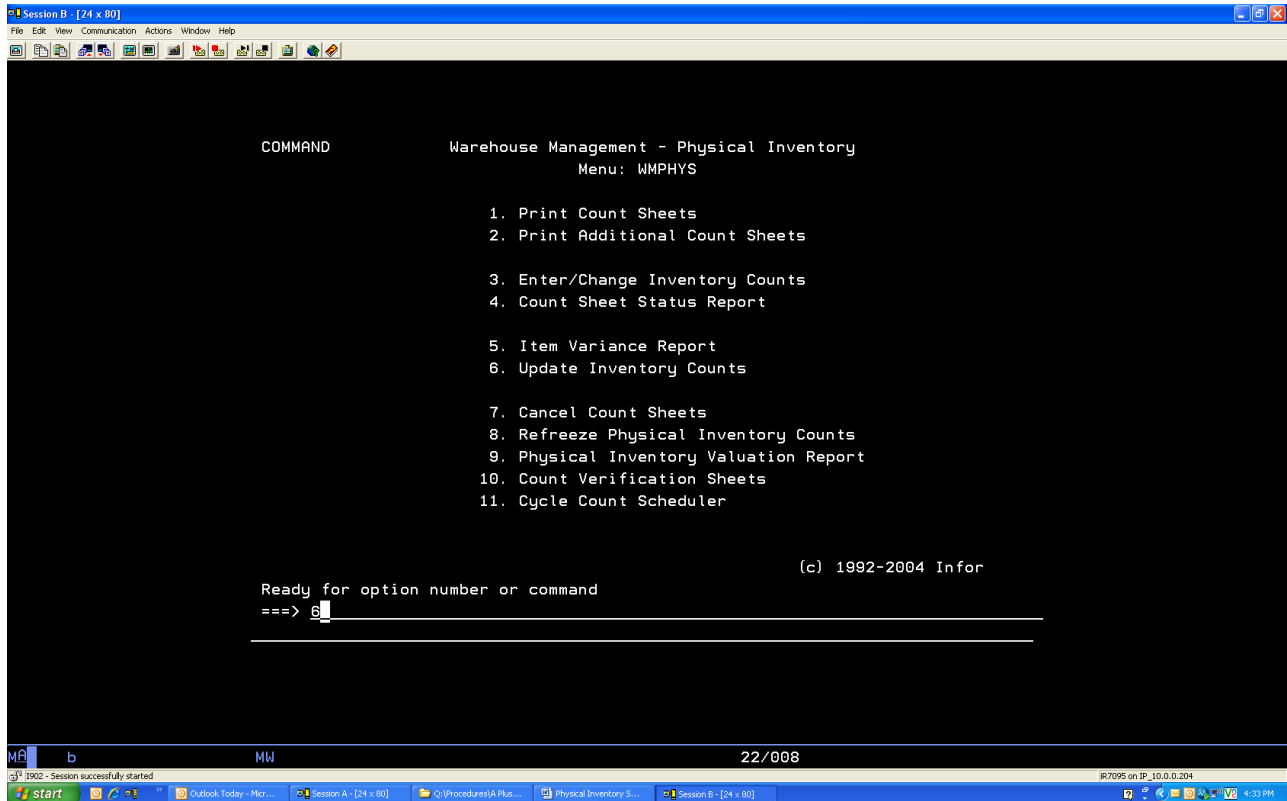
F12

Note: anytime you go back into a count sheet you must re-run the Count Sheet Status Report before your counts may be posted.

UPDATE INVENTORY COUNT (POST)

Before you update your inventory counts (Post) you must contact your District Manager and they will give you authority to update your inventory counts.

Once you have approval to update inventory counts (POST), do the following:

