

SOP: Spare Parts Inventory Management and Procurement

This SOP details the procedures for **spare parts inventory management and procurement**, covering accurate inventory tracking, demand forecasting, supplier selection and evaluation, purchase order processing, receipt and inspection of parts, storage and organization, stock replenishment strategies, cost control measures, and reporting. The aim is to ensure the timely availability of critical spare parts, minimize downtime, optimize inventory levels, and maintain efficient procurement workflows to support operational continuity.

Scope

This procedure applies to all personnel involved in the management and procurement of spare parts inventory for operational assets.

Responsibilities

- **Inventory Manager:** Oversees inventory accuracy and stock levels.
- **Procurement Officer:** Manages supplier relations and purchase orders.
- **Warehouse Staff:** Responsible for receiving, storing, and disbursing parts.
- **Maintenance Team:** Identifies parts requirements and usage trends.

Procedures

1. **Inventory Tracking**
 - Record all incoming and outgoing spare parts in the inventory management system.
 - Perform weekly cycle counts and monthly audits for stock accuracy.
 - Tag and label all parts with part numbers and barcodes.
2. **Demand Forecasting**
 - Analyze historical usage data to identify consumption patterns.
 - Coordinate with maintenance and operations for anticipated requirements.
 - Adjust reorder points based on usage trends and lead times.
3. **Supplier Selection & Evaluation**
 - Maintain an approved supplier list with evaluations (quality, delivery, price).
 - Solicit quotations from at least three suppliers for critical or high-value items.
 - Conduct annual supplier performance reviews.
4. **Purchase Order (PO) Processing**
 - Generate POs in the system based on approved requisitions and reorder points.
 - Ensure proper authorization prior to order placement.
 - Monitor order status and follow up for timely delivery.
5. **Receipt and Inspection of Parts**
 - Verify received items against packing slips and purchase orders.
 - Inspect parts for quantity, quality, and compliance with specifications.
 - Report and return any discrepancies or damaged goods to suppliers.
6. **Storage and Organization**
 - Store parts in designated, clearly labeled storage locations.
 - Organize inventory by category, part number, and criticality.
 - Enforce FIFO (first-in, first-out) or FEFO (first-expiry, first-out) principles as applicable.
7. **Stock Replenishment Strategies**
 - Maintain minimum and maximum stock levels for each item.
 - Use automatic alerts in the inventory system for low stock.
 - Schedule periodic reviews of stock turnover and adjust reserve quantities as needed.
8. **Cost Control Measures**
 - Negotiate pricing and payment terms with suppliers.
 - Monitor inventory holding and obsolescence costs.
 - Prioritize strategic purchasing (e.g., bulk orders for high-use parts) to secure discounts.
9. **Reporting**
 - Generate monthly inventory and procurement reports for management.
 - Track key performance indicators (stockouts, order cycle time, supplier performance).
 - Review data to identify process improvement opportunities.

Documentation & Records

Document	Responsible	Retention Period
Inventory Records	Inventory Manager	3 Years
Supplier Evaluation Forms	Procurement Officer	5 Years
Purchase Orders	Procurement Officer	7 Years
Inspection Reports	Warehouse Staff	3 Years

Review & Continuous Improvement

- Review this SOP annually or as processes or regulations change.
- Solicit feedback from staff involved in inventory and procurement.
- Implement best practices and technology enhancements as appropriate.

Approval

Prepared by: _____

Reviewed by: _____

Approved by: _____

Date: _____