

SOP: Inventory Reconciliation and Discrepancy Resolution

This SOP details the process for **inventory reconciliation and discrepancy resolution**, including regular inventory audits, identification of discrepancies, investigation procedures, documentation and reporting, corrective actions, and preventive measures. The goal is to maintain accurate inventory records, minimize stock variances, and ensure efficient inventory management across all departments.

1. Purpose

To outline standardized procedures for inventory reconciliation and resolving discrepancies, ensuring inventory accuracy and integrity.

2. Scope

This SOP applies to all employees involved in inventory management, including receiving, storage, issuing, and inventory control across all departments.

3. Responsibilities

- **Inventory Controller:** Oversees reconciliation process and discrepancy resolution.
- **Department Heads:** Ensure department compliance and timely reporting.
- **Warehouse Staff:** Participate in counts and assist in investigations.
- **Auditors:** Perform and verify periodic inventory counts.

4. Procedure

1. **Regular Inventory Audits**
 - Schedule periodic physical inventory counts (e.g., monthly, quarterly, or annually).
 - Prepare count sheets and assign teams to designated areas.
 - Count items physically and record quantities.
2. **Reconciliation**
 - Compare physical count results with inventory records (ERP/system).
 - Note variances or discrepancies between recorded and actual quantities.
3. **Discrepancy Identification**
 - Flag any discrepancies (overages, shortages, or misplaced items).
 - Document each discrepancy using a standardized form.
4. **Investigation Procedures**
 - Review historical transaction logs (receipts, issues, adjustments).
 - Interview relevant personnel if necessary.
 - Check for data entry errors, misplaced items, or unauthorized movements.
5. **Documentation & Reporting**
 - Complete Discrepancy Report documenting findings and actions taken.
 - Submit reports to Inventory Controller and Department Heads for review.
6. **Corrective Actions**
 - Adjust inventory records as appropriate after investigation.
 - Recover misplaced items or update system accordingly.
 - Disciplinary action if discrepancies result from negligence or misconduct.
7. **Preventive Measures**
 - Provide training to staff on inventory procedures.
 - Implement enhanced controls (e.g., restricted access, barcode/RFID tracking).
 - Regularly review and update inventory policies.

5. Documentation

Document	Responsible Person	Retention Period
Inventory Count Sheet	Warehouse Staff	3 years
Discrepancy Report Form	Inventory Controller	3 years
Investigation Log	Auditors	3 years

6. Revision & Approval

- **SOP Owner:** Inventory Manager
- **Approval:** Operations Director
- **Review Date:** Annually or as needed