
Inventory Cycle Counting and ERP Reconciliation Procedure

1.0 Objective & Scope

The objective of this procedure is to ensure that physical inventory counts match the quantities recorded in the ERP system, achieving a target accuracy of 99% or higher. This SOP applies to all warehouse inventory locations, including bulk storage, bin locations, and quarantine areas. The Inventory Clerk is responsible for executing cycle counts, while the Inventory Manager oversees reconciliation and approves adjustments.

2.0 Required Systems, Tools & Materials

- Mobile barcode scanner (Zebra TC21 or equivalent) with wireless connectivity
- Access to the SupplyGrid WMS dashboard on a tablet or workstation
- ERP system terminal (e.g., NetSuite, SAP, or Microsoft Dynamics) with inventory module access
- Clipboard, pen, and pre-printed cycle count sheets (backup if scanner fails)
- Pallet jack or forklift (if counting palletized stock)
- Red quarantine tags and shrink wrap for damaged or discrepant items

3.0 Safety & Handling Precautions

- Wear CSA-approved steel-toed boots and high-visibility vest at all times in the warehouse.
- Use proper ergonomic lifting techniques when handling boxes over 15 kg; request assistance or use a lift device.
- Ensure forklift operators are certified and maintain a safe distance from pedestrian walkways.
- Keep all aisles clear of debris and ensure emergency exits are unobstructed during counting.

4.0 Step-by-Step Procedure

1. Log into the SupplyGrid WMS dashboard and navigate to the Cycle Count module. Select the assigned count batch for the day (e.g., Aisle 4, Bins 01-20).
2. Using the mobile barcode scanner, scan the bin location barcode to confirm you are at the correct physical location.
3. Visually inspect the bin for any obvious damage, spills, or misplaced items. If damage is found, proceed to Section 5.0 before continuing.
4. Physically count each SKU in the bin one unit at a time. For palletized stock, count the number of layers and units per layer, then multiply to get the total. Record the count on the scanner or cycle count sheet.
5. Scan the barcode of each SKU to register the item in the system. If the barcode is missing or unreadable, manually enter the SKU number from the product label.
6. Enter the physical count quantity into the scanner or WMS screen. The system will automatically compare it to the ERP quantity.

7. If the physical count matches the ERP quantity within a tolerance of 0.5%, mark the bin as counted and move to the next location.
8. If a discrepancy is detected (difference > 0.5%), recount the bin immediately. If the discrepancy persists, flag the bin in the WMS and proceed to Section 5.0.
9. After completing all assigned bins, log out of the scanner and return it to the charging station. Submit the cycle count batch in the WMS for review.
10. The Inventory Manager will review all flagged discrepancies and approve or reject adjustments in the ERP system within 24 hours.

5.0 Verification & Discrepancy Reporting

1. If the physical count differs from the ERP count by more than 2%, immediately attach a red quarantine tag to the bin and move the stock to the designated quarantine area.
2. Complete a Discrepancy Report form (paper or digital) noting the SKU, bin location, expected quantity, actual quantity, and any observed issues (e.g., damaged packaging, mislabeled items).
3. Escalate the Discrepancy Report to the Inventory Manager within one hour of discovery. The manager will investigate root cause (e.g., receiving error, picking error, theft) and determine if an ERP adjustment is warranted.
4. For damaged stock, photograph the damage and attach the images to the report. The manager will decide whether to write off the stock or return it to the vendor.
5. Once the manager approves the adjustment, the Inventory Clerk updates the ERP system with the corrected quantity and removes the quarantine tag. The bin is then re-counted in the next cycle to confirm accuracy.

Regulatory Disclaimer: This document is a generic operational template provided for educational purposes. The end-user assumes all liability for reviewing, adapting, and validating all step sequences and material handling protocols against local shop capabilities.