

# Standard Operating Procedure

## Title: Warehouse Inventory Management

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### Table of Contents

1.	Introduction .....	2
2.	Procedure .....	2
3.	Stock Gain or Loss .....	7
4.	Filing .....	7
5.	Summary of Changes .....	7

## 1. Introduction

The inventory Count and **reconciliation** is a stock checking method. This involves a cyclical physical check of stock items, which exist in Warehouse locations against the stock recorded in different forms like GRS form, MTO form and Bin sheet.

### 1.1. What gets counted?

All warehouse storage locations and storage bins are counted, with the exception of nominal locations. Nominal locations are interim or transfer locations only where stock is not located physically.

1.2. There are three (3) storage locations in which materials are stored and issued. These locations involve in warehouse periodic counting or stocktake.

1. **CR COOL ROOM - WAREHOUSE**
2. **FS FLAMMABLE STORE - WAREHOUSE.**
3. **BS BULK STORE - WAREHOUSE**

**Quarantine and Reject Cage areas are not counted.**

### 1.3. Some Standard Auditing Requirements

Audit procedures require that activities such as Stocktaking include the following provisions.

1.3.1. Separate personnel should do counting with the forms and physical counting.

1.3.2. If differences will occur a second recount will be done. If differences still occur after a second recount of a specific storage bin, the entire batch for that material must be counted in an attempt to locate the error.

If then the difference is still evident, the entire stock of that material must be counted.

1.3.3. All count hard copy data is to be filed in an appropriate folder with sections for the different data. This is to be organised by the month and kept in the various areas that conduct independently.

## 2. Procedure

**Note:** A **Deviation Report, (DR) MUST** be raised for if there is a Variance between book value and count value.

### 2.1. Stock Counting Classification (ABC's)

**ABC's.** These are a set of stock categories, which are determined by value and business criticality. The most expensive/critical items receive an **A** classification and are counted once a month. The **B** items are less critical and are counted once every three months and the **C** items are the least expensive/critical to the business and are counted once, annually.

2.2. All Raw material are classified as category **A** and counted by monthly. All packaging materials are classified as **B** and counted Quarterly. All non component goods like

# Standard Operating Procedure

## Title: Warehouse Inventory Management



**EXAMPLE: Warehouse Inventory Count for material 999 in the month of May 2006**

Warehouse Periodic Inventory Count Sheet								
Material Code: 999								
Month: May			Year: 2006					
Prepared By:			Sign:			Date:		
Balance brought forward from April: 1000 kg						Lab. Batch No: 06.04.000010		
Material code	Date received/ issued	Qty. received	GRS #	Receiving Lab. Batch no	Qty. issued	MTO #	Issuing Lab. Batch no	Balance
999	-	-	06000060	-	-	-	06.04.000040	1000 kg
999	05/05/06	5000 kg	06000100	06.05.000050	-	-	-	6000
999	07/05/06	-	06000060	-	1000	L1.000220	06.04.000040	5000
999	07/05/06	-	06000100	-	1000	L1.000225	06.05.000050	4000
999	10/05/06	-	06000100	-	1000	L1.000227	06.05.000050	3000
999	12/05/06	5000 kg	06000105	06.05.000080	-	-	-	8000
999	15/05/06	-	06000100	-	2500	L2.000250	06.05.000050	5500
999	15/05/06	-	06000100	-	500	L2.000260	06.05.000050	5000
999	17/05/06	-	06000105	-	2000	L1.000290	06.05.000080	3000
999	17/05/06	Return 500 kg	06000105	06.05.000080	-	-	-	3500
999	20/05/06	-	06000105	-	2500	L1.000300	06.05.000080	1000
999	22/05/06	2000	06000115	06.05.000110	-	-	-	3000
999	24/05/06	-	06000105	-	1000	L1.000320	06.05.000080	2000
999	24/05/06	-	06000115	-	1000	L1.000320	06.05.000110	1000
Balance Brought Forward To June: 1000 KG						Lab Batch No.: 06.05.000110		

# Standard Operating Procedure

## Title: Warehouse Inventory Management

2.5.3. Use a Blue or Black pen only to fill in quantity and stock data. Each page must have the count date, your initials and your signature in the space provided.  
**Note:**  
**The physical count must not be done by the same person who enters the data in the Warehouse Periodic Inventory Count form and Bin Sheet Reconciliation forms.**

### 2.6. Difference Counted versus Book value

- 2.6.1. It is important to note if you still have a difference between your count and the book value you must investigate the reason prior to clearing the differences.
- 2.6.2. Investigation includes reviewing all previous receipt and issued transactions on that material code, any entry error, any discrepancies occurred during receipt, issue, reject and return for this material.
- 2.6.3. Then, if the error is found, fix accordingly, (e.g. transfer the materials into right bin, etc.).
- 2.6.4. If still not found, raise a **Deviation Report (DR)** and contact warehouse and Accounts Manager to clear the stock difference.

## 3. Stock Gain or Loss

3.1. **In case of a stock gain or loss, raise a Deviation Report (DR).**

The following items must be listed in the DR:

- The Material & Batch Number
- The Quantity
- The exact value of the stock (**extremely important**).
- The month and date of the stock count
- Whether the stock is a loss or a gain.

A decision is then made by the Authorised personnel in the Laboratory as to whether the material can be passed for use or rejected.

## 4. Filing

4.1. File all your Warehouse Periodic Inventory count Forms, Bin Sheet Reconciliation Forms, Physical Inventory Count Forms and the copy of Deviation Reports (if raised) in the designated cabinet in warehouse office on a monthly basis.

## 5. Summary of Changes

Version #	Revision History
WAR-025	New