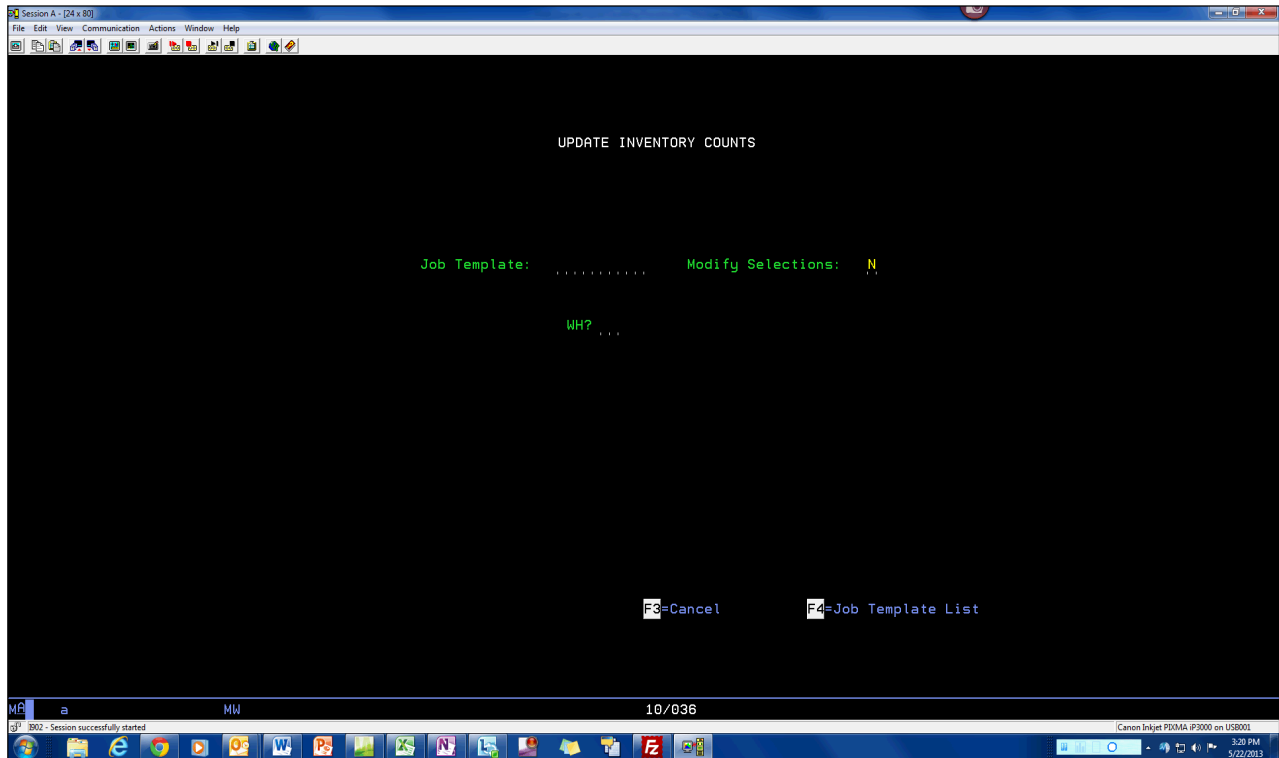


From the warehouse management physical inventory main menu, do the following:

6

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the update inventory counts screen, do the following:

WH?: Enter your Location

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES

This screen will appear if you did not run your count sheet status report to insure all count sheets have been entered.



Press [Enter] to exit this screen.

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the REPORT SELECTION GLOBAL LEVEL screen do the Following:

Press F10 twice.

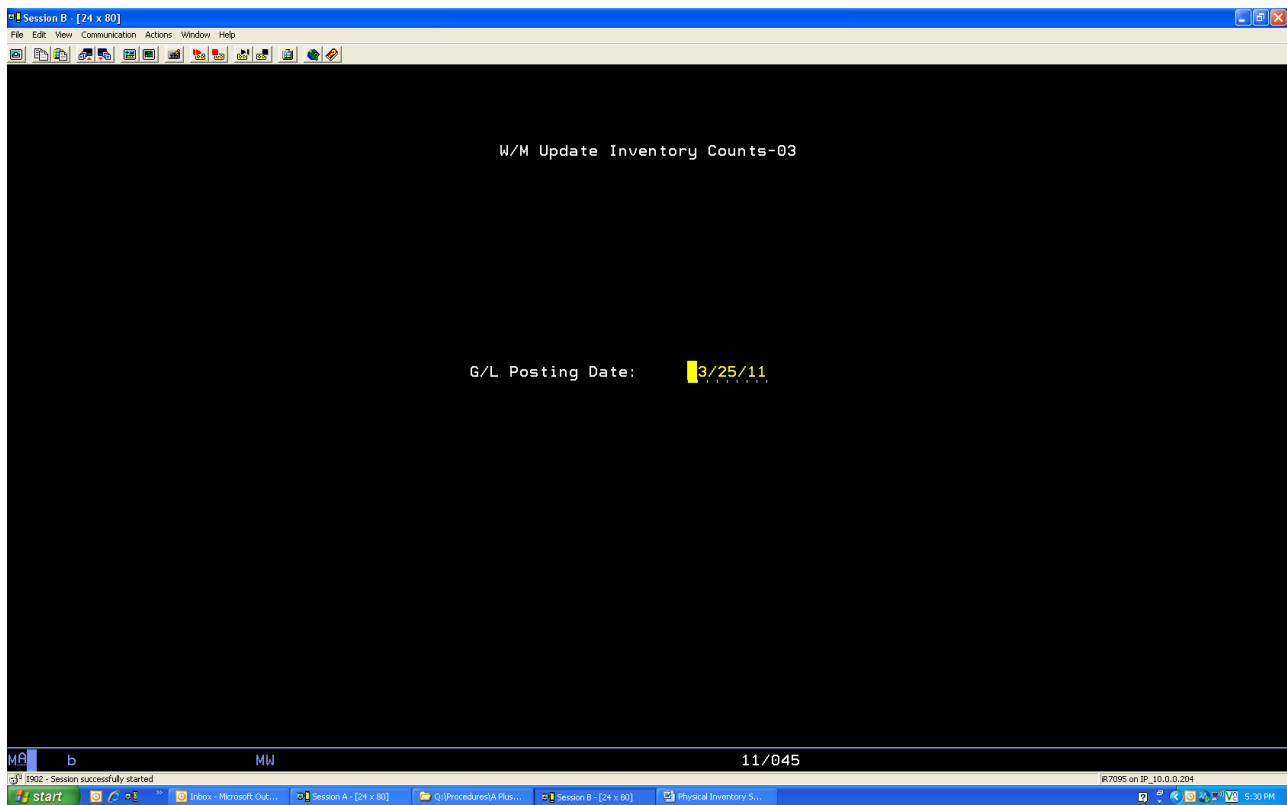
PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the SELECTION CONTROL screen do the following:

