

# **INVENTORY PROCESS**

We will ensure that the stores are informed of the schedule and the requirements as specified below:

## **Extent of checking:**

- 1) Physical Inventory: 100%
- 2) Cash deposition slips: 100% sample (Random sampling – basis to be decided by Auditor)
- 3) Petty Cash vouchers: 100% of those available in the store
- 4) Inward / Outward documents:
  - Manual documents such as invoices / STN etc. - 100% from last audit
  - SAP documents - 100% or a lesser sample as per observations (Since SAP data is already available to us in soft copy, 100% of checking of same data in hard copy may not be required unless we observe discrepancies.)
- 5) Other areas: On sample as per basis i.e. (Credit Notes, Staff Movements, Security Gaurad, Discounts, Manual Bills, Uniforms, Statutory compliance, fixed assets)

## **Pre-Requisites for audit**

### **Physical Inventory**

- The store, including backroom if any, should be divided into zones. The total number of zones / locations should be given to us at before start of the audit.
- Zonewise Global count of the inventory should be done prior to scanning
- Hard copy of zonewise scanned quantity to be signed off

### **Documents to be provided to us**

- All documents related to inward / outward movement of goods to be kept ready and provided to us
- If any items are short received / outward not entered in system, all correspondance / approvals in that regard need to be shown to us. If no written documentation is shown to us, we will not take these into account for the purpose of calculation of variance.
- Manual Bills issued, alongwith reason for not posting into system
- Petty cash vouchers

### **Data required by us**

- SAP stock as on date
- All inward / outward movements recorded in SAP till date
- Stock in transit: Inventory received but outstanding in Stock-in-transit with reasons for not inwarding / GIT outstanding for more than two weeks.
- Sale recorded in Triversity
- DSR files maintained at the store
- Other data as required for the purpose of report preperation

**GUIDELINES FOR CORPORATE STORE STOCK TAKING**

- 1 **Duration** : Once in a three month
- 2 **Notification** : Generally three days prior notice is given before the actual day.

3. **Preparations** :

- a) Organize the warehouse teddy and clean.
- b) **Layout Plan** should be ready before stock count.
- c) Ensure that all location to be counted after auditor scanning
- b) Ensure that all the merchandise is bar coded
- c) If the merchandise are inside the boxes or cartons and have to counted Individually, assign a location number to every box or carton.
- d) Assign and stick a location number to every fixture.
  - i) A Layout was drawn according to the locations. Example , Given Below

001

002

003

004

- ii) The locations were numbered as cited above in 3digits numbers i.e., from 001 to 003.
- e) Ensure that all GRN/Transfer In/ Manual bills must should be punched in the system.
- f) Segregate the Defective inventory.
- g) Count Control Sheet in following format was prepared by inventory team.

Location	First Count By	First Count Total Qty	Second Count By	Second Count Qty	Results/ Discrepancies

#### **4 On the day of stock take:**

- a) All relevant staff is to report for work according to the stock take agreed schedule. the schedule is earlier than the normal hours of the stores.
- b) There will be one staff for every counter. Store staff will be the re-counter. An Inventory Counter will be used Bar code scanner/Hand free scanners.
- c) The result of the physical stock count will be compared to the Store Stock position. Discrepancies will be immediately recounted (double check).
- d) The recounted physical stock count will be taken as an actual.
- e) All Store staff should be aware of Inventory process before scanning.

#### **5 After the stock take:**

- a) The acquired data will be examined by the Inventory Controller and a copy will be acknowledge by Store in charge.
- b) Upon receipt of the acquired data by the store, all highlighted discrepancies must be reconciled i.e proof of missing document or merchandise found unrecorded during stock take.
- c) The reconciliation process must be completed within the coordinated time frame.

#### **6 Final results:**

- a) Physical Stock to be upload in SAP and the discrepancy will automatically adjusted in the system
- b) The final result ( after adjustments) of the stock take will be announced in due course and cannot be challenged.

#### **7 Objective:**

- a) Computed and update the inventory in the system
- b) Compute the BTP difference at the time of stock take itself and got it acknowledged by the custodian of the inventory immediately
- c) Corrected the wrong bar-coding discovered during the stock take
- d) Segregated the quarantine inventory discovered during the stock take