

Standard Operating Procedure (SOP)

Inventory Tracking and Stock Rotation Methods

This SOP details **inventory tracking and stock rotation methods** to ensure accurate monitoring of stock levels, prevent product spoilage, and optimize inventory management. It covers procedures for recording inventory upon receipt, regular stock audits, implementing FIFO (First In, First Out) and LIFO (Last In, First Out) rotation techniques, handling expired or damaged goods, and maintaining real-time inventory data to support efficient supply chain operations and reduce waste.

1. Purpose

To establish standardized procedures for tracking inventory and rotating stock effectively to ensure product quality, minimize loss, and maintain accurate stock records.

2. Scope

This SOP applies to all personnel involved in the receipt, storage, handling, and management of inventory items.

3. Responsibilities

- **Warehouse Staff:** Record, store, and rotate inventory as per guidelines.
- **Inventory Manager:** Oversee stock audits, data accuracy, and compliance with FIFO/LIFO methods.
- **Quality Assurance:** Inspect and report expired or damaged products for disposition.

4. Procedure

1. Inventory Receipt and Recording

- Verify items received against purchase orders or delivery notes.
- Inspect goods for damage or discrepancies.
- Record details (item, quantity, date received, batch/lot numbers) in the inventory management system immediately upon receipt.
- Label items with received date and batch/lot number as applicable.

2. Stock Storage and Organization

- Store products in designated areas according to product type and storage requirements.
- Organize shelves/layout to facilitate stock rotation and easy access based on the chosen rotation method.

3. Stock Rotation Methods

FIFO (First In, First Out)	LIFO (Last In, First Out)
<ul style="list-style-type: none">◦ Stock received first is dispensed/sold first.◦ Suits perishable goods and products with limited shelf life.◦ Place newly received stock behind existing stock.	<ul style="list-style-type: none">◦ Stock received last is dispensed/sold first.◦ Used for non-perishable goods or based on business preference.◦ Place newly received stock at the front/easily accessible position.

4. Regular Stock Audits

- Conduct physical inventory counts monthly or as scheduled.
- Compare physical counts with recorded inventory to identify discrepancies.
- Investigate and resolve discrepancies promptly.

5. Handling Expired or Damaged Goods

- Inspect inventory regularly for expiration dates and signs of damage.
- Isolate and label expired/damaged items immediately.
- Log items for removal/disposal and update inventory records.
- Dispose of affected items in accordance with company policy and relevant regulations.

6. Maintaining Real-Time Inventory Data

- Update inventory records immediately upon receipt, movement, issue, or disposal of stock.
- Use inventory management software for real-time tracking and reporting.
- Backup inventory data regularly to prevent data loss.

5. Documentation

- Inventory receipt log
- Inventory management system entries
- Stock audit reports
- Expiry and damage records
- Disposal/destruction records

6. Review & Revision

This SOP should be reviewed annually or whenever changes are made to inventory management processes, systems, or regulatory requirements.

7. References

- Company Inventory Management Policy
- Local regulatory guidelines on inventory handling
- Inventory management software user guide