SOP: Inventory Record-Keeping and Reporting Requirements

This SOP defines the **inventory record-keeping and reporting requirements** to ensure accurate tracking, management, and accountability of all inventory items. It covers procedures for documenting inventory receipts, adjustments, transfers, and disposals, as well as maintaining up-to-date records in accordance with company policies and regulatory standards. The SOP also outlines reporting protocols for inventory status, discrepancies, and periodic audits to support operational efficiency and financial integrity.

1. Purpose

To establish standardized procedures for inventory record-keeping and reporting to ensure accuracy, accountability, and compliance with applicable policies and regulations.

2. Scope

This procedure applies to all staff involved in the management of inventory, including receipt, storage, adjustment, transfer, and disposal of inventory items.

3. Responsibilities

- **Inventory Manager:** Oversee record-keeping and reporting accuracy.
- **Warehouse Staff:** Execute daily inventory transactions and maintain records.
- **Finance Department:** Review inventory records for audits and financial reporting.
- **Auditors:** Conduct periodic inventory audits.

4. Definitions

- **Inventory Receipt:** The process of recording the arrival of new inventory items.
- **Inventory Adjustment:** Correction made to reconcile recorded and actual inventory counts.
- **Inventory Transfer:** The movement of items from one location or department to another.
- **Inventory Disposal:** The process of removing obsolete, damaged, or surplus inventory from records.

5. Procedures

5.1 Inventory Receipts

- All received inventory must be logged in the Inventory Management System (IMS) immediately upon arrival.
- Details to record: Item description, quantity, supplier, date received, and receiving staff member.

5.2 Inventory Adjustments

- Adjustments must be documented in the IMS with appropriate justification (e.g., damage, loss, audit discrepancies).
- Approvals required for adjustments exceeding set thresholds.

5.3 Inventory Transfers

- Transfer requests must be approved and recorded with details: source, destination, item, quantity, date, and personnel involved.

5.4 Inventory Disposals

- Disposals must be recorded with supporting documentation (disposal request, approval, and reason).
- Update IMS to reflect disposals promptly.

5.5 Record Maintenance

- Maintain inventory records in both electronic and, where required, physical formats for a minimum of seven years.
- Ensure all corrections or edits are time-stamped with user identification.

6. Inventory Reporting

- Generate and review monthly inventory status reports for management.
- Report discrepancies greater than policy-defined thresholds immediately to the Inventory Manager.
- Document all periodic and ad-hoc physical inventory counts and reconciliations.
- Submit audit reports to Finance and senior management quarterly or as required.

7. Monitoring and Auditing

- Conduct scheduled physical inventory counts (e.g., quarterly or annually).
- Compare IMS data with physical counts and investigate discrepancies.
- Maintain an audit trail for all inventory transactions.

8. References

- Company Inventory Management Policy
- Relevant Regulatory Standards
- Financial Reporting Guidelines

9. Revision History

Date	Version	Description	Reviewed by
2024-06-01	1.0	Initial SOP release.	Inventory Manager