SOP: Inventory Update and Tracking Method

This SOP details the **inventory update and tracking method** to ensure accurate and real-time management of stock levels. It covers procedures for recording incoming and outgoing inventory, updating digital tracking systems, conducting regular audits, handling discrepancies, and generating inventory reports. The objective is to maintain precise inventory records, minimize stockouts and overstock situations, and improve overall supply chain efficiency.

1. Purpose

To standardize the process of updating, tracking, auditing, and reporting inventory, ensuring consistency, accuracy, and timely data across all locations.

2. Scope

This procedure applies to all personnel involved in inventory handling, including receiving, storing, dispatching, and tracking inventory items.

3. Responsibilities

- **Inventory Staff:** Execute the receipt, storage, issue, and tracking of inventory following the SOP.
- **Supervisors/Managers:** Review updates, conduct audits, approve discrepancy resolutions, and generate reports.
- **IT/Systems Admin:** Maintain the digital inventory management system and provide support.

4. Procedure

1. **Receiving and Recording Incoming Inventory**
   a. Verify delivery documentation (PO, packing slip, invoice).
   b. Physically inspect items for quantity and quality.
   c. Enter inventory details into the digital tracking system: item code, description, quantity, lot/batch/serial number, delivery date, supplier.
   d. Store inventory in designated location and update system with storage location details.
2. **Recording Outgoing Inventory (Issues/Dispatches)**
   a. Review and authorize requests for inventory withdrawal or sales orders.
   b. Pick items using FIFO/FEFO method as applicable.
   c. Update inventory management system immediately with details: item, quantity, requestor/customer, date, and destination.
   d. File supporting documents.
3. **Inventory Tracking System Updates**
   - Ensure all physical and digital records match in real-time.
   - All adjustments (returns, cancellations, damaged goods) must be recorded in the system with reason codes and supporting documents.
4. **Regular Inventory Audits**
   a. Conduct periodic cycle counts (e.g., weekly, monthly) and annual physical inventories.
   b. Compare physical counts with digital records.
   c. Document and investigate discrepancies.
   d. Update system records after discrepancies are resolved.
5. **Handling Discrepancies**
   a. Report discrepancies (missing, excess, damaged items) immediately to supervisors.
   b. Investigate root causes and document findings.
   c. Adjust inventory records upon approval.

6. **Reporting**
    - Generate and review inventory status reports (daily, weekly, monthly) and share with relevant stakeholders.
    - Highlight critical items, stockouts, or overstock situations in reports.

5. Documentation

Document Name	Description	Retention Period
Goods Received Note (GRN)	Record of received inventory	2 years
Inventory Withdrawal Form	Record of issued/dispatched inventory	2 years
Discrepancy Report Form	Record of inventory discrepancies and resolutions	2 years
Inventory Audit Report	Summary of stock counts and findings	2 years

6. References

- Inventory Management System User Manual
- Company Inventory Policy
- Warehouse Layout and Storage Procedures

7. Revision History

Revision Date	Version	Changes	Approved By
2024-06-20	1.0	Initial SOP release	Inventory Manager