

# Physical Inventory Count Instructions

## 1. Introduction

This document provides guidelines for conducting periodic physical inventory counts and is applicable to all FOs that hold static inventory (as defined in the [Policies and Procedures on Management of Programme Supplies](#)).

## 2. Objectives of inventory count

The purpose of the periodic physical inventory count is to verify the existence and condition of UNFPA inventories. It is used to validate inventory balances recorded in the corporate books. It also helps to identify weaknesses in stock management and informs further inventory management actions such as disposal of expired goods or expediting the delivery of goods with limited remaining shelf lives.

## 3. Responsibilities

The Head of Office is responsible for ensuring that the physical inventory count is properly performed and its results are fully reconciled with the records in the Shipment Tracker (ST). The Logistical Focal Point is responsible for physical count activities and reconciliation of the stock count results. The Warehouse Focal Point is responsible for the safeguarding of inventory in UNFPA-managed warehouses. The Shipment Tracker Focal Point is responsible for timely and accurate recording of all inventory transactions in the ST and assisting the Logistics Focal Point in all reconciliation activities.

## 4. Physical inventory planning and preparation

### ***4.1 Determine date and time of the physical inventory count***

The Head of Office or delegate will announce the exact date(s) and time of the count, preferably to be held on the first working day after the inventory certification date. If exigencies of service make it impossible to operate the count on this date, the count shall be performed at the closest possible date within the time period indicated in the Field Office Inventory Certifications Guide. There should not be any movements in / out of stock between the inventory certification and the stock count dates, and for as long as the stock count is carried out. The physical inventory count may be performed on a more frequent basis than required by the Field Office Inventory Certification Guide, taking into account operational factors and history of past performance.

### ***4.2 Define roles and responsibilities***

The inventory count team shall be established by the Head of Office or delegate with the objective of finishing the count in a reasonable time, with the least amount of disruption to normal operations as possible.

The inventory count team normally consists of:

- An independent count leader (normally, Logistics Focal Point, but can be carried out by any other person other than Shipment Tracker or Warehouse Focal Points) – plans and supervises the inventory count.
- Count teams – perform physical count and identify damaged, obsolete, or expired goods; they are expected to be knowledgeable of the inventory locations.

#### **4.3 Establish clear cut-off guidelines**

The cut-off date is the date as of which inventory balances are verified (e.g., 31 December). It is normally the same date as the inventory certification date, unless an FO performs stock counts on a more frequent basis, then required by the Field Office Inventory Certification Guide. The Shipment Tracker Focal Point must ensure that all additions, issuances, and adjustments of goods to / from stock that took place by the cut-off date are duly processed and registered in the ST, **prior to the stock count commencement.**

#### **4.4 Notify affected parties of suspension of operations during the count**

After the date and the duration of physical count have been established, it is important to inform all concerned parties to enable them to plan their activities accordingly. More specifically:

- Suppliers – should be notified that deliveries will not be accepted between the cut-off and the stock count completion dates.
- IPs / beneficiaries - should be informed that no issuances from stock will be processed between the cut-off and the stock count completion dates.
- Count team members – should be informed that they have been appointed as count team members.

#### **4.5 Prepare the warehouse or premises for the count**

Warehouse Focal Point must ensure the following activities are carried out to prepare the warehouse / premises for the stock count:

- Prepare the plan/layout of the warehouse and all other locations where inventory may be stored; ensure controlled access to these areas during the stock take;
- Clean up the storage area for ease of counting;
- Make sure like items are grouped together for ease of counting, e.g., in batches;
- Ensure proper recognition of physical location of goods in warehouse / premises (e.g., labeling of shelves, locations and goods);
- Ensure all bin cards are up-to-date and clearly identify product names, batch numbers, expiration dates, PO / IMM order numbers and product names from the ST;
- Ensure there are no hazards in the storage area that could be dangerous during the inventory count, e.g., boxes to trip over, wet floors, items that could fall, etc.;
- Identify damaged, expired and obsolete items; place them separately from other inventory and ensure they are clearly marked “obsolete” or “damaged”.

#### **4.6 Prepare count sheets**

Prior to the stock count, the count leader shall print:

- Blank [Inventory Count Sheets](#);

- Cognos's [Inventory Status Report](#) run as at the cut-off date. Items, PO information, Units of Measure and quantities from the Inventory Status Report should then be pre-populated into the [Inventory Count Sheets](#), as per the print-screens below.

