Company Name: ____________________

Warehouse Operations & Inventory Standard Operating Procedure

Created By: ____________________
Verified By: ____________________
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Inventory Dead Stock Identification And Write Off Procedure

1.0 Objective & Scope

The objective of this procedure is to systematically identify inventory items that have had no movement (receipt or issue) for a defined period (e.g., 12 months), quarantine them for review, and process an approved write-off to remove them from the active inventory system. This ensures inventory accuracy, frees up valuable warehouse space, and prevents the accumulation of obsolete stock that distorts financial reporting.

This procedure applies to all warehouse locations and storage zones. Responsibility lies with the Inventory Clerk to generate the dead stock report, the Warehouse Supervisor to physically verify and quarantine items, and the Inventory Manager to approve the write-off.

2.0 Required Systems, Tools & Materials

- Access to the SupplyGrid WMS or ERP system with inventory movement reporting capability
- Mobile barcode scanner (Zebra or equivalent) with WMS integration
- Red quarantine tags or labels
- Clipboard, pen, and dead stock report printout
- Pallet jack or forklift (if moving palletized dead stock)
- Designated dead stock quarantine area with clear signage

3.0 Safety & Handling Precautions

- High-visibility vest required in all active forklift aisles.
- Steel-toed safety boots must be worn at all times in the warehouse.
- Use proper ergonomic lifting techniques for boxes over 15kg; ask for assistance or use mechanical aids.
- Ensure quarantine area is clearly marked and free of trip hazards.
- Forklift operators must be certified and follow all site safety rules.

4.0 Step-by-Step Procedure

1. Log into the SupplyGrid WMS dashboard and navigate to the Inventory Reports module.
2. Generate a 'Zero Movement' or 'Dead Stock' report filtered by a date range of 12 months or more (as defined by company policy). Include all storage locations.
3. Export the report to a printable format (PDF or Excel) and print a hard copy for field use.
4. Using the printed report, proceed to the first bin location listed. Scan the bin location barcode with the mobile scanner to confirm the location.
5. Physically count the quantity of each item listed at that location. Scan each item's barcode to verify SKU and lot/serial number if applicable.

6. If the physical count matches the report, affix a red quarantine tag to the item or pallet. Write the date, your initials, and 'DEAD STOCK REVIEW' on the tag.

7. If the physical count does not match the report, note the discrepancy on the printed report and flag the item for a full cycle count before proceeding.

8. Move the quarantined dead stock to the designated dead stock quarantine area using a pallet jack or forklift. Update the bin location in the WMS to the quarantine zone.

9. Repeat steps 4 through 8 for every item on the dead stock report until all locations have been verified.

10. Return to the office and log into the WMS. Generate a 'Dead Stock Quarantine Summary' report showing all items moved to the quarantine zone.

11. Email the summary report to the Inventory Manager with a request for write-off approval. Include the total estimated value and quantity of items.

12. Once written approval is received from the Inventory Manager, process the write-off in the WMS by selecting each item and applying the 'Write Off' transaction code. Confirm the system inventory is reduced to zero.

5.0 Verification & Discrepancy Reporting

1. After processing the write-off, run a 'Dead Stock Write Off Audit' report to verify that all quarantined items have been removed from active inventory.

2. If any item remains in active inventory after the write-off, immediately flag the discrepancy to the Inventory Manager and do not dispose of the physical stock until the issue is resolved.

3. If damaged or expired stock is found during the identification process, attach a red quarantine tag and escalate to the Inventory Manager for separate disposal instructions.

4. All write-off approvals must be documented and filed in the shared drive under 'Inventory Write Offs' with the date, approver name, and item list.

5. If the physical count of dead stock exceeds the system quantity by more than 2%, escalate to the Warehouse Supervisor for a full cycle count of the entire zone.