



## INVENTORY RECONCILIATION & REPORTING

### Improve Crude & Refined Products Inventory Management

One of the most valuable efforts undertaken by oil & gas companies during a downturn is improving inventory reporting accuracy. Correctly reporting inventories, and ensuring the prerequisite accounting processes and system configuration which must be in place, can be challenging. The following are proven methodology to improve accuracy of reconciliations with your counterparties, create fewer book-to-physical issues, and report inventories more accurately.

### Transaction Management Challenges

Regardless of which transactional system used, there are likely system-wide considerations that must be defined to correctly enable effective inventory reconciliations. System settings for creating inventory reconciliation groups must be correct for the business, and depending on design chosen, deal design for pipeline, truck or rail deals must support them.

Deal-level configuration must also consider inventory reconciliation. Balance Configurations on pipeline, truck, and rail deals must be correct, holding inventory at either origin or destination. Care must be taken not to create duplicate locations where inventory is held. Inconsistency in deal setup across modes of transportation, even within same mode of transportation, must be avoided.

In the event that the system or individual deals are configured incorrectly, correcting the setup will require working through potential impacts to the following:

- Tariff automation (accruals and actualization) on movements
- Any automated scheduling tools and maintenance of associated tables
- Custom batch orders or rolling orders
- Transfer of inventory balances, and how to deal with book-to-physicals and prior period adjustments

### Interface Issues

Are pipeline, truck or rail tickets interfaced into your transactional system? If so, inventory reconciliation issues could come from a variety of points. Do incoming tickets contain/retain location data? Is there automation matching those tickets to assets? If so, how is that automation performing?



## Final Thoughts

In general, product flow within the transactional system should match the physical flow of product (locations, regrades) as closely as possible, to ensure alignment between scheduling and accounting. Correct initial configuration is most desirable, of course, but careful and methodical remediation is achievable. The end goal is decreased time and effort for close of month inventory reconciliation activities, and more accurate inventory positions and sub-ledger data.

Enite can help identify improvement opportunities and ensure long-term strategic success. If you'd like to discuss your own organization's system and process landscape, and how Enite has helped optimize inventory management elsewhere, please contact Ryan Rogers at [ryan.rogers@enitegroup.com](mailto:ryan.rogers@enitegroup.com) or David Perez at [david.perez@enitegroup.com](mailto:david.perez@enitegroup.com).