

Stock Take & Inventory Procedure

SOP · US · Updated 2026-07-13 · Square brackets are placeholders to replace with your own details.

A stock take and inventory procedure is the written method your team uses to count what you hold, reconcile it against what your records say you should hold, and investigate the difference. It is how inventory stops being a guess in the books and becomes a number you can defend.

The value of a physical count is not the count — it is the variance. Shrink, unrecorded waste, receiving errors, supplier short-shipments, and plain miscounting all hide inside "roughly right" inventory figures, and each one has a different fix. A consistent counting method is what makes the variance mean something.

This template covers full physical counts, cycle counts, cut-off rules, counting steps, variance investigation with per-category thresholds, and waste and date rotation.

Purpose and scope

This procedure sets out how [Your company] counts and reconciles inventory at [location], covering [stock categories — e.g. retail stock, food and beverage, consumables, packaging]. It applies to everyone who counts, receives, or records stock.

Types of count and frequency

- Full physical count: every item, every location, at [frequency — e.g. monthly or at period end], timed to match the accounting period end.
- Cycle counts: [category or area] counted on a rotation so everything is counted at least [frequency], without stopping trade.
- Spot checks: unannounced counts of high-value or high-shrink lines ([examples — liquor, electronics, razor blades]) by [name/role].

Roles and responsibilities

- Count lead ([name/role]): sets the schedule and cut-off, issues count sheets, and signs off the final figures.
- Counters: count in pairs where possible; count what is physically there, not what should be there.
- [Name/role]: enters counts into [system], runs the variance report, and files the records.
- Where staffing allows, counters do not count areas they alone manage — fresh eyes find what familiarity skims over.

Before you count

1. Set the cut-off: no deliveries received and no stock moved between areas from [time] until the count is signed off.
2. Process all outstanding paperwork first — receiving records, credits, transfers, waste sheets — so the records are current.

3. Tidy each area so stock is visible and grouped; count sheets should follow the physical layout, not the supplier list.
4. Prepare count sheets from [system] without expected quantities shown, so counters record what they see rather than confirm what should be there.
5. Mark and exclude anything not yours to count: customer property, consignment stock, items already invoiced out.

Counting

1. Count systematically — shelf by shelf, left to right — and record each figure immediately, in units that match the system: [singles, cases, part-containers by tenths].
2. Weigh or estimate open and part-used stock by the agreed method for each category: [method].
3. Check dates as you count and pull anything expired or unsellable into the waste area — record it as waste, not stock.
4. Mark each shelf or section as counted so nothing is missed or double-counted.
5. Sign your sheets. Illegible or unsigned sheets go back to the counter, not into the system.

Variances and shrink investigation

[Name/role] runs the variance report and investigates every line beyond [threshold — value or percentage per category]. Standard checks, in order: recount the line, check for receiving records and credits not yet entered, check transfers and waste sheets, then check sales data for the period.

What remains unexplained after those checks is shrink — the umbrella for theft, fraud, and unrecorded loss. Persistent shrink on the same lines is escalated to [name/role] and may trigger spot checks, a refund and void review, camera footage review [if held], or, where evidence points to theft, the disciplinary procedure. Adjust the system to the physical count only after sign-off — the record should show what was found, not a tidied version.

Waste, damage, and date rotation

Waste is recorded when it happens, not reconstructed at the count: log it in [waste log location/system] with reason codes ([damage, expired, prep waste, breakage]). New stock goes behind old on the shelf (first in, first out), and [name/role] checks dates [frequency]. For food stock, date rotation and safe storage are managed under the food safety procedures; for age-restricted stock, follow the storage and record rules attached to your license.

Records and review

Signed count sheets, variance reports, and waste logs are kept at [system/location] for [period] — your accountant needs them for the books and the tax return, and they are your evidence if shrink ever becomes a disciplinary or insurance matter. Check current IRS recordkeeping guidance when setting the retention period for anything that supports a return.

This procedure is reviewed [frequency], after any count that produces a major unexplained variance, and when inventory systems, categories, or sites change. Owner: [name/role]. Next review due: [date].

How to use this template

1. Decide the count units per category first and make the count sheets match — most "shrink" is unit confusion between cases and singles.
2. Set variance thresholds per category ([threshold] on produce is noise; the same figure on liquor is a problem) and write them into the variance section.
3. Use blind counts (no expected quantities on the sheets) for high-value categories at minimum — they are worth the extra entry time.
4. Schedule the first full count for a quiet day and time it — the result tells you whether monthly is realistic or aspirational.
5. Fix the top three variance causes before shortening the count cycle; counting more often does not fix a broken receiving process.

Official guidance

- › [IRS — Recordkeeping for small businesses](#)
- › [IRS — About Publication 583, Starting a Business and Keeping Records](#)

This template is provided in good faith and for general information — it is not legal advice. Adapt it to your organisation and, where your sector carries specific legal requirements, have the finished document reviewed by a qualified adviser. The live version at <https://trainedteam.com/templates/stock-take-inventory-procedure-us> is kept current; this file is a snapshot.