

Standard Operating Procedure

Title: Warehouse Inventory Management

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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

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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 | | |

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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 |