

# Standard Operating Procedure

## Periodic Inventory Counts and Reconciliation

### Purpose

This SOP details the process for conducting **periodic inventory counts and reconciliation**, including scheduling regular inventory audits, accurate counting procedures, comparing physical stock with inventory records, identifying and investigating discrepancies, updating inventory management systems, and reporting findings to management. The goal is to maintain accurate inventory levels, prevent stock loss, and ensure financial accuracy.

### Scope

This SOP applies to all staff involved in inventory management, auditing, and reporting of inventory within the organization.

### Responsibilities

- **Inventory Manager:** Oversee the periodic inventory process, review discrepancies, and report findings.
- **Inventory Staff:** Conduct physical counts and record data accurately.
- **Finance/Accounting:** Ensure stock records align with financial statements.

### Procedures

#### 1. Scheduling Inventory Counts

- Establish a schedule (monthly, quarterly, or annually) for periodic inventory audits.
- Notify relevant staff of upcoming counts at least one week in advance.

#### 2. Preparation

- Clean and organize inventory areas prior to counting.
- Print or export inventory sheets from the inventory management system.
- Assign counting teams and areas.

#### 3. Inventory Counting

- Count all items systematically according to the inventory list.
- Record actual quantities on count sheets.
- Use a double-count system or spot checks where possible for accuracy.

#### 4. Reconciling Records

- Compare counted quantities to inventory records in the system.
- Note and highlight any discrepancies.

#### 5. Discrepancy Investigation

- Investigate and document reasons for discrepancies (e.g., errors, shrinkage, misplacements).
- Recount items if necessary to confirm discrepancies.

#### 6. Updating Systems

- Adjust inventory records in the management system to reflect actual counts.
- Record all adjustments with reasons and authorizations.

#### 7. Reporting

- Compile a summary report of the count, reconciliations, and any issues found.
- Submit findings and recommendations to management.

## Documentation

- Inventory count sheets or digital records
- Discrepancy investigation forms
- Adjustment logs
- Final inventory audit report

## References

- Inventory management policy
- Internal controls procedures

## Revision History

Version	Date	Description	Author
1.0	2024-06-01	Initial Release	SOP Team