[Enter]

PHYSICAL INVENTORY: STANDARD OPERATING PROCEDURES



From the W/M G/L Post Date screen, do the following:

[Enter]

DAY AFTER INVENTORY

Do the following:

1. Any hand written entries must be researched and override bin locations fixed, if needed move inventory
2. Research any large variances
 - a. If problems are found contact your District Manager
 - b. With approval, fix them ASAP

COUNT AND VARIANCE SHEETS

Put all count sheets, variances reports and any two day transfers counted into inventory in a manila file folder, marked physical inventory with Saturday date.

Keep all physical inventory paperwork above, count sheets and any other physical inventory paperwork in the inventory audit file for a period of at least 6 months. (Physical inventory to physical inventory)

PHYSICAL INVENTORY CHECK LIST

Friday

- Manage Vendor PO's
- Manage Co 01 and Co 99 open orders
- Print Location Audit Report and Manage your 1's and Negatives
- Separate all excess inventory in back of store into 2 areas.
 - First area is non-stock items (1's)
 - Second area is stock items (Excess over max) for your store

Saturday

- Manage Vendor PO's
- Manage Co 01 and Co 99 open orders (All open orders must be invoiced printed or deleted)
- Run Contents by Location Report for your 5's, 6's, 7's, 8's and 9's/Move inventory if necessary
- Print Inventory Count Sheets as soon as the above is completed (do not print before all the above is completed)
- Create Inventory Control Sheet
- Enter all counts (do not start entering any count sheets before 9:00 am)
- Run Count Sheet Status Report
 - Enter any missing counts

Saturday (Continued)

- Run Variance Report
 - Detail using Location
 - Recount all variances
- Process Changes
 - Enter new counts
 - Re-Run Variance Report
 - Recount any questionable variances
 - Re-Run Variance Report
- Run Count Sheet Status Report
- Call your District Manager with Variance dollar amount
- Post Inventory Counts (must have approval from your District Manager and they will decide whether to send you home or to another location)

Monday

- Put all physical inventory paperwork in manila file folder with Saturday's date and file in inventory audit file

PHYSICAL INVENTORY AUDITOR PROCEDURE

If you have Mazars USA auditor in your location for physical inventory, do the following:

1. Email Mike Reed indication you have an auditor in your location
2. The Mazars USA auditor will need the following:

Day of inventory:

- a. A list of count teams with names
- b. A copy of your Inventory control sheet(s)
- c. Access to the count sheets the day of inventory (you will need to make copies for the items/bin locations that they are going to count only)
- d. Ending variance report – make sure to print a copy for the auditor after all changes have been made. If you go back and make any changes you will need to print another variance report for them (They may ask you to email them the PDF version).
- e. Copy of the last 5 receiving transactions (put-a-way list) before inventory
- f. Copy of the last 5 Invoices before inventory

Week after inventory:

- a. Email Mike Reed copies of the first 5 receiving transactions (put-a-way list) after inventory and I will forward to the Mazars USA Auditor
- b. Email Mike Reed copies of the first 5 Invoices after inventory and I will forward to the Mazars USA Auditor

3. The day of inventory Auditor Process:
 - a. Mazars USA Auditor will select bin locations to be counted
 - b. Kelly Auditor Representative will make a copy of the 1st count sheet for bin locations the Mazars USA Auditor has selected to be counted (**Refer to 2C**)
 - c. Mazars USA Auditor and Kelly Auditor Representative must physically label each bin location with a “Counted by Auditor” label after they count that bin location
 - d. The Mazars USA Auditor and Kelly Auditor Representative will count the selected bin locations and once the count is agreed / verified they will both sign the count sheet. If any changes to the count needs to be made, the Kelly Auditor Representative will make sure that those counts get updated in Aplus
 - e. When working off a variance report, if the bin has the “Counted by Auditor” label, then no changes to the count for that bin can be made without the Mazars USA Auditor and Kelly Auditor Representative verifying the new count
 - f. **Don't post (Update)** your inventory in aplus until the Mazars USA Auditor and Kelly Auditor Representative have signed off on all their counts

Note: Mike Reed will provide them with the before and after valuation reports (SOPI) and inventory by location report (WMLOCQTY)