

SOP Template: Inventory Discrepancy Investigation and Resolution

This SOP details the process for **inventory discrepancy investigation and resolution**, including identifying discrepancies, conducting root cause analysis, verifying inventory records, coordinating with relevant departments, implementing corrective actions, and documenting findings. The objective is to ensure accurate inventory management, reduce losses, and maintain data integrity through systematic investigation and resolution of inventory variances.

1. Purpose

To outline the standard procedure for investigating and resolving inventory discrepancies in order to maintain accurate inventory records, prevent losses, and ensure data integrity.

2. Scope

This procedure applies to all personnel involved in inventory management, warehouse operations, and related departments responsible for inventory record keeping and reconciliation.

3. Responsibilities

- **Inventory Supervisor:** Leads the investigation process and coordinates with relevant departments.
- **Warehouse Staff:** Assists in physical counts and provides inventory movement details.
- **Quality/Compliance Team:** Reviews systemic issues and participates in root cause analysis.
- **IT/Systems Team:** Supports review of data and system records.

4. Procedure

1. **Identification of Discrepancy**
 - Detect discrepancies via regular stock counts, cycle counts, or system-generated reports.
 - Document the type and magnitude of variance (e.g., shortage, overage, misplacement).
2. **Initial Assessment**
 - Verify transaction records for the affected SKU(s).
 - Confirm physical inventory count in the affected area(s).
3. **Investigation & Root Cause Analysis**
 - Identify all potential causes (e.g., counting error, theft, data entry error, misplacement).
 - Conduct interviews or request statements from involved personnel if needed.
 - Review CCTV footage, transaction logs, delivery and receipt documents as required.
4. **Coordination & Communication**
 - Inform relevant departments (e.g., Finance, Security) if necessary.
 - Schedule cross-functional meetings for complex or recurring issues.
5. **Resolution & Corrective Actions**
 - Rectify inventory records as per findings (inventory adjustment with authorization).
 - Implement corrective actions to prevent recurrence (process changes, training, enhanced controls).
6. **Documentation**
 - Complete an Inventory Discrepancy Report including:
 - Date & description of discrepancy
 - Root cause analysis summary
 - Actions taken
 - Departments/persons involved
 - Store all supporting evidence (emails, photos, reports) as per company policy.
7. **Review**
 - Management reviews discrepancies and corrective actions at regular intervals.
 - Track trends and recurring issues for continuous improvement.

5. Documentation & Records

Document/Record Name	Responsible	Retention Period
Inventory Discrepancy Report	Inventory Supervisor	3 years

Supporting Evidence (e.g., count sheets, logs)	Relevant Department	As per company policy
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6. References

- Company Inventory Management Policy
- Warehouse Operations Manual
- Internal Audit Guidelines

7. Revision History

Revision	Date	Description	Author
01	2024-06-01	Initial release	[Your Name]