

Standard Operating Procedure (SOP): Inventory Count Reconciliation and Discrepancy Resolution

Purpose

This SOP details the process for **inventory count reconciliation and discrepancy resolution**, including accurate physical counting methods, comparing counts to recorded inventory data, identifying and investigating discrepancies, implementing corrective actions, and maintaining detailed documentation. The goal is to ensure inventory accuracy, prevent stock losses, and improve overall inventory management efficiency.

Scope

This procedure applies to all staff involved in inventory management, including warehouse and stockroom personnel, supervisors, and inventory control managers.

Responsibilities

- **Inventory Counters:** Conduct physical counts as per scheduled plans.
- **Supervisors:** Oversee counting activities, verify counts, and review discrepancies.
- **Inventory Control Manager:** Approve reconciliation reports, oversee investigations, and implement corrective actions.

Definitions

- **Physical Inventory Count:** A manual count of stock items present in the facility.
- **Recorded Inventory Data:** Inventory balances as per the Inventory Management System (IMS).
- **Discrepancy:** Any difference between the physical count and the system-recorded quantity.
- **Reconciliation:** The process of aligning physical counts with inventory records.

Procedure

1. **Preparation**
 - Define inventory count schedule (cycle counts or full counts).
 - Ensure inventory areas are organized and access is limited to authorized personnel during counts.
 - Print count sheets or assign devices for electronic counting.
2. **Physical Counting**
 - Count items using a two-person team (one counts, one records) where feasible.
 - Tag, mark, or otherwise identify counted items to prevent double counting.
 - Record actual quantities found.
3. **Reconciliation**
 - Compare physical count results with system-recorded inventory data.
 - Document any discrepancies.
4. **Discrepancy Investigation**
 - Review item transaction history for errors (receipts, issues, transfers, adjustments).
 - Conduct recounts if necessary to confirm discrepancies.
 - Identify and document possible causes for discrepancies.
5. **Corrective Actions**
 - Adjust inventory records to match verified physical count after investigation and approval.

- Implement preventive actions to avoid recurrence.

6. **Documentation**

- Keep count sheets, discrepancy reports, investigation notes, and adjustment authorizations for audit purposes.
- File completed reconciliation reports in accordance with record retention policy.

Documentation & Records

Document	Responsibility	Retention Period
Physical Count Sheets	Inventory Counter	2 Years
Discrepancy Reports	Supervisor	2 Years
Reconciliation Reports	Inventory Control Manager	2 Years
Adjustment Authorizations	Inventory Control Manager	2 Years

Appendices

- Appendix A: Inventory Count Sheet Template
- Appendix B: Discrepancy Investigation Form

Revision History

Version	Date	Description	Author
1.0	2024-06-XX	Initial template release	[Your Name/Dept]