

Inventory Management Internal Control Document

1. Purpose

The purpose of this document is to outline internal controls and procedures for the efficient management, safeguarding, and accurate reporting of inventory assets in accordance with company policy.

2. Scope

This document applies to all staff responsible for inventory management, including procurement, storage, handling, and reporting of inventory items across all company locations.

3. Responsibilities

- **Inventory Manager:** Oversee compliance with controls and periodic reviews.
- **Warehouse Staff:** Perform receiving, storage, and shipment in accordance with procedures.
- **Finance Department:** Reconcile inventory records with accounting ledgers.

4. Inventory Control Procedures

4.1 Receiving Goods

- All received goods must be checked against purchase orders and delivery notes.
- Any discrepancies or damages must be documented and reported immediately.
- Goods must be properly labeled and recorded in the inventory system upon receipt.

4.2 Storing Inventory

- Inventory is to be stored in designated areas according to product category and safety protocols.
- Access to storage areas is restricted to authorized personnel only.

4.3 Releasing Goods

- All releases of inventory require approved requisition forms or sales orders.
- Issuance must be recorded in the inventory system immediately.

4.4 Stocktaking and Reconciliation

- Physical stock counts shall be conducted at least quarterly and at year-end.
- All variances between physical and recorded stock must be investigated and explained.
- Records of all counts and reconciliations are to be maintained for audit purposes.

5. Segregation of Duties

- Personnel responsible for ordering or receiving inventory may not authorize inventory disposal.
- Inventory counts should be performed by staff members not involved in daily inventory handling.
- System access for inventory record adjustments is restricted to authorized supervisors.

6. Documentation and Recordkeeping

- Maintain invoices, receipts, adjustment forms, and audit reports for a minimum of 5 years.
- All records must be complete, accurate, and readily accessible for review.

7. Monitoring and Review

- Regular internal audits to monitor compliance with these procedures.
- Immediate corrective action to be taken in response to identified weaknesses.

8. Approval

Name	Position	Date	Signature
Jane Doe	Inventory Manager	2024-06-30	
Alan Smith	Finance Director	2024-06-30	

Important Notes

- This document is a framework and should be tailored to fit specific organizational needs and risks.
- Regular training on procedures and controls is essential for all relevant personnel.
- Any amendments to the control procedures must be approved by management.
- Failure to adhere to these controls may result in disciplinary action and increased audit scrutiny.
- Periodic review ensures the controls remain effective as systems and operations evolve.