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## Course Information

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**Course Title:** *Inventory Management*

#360524

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

**CPA: 15** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

### Course Description

Inventory is expensive and difficult to manage, and yet is an essential requirement for providing great service to customers. *Inventory Management* provides the tools to retain enough inventory to assure high levels of customer service, while avoiding excessive inventory levels that can absorb cash and generate losses. Topics covered include inventory policies, materials planning, purchasing and the supply chain, receiving, storage, shipping, production activities, record accuracy, warehousing efficiencies, measurements, and much more. This course covers a mix of classic and advanced management techniques to help the user maintain firm control over the mix and amount of inventory.

### Course Content

Publication/Revision date:3/11/2024.

Author: Steven M. Bragg, CPA.

Final exam (online):Seventy-five questions (multiple-choice).

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

## **Subject Codes/Field of Study**

NASBA (CPA): Production

## **Course Level, Prerequisites, and Advance Preparation Requirements**

Program level: Overview

Prerequisites: None.

Advance Preparation: None

## **Learning Objectives**

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- Identify the types of inventory, and the need for reorder points, safety stock, and economic order quantities.
- State the manner in which inventory can be incorporated into a company's competitive strategy, and the situations in which certain strategies should be employed.
- Identify the policies that should be used to control inventory, and the situations in which they should be used.
- State the types of forecasting variations that can be used, how forecasts can be incorrect, and what can be done to mitigate these effects.
- State the various costs related to suppliers, how a spend management system can be created, and the issues related to volume purchase discounts.
- Identify the receiving techniques that can be used to minimize inventory damage, organize incoming deliveries, create cross docking transactions, and similar issues.
- State the types of equipment used in putaway and picking transactions, as well as their advantages and disadvantages.
- Identify the components of the major production management systems, as well as the techniques used to improve the flow of inventory through the production process.
- State the methods used to enhance the efficiency and effectiveness of the shipping function.
- State who identifies obsolete inventory and how such inventory is located.
- Identify the methods used in the engineering area to minimize the number of parts, improve the production process, and generally reduce the investment in inventory.
- Recognize the issues that can reduce inventory record accuracy.
- State the situations in which the periodic and perpetual inventory systems should be used, and issues related to physical inventory and cycle counts.
- State the impact on inventory and costs of how the supply chain is managed.
- Identify the methods used to increase the efficiency of the warehouse.
- State the storage characteristics of inventory, as well as the situations in which various types of storage systems can be used.
- Identify the steps used to plan the warehouse layout, as well as the impacts of various issues on the final layout and sizing.
- Recognize the key inventory measurements and the circumstances under which they are used.

## Instructions for Taking This Course

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- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

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- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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# Preface

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Inventory is one of the largest investments that a company may have, and so is worthy of continual examination to maximize the return from this asset. It is of critical importance to ensure that funds are only used for the exact inventory items needed to further an organization's goals. All other inventory is a liability, since it soaks up excess cash and is in danger of becoming obsolete. In *Inventory Management*, we explore a broad range of alternatives that can be used to precisely target the use of inventory, while minimizing the inventory investment. The topics covered include inventory strategy, materials forecasting, production processes, warehouse management, product design, the supply chain, and more – essentially all areas of a business that touch upon the inventory asset. As examples of the topics covered, *Inventory Management* provides answers to the following questions:

- How can I incorporate inventory into a competitive strategy?
- How can I improve the accuracy of my sales forecasts?
- Are there supplier delivery arrangements that can reduce the level of on-hand inventory?
- What types of equipment are available to assist in the putaway and picking tasks?
- How do the push and pull flow systems impact the amount of inventory in production?
- What options are available for maximizing the return from the disposition of obsolete inventory?
- How can products be designed to minimize the inventory investment?
- What methods are available for improving the accuracy of inventory records?
- How can I set up an effective cycle counting program?
- Under what circumstances is a flow-through warehouse system used?
- Which storage systems should be installed to maximize the use of warehouse space?
- What measurements should be tracked to monitor inventory?

*Inventory Management* is intended for managers, inventory planners, and students, who can benefit from its broad range of inventory management topics.

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