

SOP: Stock Rotation Methods (FIFO/LIFO Application)

This SOP details the **stock rotation methods**, focusing on the proper application of FIFO (First In, First Out) and LIFO (Last In, First Out) techniques. It covers the procedures to ensure optimal inventory management by minimizing waste, preventing stock obsolescence, and maintaining product quality. The SOP includes guidelines for identifying stock batches, labeling, storage organization, and regular inventory audits to facilitate effective rotation according to the chosen method. Proper implementation supports efficient stock usage and accurate financial reporting.

1. Purpose

To establish uniform procedures for applying FIFO and LIFO stock rotation methods, promoting accurate inventory tracking, reducing waste, and supporting quality assurance.

2. Scope

This SOP applies to all employees involved in the receipt, storage, handling, and issuance of inventory within the facility.

3. Definitions

Term	Definition
FIFO	First In, First Out. The oldest stock is issued or used first.
LIFO	Last In, First Out. The most recently received stock is issued or used first.
Batch	A specific lot or group of products received or produced at the same time, identifiable by batch number or code.

4. Responsibilities

- **Warehouse Staff:** Implement rotation procedures, label stock, and maintain storage organization.
- **Inventory Manager:** Oversee and audit rotation processes, ensure compliance, and provide training.
- **Quality Assurance:** Verify stock condition and rotation during inspections and audits.

5. Procedures

5.1 Stock Identification and Labeling

1. Assign batch numbers and/or received dates to all stock upon receipt.
2. Clearly label all stock with batch numbers and relevant dates (expiration/manufacture).
3. Record batch details in the inventory management system.

5.2 Storage Organization

1. Arrange storage areas to facilitate easy access according to the selected rotation method:
 - **FIFO:** Place newer stock behind older stock, ensuring oldest stock is easily accessible.
 - **LIFO:** Place newest stock at the front or top for quick access during picking.
2. Maintain clear signage and pathways to prevent confusion and cross-contamination.

5.3 Stock Issue Procedure

1. Follow the documented rotation method (FIFO or LIFO) when picking stock for issuance or production:
 - **FIFO:** Always pick the oldest batch available.
 - **LIFO:** Always pick the most recently received batch.
2. Record stock movements in the inventory system, capturing batch numbers and quantities issued.

5.4 Inventory Audits

1. Conduct regular stock checks to verify proper rotation and update system records as needed.
2. Inspect storage areas for misplaced or incorrectly rotated stock.
3. Report discrepancies to the Inventory Manager for immediate resolution.

6. Documentation and Records

- Inventory records (batch numbers, dates received, quantities)
- Stock movement logs
- Audit and inspection reports

7. Review and Training

- Provide regular training on rotation methods to all relevant staff.
- Review this SOP at least annually and update as necessary.

8. References

- Inventory Management Policy
- Quality Assurance Manual
- Applicable Regulatory Requirements