

SOP Template: Handling and Reporting Inventory Discrepancies

Purpose

This SOP details the process for **handling and reporting inventory discrepancies**, including identifying discrepancies during stock checks, documenting findings accurately, investigating causes, communicating issues to relevant departments, implementing corrective actions, and maintaining records for audit purposes. The objective is to ensure accurate inventory management, prevent stock losses, and support effective supply chain operations through timely and transparent discrepancy resolution.

Scope

This procedure applies to all staff involved in inventory management, including warehouse, supply chain, and finance departments.

Responsibilities

- **Warehouse Personnel:** Identify and record discrepancies found during stock checks.
- **Inventory Supervisor:** Review documentation, investigate causes, and coordinate corrective actions.
- **Supply Chain Manager:** Ensure communication and implementation of corrective actions across relevant departments.
- **Finance/Compliance:** Maintain audit records and review policy compliance.

Procedure

1. **Identify Discrepancy**
 - Perform regular stock checks as scheduled.
 - Compare physical count with system records.
 - Flag any variances immediately for review.
2. **Document Findings**
 - Record details of discrepancy on the **Inventory Discrepancy Report Form** (see example below).
 - Include item description, SKU, expected vs. actual quantity, date, and name of person recording.

Date	Item Description	SKU	Expected Qty	Actual Qty	Discrepancy	Reported by
2024-06-12	Widget A	WA-1001	250	245	-5	Jane Doe

3. **Investigate Causes**
 - Identify possible reasons for discrepancies (e.g., miscount, damage, theft, data entry error).
 - Interview involved personnel as needed and check recent transaction logs or shipment documents.
4. **Communicate Discrepancies**
 - Report findings to the Inventory Supervisor and Supply Chain Manager immediately after documentation.
 - If the discrepancy is significant, notify Finance and Compliance departments as well.
5. **Implement Corrective Actions**
 - Adjust inventory records as approved by management.
 - Retrain staff if procedural errors are identified.
 - Initiate security review if theft or intentional wrongdoing is suspected.
6. **Maintain Records**
 - File all discrepancy reports, investigation notes, and corrective action records for audit purposes.
 - Retain documents according to company policy and compliance requirements.

Related Documents and Forms

- Inventory Discrepancy Report Form
- Stock Count Sheets
- Correction Action Log
- Audit Trail Documentation

Revision History

Version	Date	Description	Approved By
1.0	2024-06-12	Initial SOP release	Inventory Manager