Stock take and inventory count

Manual | 11 steps | 3 roles | Created Sep 2, 2026 | Updated Sep 2, 2026 | v1

How a stock take is prepared, counted blind, recounted where it disagrees, and reconciled to the system.

TRIGGER

On the scheduled count date, or when a cycle count is triggered for a location.

11 STEPS

1. **Stock Controller freezes stock movements for the areas being counted, or records the exact cut-off point if movement cannot stop.**

   Before counting starts

   A count taken while stock moves is not a count. If a full freeze is impossible, the cut-off has to be recorded precisely enough to reconcile against.

2. **Stock Controller confirms all receipts and dispatches up to the cut-off are booked into the system.**

   Unbooked paperwork sitting in a tray is the most common explanation for a variance that turns out not to be real.

3. **Stock Controller issues count sheets that show location and item but not the expected quantity.**

   Blind counting is the whole point. A counter who can see the expected figure will, under time pressure, confirm it rather than count.

4. **Counter counts each location completely and records the actual figure, including zero for empty locations.**

   Record zeros explicitly. A blank is ambiguous between "none here" and "not counted", and that ambiguity invalidates the sheet.

5. **Counter records anything found that is damaged, unlabelled, or in the wrong location, rather than silently correcting it.**

   Those observations are usually more valuable than the count itself, because they point at the process that produced the error.

6. **Stock Controller compares counted quantities against system quantities and lists every variance.**

7. **Stock Controller checks each variance against the recount threshold.**

   Set the threshold before the count, by value or by percentage. Deciding what deserves a recount while looking at the variance is how thresholds quietly move.

Below threshold: Go to step 9: Stock Controller records the adjustment with its reason code and the evidence supporting it.
At or above threshold: Go to step 8: Counter recounts the flagged locations, independently of the first count wherever possible.

8 Counter recounts the flagged locations, independently of the first count wherever possible.

Independent means a different counter where staffing allows. The same person recounting tends to reproduce the same error.

Recount agrees with system: Go to step 9: Stock Controller records the adjustment with its reason code and the evidence supporting it.
Variance confirmed: Go to step 10: Stock Controller investigates confirmed variances for a cause: receiving error, picking error, damage, or loss.

9 Stock Controller records the adjustment with its reason code and the evidence supporting it.

A reason code, not just a number. Adjustments with no reason make the next count's variances impossible to interpret.

10 Stock Controller investigates confirmed variances for a cause: receiving error, picking error, damage, or loss.

This is the step that turns a stock take into an improvement. Absorbing variance without a cause guarantees the same variance next quarter.

Cause identified: Go to step 11: Finance Lead reviews and approves the total adjustment before it is posted, and records that approval.
No cause found: Go to step 11: Finance Lead reviews and approves the total adjustment before it is posted, and records that approval.

11 Finance Lead reviews and approves the total adjustment before it is posted, and records that approval.

Someone other than the person who counted and the person who adjusted has to approve. Stock adjustments move the P&L.

Approved and posted: Ends the procedure
Queried: Go to step 8: Counter recounts the flagged locations, independently of the first count wherever possible.

ROLES INVOLVED

Counter | Stock Controller | Finance Lead

REVIEW CADENCE

Annually, and after any count where the variance was large enough to be a surprise.

Name the person accountable for this procedure before you put it into use.

CHANGE THESE BEFORE YOU USE IT

- Set your recount threshold in step 7 explicitly, by value or percentage, before the next count.
- Define your reason codes for step 9. A free-text field will be filled with "adjustment".
- Decide between a full periodic count and rolling cycle counts. Cycle counting suits high-SKU operations far better and this procedure works for both.
- If stock is held at third-party locations or on consignment, add how those are counted and reconciled, since they are routinely forgotten.
- If you are audited, confirm the evidence your auditor expects for the step 11 approval.

This is a free starting point from sendabrief.com, not compliance advice. It is written to be adapted.

Source: https://sendabrief.com/templates/stock-take-inventory-count