

Case Study

Corporate Accounting Visits the Plant

**MAKING SURE ON-SITE INVENTORY VALUE IS
ACCURATE AND TRANSPARENT**

Background

A Power Plant in the United States that is wholly owned by a larger parent company with Corporate Accounting, Legal, Marketing and Business functions located at the Corporate parent and inventory stores kept at each specific power plant.

The person in charge of tracking parts for the Power Plant on an Excel spreadsheet is on vacation. An Accountant from Corporate visits the plant during this time period to determine inventory and counts all boxes as a full set with 100% life remaining. Unfortunately, some boxes contain only a partial set due to fall out at the repair shop and others have less than 50% life remaining on these parts. The inventory value for tax purposes is overstated by four-times the actual value of the parts.



The Solution

SPS' ORAP Parts-Trac® service was implemented by this company. By using the software, and eliminating the use of a plant specific Excel spreadsheet managed by only one person, plant personnel were able to see all sets displayed at the click of a button, including the number of parts currently in the set and the number of parts in a complete set (e.g. 46/92 parts in set 3). The interface also easily reports the remaining life on the constituent parts in the set in terms of hours, cycles, repairs, etc., which allows for an accurate estimate of the inventory value at any time.

ACCURATE DEPRECIATION