

SOP: Recording and Reporting of Inventory Discrepancies

This SOP details the process for the **recording and reporting of inventory discrepancies**, encompassing the identification, documentation, investigation, and resolution of inconsistencies in inventory records. It aims to ensure accurate inventory management by providing clear guidelines for employees to follow when discrepancies occur, facilitating timely communication to relevant departments, and maintaining the integrity of inventory data for operational efficiency and accountability.

1. Purpose

To establish standardized procedures for recording and reporting inventory discrepancies, to promote accurate inventory records, efficient problem resolution, and compliance with company policies.

2. Scope

This SOP applies to all employees involved in inventory management, stocktaking, and related reporting across all company locations.

3. Definitions

- Inventory Discrepancy:** Any deviation between physical inventory counts and inventory records in the system.
- Responsible Person:** The staff member accountable for reporting or resolving a discrepancy.

4. Responsibilities

- Inventory Staff:** Detect, document, and report discrepancies.
- Supervisors/Managers:** Investigate discrepancies and coordinate corrective action.
- Inventory Control/Finance:** Oversee system adjustments and audit process integrity.

5. Procedure

- Identification**
 - Compare system records with physical counts during regular stocktakes or at receiving/shipping.
 - If a discrepancy is found, halt any further movement of the affected inventory until documented.
- Recording**
 - Log the discrepancy in the Inventory Discrepancy Log (see template below).
 - Document item details, location, date/time, quantity variance, and initial observations.
- Reporting**
 - Immediately notify the Supervisor/Manager and Inventory Control via email or the designated system.
 - Attach supporting documents (e.g., count sheets, photographs, delivery notes).
- Investigation**
 - Supervisor and/or Inventory Control reviews all documentation and interviews involved staff.
 - Root cause analysis is performed to ascertain the reason for discrepancy.
- Resolution**
 - Correct inventory records as authorized.
 - Implement corrective action to prevent recurrence.
 - Update the Discrepancy Log with resolution details and close the case.
- Review and Reporting**
 - Compile regular reports for management, highlighting trends and corrective measures taken.

6. Inventory Discrepancy Log Template

Date/Time	Item Description/Code	Location	Qty Recorded	Qty Counted	Variance	Detected By	Description/Comments	Status	Resolution
yyyy-mm-dd hh:mm	Example: Widget ABC123	Warehouse A	100	95	-5	John Doe	Shortage detected on Cycle Count	Open/Closed	Adjusted records, staff retrained

7. References

- Inventory Policy Manual
- Internal Audit Guidelines
- Company Corrective Action Procedure

8. Revision History

Date	Version	Description of Change	Author
2024-06-25	1.0	Initial SOP creation	Jane Smith