SOP Template: Regular Inventory Audit and Reconciliation Schedule

This SOP details the **regular inventory audit and reconciliation schedule**, encompassing periodic stock counts, discrepancy identification, documentation procedures, corrective actions, and reporting protocols. The objective is to maintain accurate inventory records, prevent stock losses, and ensure alignment between physical stock and system records through systematic and timely audits.

1. Purpose

To establish a systematic approach for conducting regular inventory audits and reconciliation, ensuring data integrity and loss prevention.

2. Scope

This SOP applies to all inventory storage locations and personnel involved in inventory management and auditing.

3. Definitions

- **Inventory Audit:** The process of verifying physical inventory against recorded inventory in the system.
- **Reconciliation:** The resolution of discrepancies between physical and recorded inventory.
- **Discrepancy:** Any difference observed between physical count and system records.

4. Responsibilities

- **Inventory Manager:** Schedules audits, oversees reconciliation, and reviews reports.
- **Audit Team:** Conducts physical inventory counts and identifies discrepancies.
- **Warehouse Staff:** Assists during count procedures.
- **Finance/Compliance:** Reviews finalized audit reports and corrective actions.

5. Procedure

5.1 Audit Schedule

Type of Audit	Frequency	Responsible
Full Inventory Count	Annually	Audit Team
Cyclic/Partial Count	Monthly/Quarterly	Inventory Manager & Audit Team
Spot Check	Ad-hoc / As needed	Warehouse Staff & Audit Team

5.2 Physical Stock Count

- Prepare and print inventory count sheets from the inventory management system.
- Assign counting teams; ensure segregation of duties from normal warehouse tasks.
- Conduct counts outside regular receiving/dispatch hours, where practical.
- Record counted quantities, including note of damaged or obsolete stock.

5.3 Discrepancy Identification

- Compare physical count results with system records.
- Log discrepancies in the Inventory Discrepancy Log.
- Investigate all variances to determine root cause (e.g., errors, theft, process gaps).

5.4 Documentation

- Complete and file signed inventory count sheets.
- Update discrepancy log with detailed descriptions and proposed resolutions.

- Maintain records of all count sheets and reconciliation activities for audit trail purposes.

5.5 Corrective Actions

- Initiate root cause analysis for significant discrepancies.
- Adjust inventory records only after investigation and approval by Inventory Manager.
- Document corrective steps (e.g., staff retraining, process changes).

5.6 Reporting Protocols

- Compile audit findings into an Inventory Audit Report.
- Report summary, discrepancies, and corrective actions taken to management and finance.
- Highlight recurring issues and recommend improvements.
- Retain all reports as per document retention policy.

6. Records

- Inventory Count Sheets
- Inventory Discrepancy Log
- Corrective Action Records
- Inventory Audit Reports

7. Review and Update

This SOP must be reviewed annually or whenever major process changes occur. All updates must be documented and communicated to relevant staff.

8. References

- Inventory Management Policy
- Internal Control Guidelines
- Record Retention Policy