

# Standard Operating Procedure (SOP)

## Stock Level Monitoring and Reorder Point Protocols

### 1. Purpose

This SOP details **stock level monitoring and reorder point protocols**, including procedures for regularly tracking inventory levels, establishing minimum stock thresholds, and defining reorder points to prevent stockouts. The goal is to optimize inventory management, reduce holding costs, and maintain efficient operational flow by ensuring adequate stock availability at all times.

### 2. Scope

This SOP applies to all inventory management staff and relevant personnel responsible for monitoring, reporting, and replenishing stock levels within the organization.

### 3. Responsibilities

- **Inventory Manager:** Oversee implementation and compliance, review inventory reports, and authorize reorder requests.
- **Stockroom Staff:** Conduct regular stock counts and report discrepancies.
- **Procurement Team:** Place and track orders based on reorder notifications.
- **Accounts Department:** Process supplier payments and update receipts in inventory records.

### 4. Procedures

1. **A. Stock Level Monitoring**
  - Perform daily/weekly/monthly stock counts (frequency based on item turnover rate).
  - Utilize inventory management software or manual logs to record stock levels.
  - Verify physical counts against system records to identify and investigate discrepancies.
2. **B. Establishing Minimum Stock Thresholds**
  - Analyze historical consumption rates, lead times, and safety requirements.
  - Document recommended minimum stock levels for each item in the inventory system.
  - Review thresholds quarterly and update as necessary.
3. **C. Defining Reorder Points**
  - Calculate reorder point (ROP) for each item:  
$$ROP = (Average\ Daily\ Usage \times Lead\ Time) + Safety\ Stock$$
  - Enter reorder points in the inventory tracking system for automatic alerts when stock falls to ROP.
4. **D. Reordering Process**
  - Upon system alert or manual identification, notify the procurement team for items at or below ROP.
  - Procurement team reviews, approves, and places order with suppliers as per approved vendor list.
  - Log all reorder actions and maintain clear records for audits and review.
5. **E. Communication and Documentation**
  - Maintain up-to-date logs of all inventory transactions and reordering activities.
  - Alert relevant teams immediately if the supplier delay or shortage is anticipated.

### 5. Stock Monitoring & Recording Template

Date	Item	Current Stock	Min Stock Threshold	Reorder Point	Discrepancies	Notes/Actions
YYYY-MM-DD	Item Name/ID	Quantity	Quantity	Quantity	Yes/No	Details/Order placed

### 6. Review and Audit

- Conduct quarterly audits of stock records and procedures.
- Update SOP as required based on audit findings or operational changes.

### 7. References

- Inventory Management Policy
- Supplier Management Guidelines

8. Revision History

Version	Date	Description	Author
1.0	YYYY-MM-DD	Initial SOP release	Name/Dept