

SOP: FIFO (First-In, First-Out) Inventory Rotation System

This SOP describes the **FIFO (First-In, First-Out) inventory rotation system**, which ensures that older stock is used or sold before newer stock to maintain product freshness, reduce waste, and minimize inventory obsolescence. It includes procedures for labeling, storing, tracking, and rotating inventory items, as well as documentation and monitoring practices to optimize stock management and improve operational efficiency.

1. Purpose

To establish a standardized process for the application of the FIFO inventory rotation system to **maintain product quality, minimize waste, and ensure accurate stock management**.

2. Scope

This procedure applies to all personnel involved in the receiving, storage, handling, and issue of inventory items across all company warehouses and storage areas.

3. Responsibilities

- **Warehouse/Store Staff:** Ensure all inventory is labeled, stored, and rotated according to FIFO principles.
- **Supervisors/Managers:** Oversee proper implementation and compliance with the FIFO system.
- **Inventory/Logistics Personnel:** Track stock movement and maintain accurate records.

4. Procedures

4.1 Receiving Inventory

- Inspect all incoming goods for quality and accuracy.
- Clearly label each item or batch with the **date of receipt** using standardized labels or barcode systems.
- Enter received dates and details into the inventory management system.

4.2 Storing Inventory

- Organize storage locations so that older stock is positioned in front or above newer arrivals (depending on shelving type).
- Segregate different SKUs or batches to prevent mixing.

4.3 Inventory Rotation (FIFO)

- When picking items for use or sale, always select the **oldest dated** stock first.
- Before replenishing shelves, confirm existing stock is rotated forward and newer stock is placed behind/underneath.

4.4 Tracking and Documentation

- Maintain up-to-date records on inventory movement in the central inventory tracking system.
- Document item batch/lot numbers, receipt dates, and outgoing dates for audit purposes.

4.5 Monitoring and Verification

- Conduct regular spot checks to verify correct rotation is being followed.
- Address and document any discrepancies or non-conformance found during audits.

5. Documentation

Document	Purpose	Responsible
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Receiving Log	Record date, description, batch/lot number of received goods	Warehouse Staff
Inventory Movement Sheet/System Entry	Track inventory in, out, and rotation status	Inventory Staff
FIFO Compliance Checklist	Verify adherence to FIFO procedures during audits	Supervisors/Managers

6. Review and Continuous Improvement

- Review SOP annually or when process changes occur.
- Incorporate feedback and audit findings to improve efficiency and compliance.

7. References

- Inventory Management Policy
- Quality Control SOP
- Warehouse Safety Guidelines