PO BU	PO ID	Item ID	UOM	Price per Unit in USD (A)	Total quantity in financial receipt / order (B)	Qty remaining under financial receipt / order (C)	Qty remaining under physical receipt (D)	Total inventory in transit in UOM (E = C+D)	Qty in warehouse (F)
UNFPA	0000024876	MODELARM	EA	82.67	22	0	0	0	15
UNFPA	0000027794	CONDOM 53 STANDARD	GD	3.95	7,743	0	0	0	4,580
UNFPA	0000028166	MODELCHILD BIRTHADV	EA	325.00	20	0	0	0	20
UNFPA	0000028168	KITMIDWIFERYRENEW	EA	290.00	16	0	0	0	2
UNFPA	0000027534	ETHANOL70%	BO	3.95	41	0	0	0	20
UNFPA	0000027534	LIDOCAINHYDROC1/50	P10	6.00	382	0	0	0	382
UNFPA	0000027534	PREGTESTSTRIPS	EA	0.09	7,700	0	0	0	3,100
UNFPA	0000027536	SPHYGMOANERIOD3	EA	4.50	50	0	0	0	50
UNFPA	0000027536	STETHOSCOPE3	EA	4.75	50	0	0	0	50
UNFPA	0000027532	STETHOSCOPE3	EA	4.75	52	0	0	0	22
UNFPA	0000027532	SPHYGMOANERIOD3	EA	4.50	44	0	0	0	14
UNFPA	0000027532	SPECULUMVAGINALM2	EA	7.00	292	0	0	0	216
UNFPA	0000028360	LUBRICANTWATER2	101	0.04	4	0	0	0	4
UNFPA	0000028162	UTERINESOUNDMARTIN	EA	2.61	150	0	0	0	150
UNFPA	0000028162	TRAYINSTRUMENT225	EA	7.07	105	0	0	0	105
UNFPA	0000028162	BOWL18MMH2	EA	1.35	150	0	0	0	150

  

ITEM	Item description	PO Reference	Location of this stock item (if more than one warehouse)	Unit of Measure	Quantity in Shipment Tracker
1.				3.	7
		2.			
					4.

7	8	9	10	11	12
<b>Physical Count Balance ( QTY )</b>					
Quantity in Shipment Tracker*	Good Items**	Damaged, unusable items***	Expired Items****	Total Counted***	Expiry Dates
				0	
				0	
				0	

During the stock count, quantities of the manually counted items should be input in columns 8 – 10 of the Inventory Count Sheet (see print-screen to the left). If the stock count reveals items that are not part of the Inventory Status Report, these items should be manually added at

the end of [Inventory Count Sheets](#). All [Inventory Count Sheets](#) shall be pre-numbered and their distribution and consolidation should be monitored by the Count Leader.

As part of the stock count, members of the count teams must document expiry dates for all goods counted. This information must be entered into column 12 of the [Inventory Count Sheets](#), as follows:

- For kits, the expiry date must be set equal to the nearest expiry date of all available components. For example, if a kit is comprised of 3 components, with expiry dates of 1 December 2022, 1 July 2023 and 1 December 2025, then the expiry date for this kit must be entered as 1 December 2022;
- For goods without designated shelf lives, the expiry date must be entered as '31/12/2099';
- Some goods do not have expiry dates but may have 'best before' dates. For the purpose of this exercise, 'best before' date is treated the same as 'expiry date' and must be noted down during the stock count.

#### 4.7 Stock counts contracted to third parties

Goods controlled by UNFPA but held with third parties (e.g., at supplier premises) shall be subject to the same counting procedures as described in this document. However, if UNFPA cannot arrange for its own stock count for practical considerations (e.g., warehouse is located in a geographic area where UNFPA does not have an office), third parties holding stock or independent service providers can be contracted to perform stock count on behalf of UNFPA. If the same third party both holds stock and is responsible

for its count, the same segregation of duties as described in this document must be followed. In other words, personnel responsible for physical management of UNFPA supplies cannot be assigned to perform the count.

All cases of third parties contracted to perform stock counts on behalf of UNFPA must be communicated as soon as known and ahead of the scheduled stock count dates to the Country Support and Monitoring Team (CSMT) / Supply Chain Management Unit (SCMU) for review and confirmation that stock count arrangements are acceptable under the circumstances.

## **5. Execution of the physical inventory count**

Execution of the physical count depends on several factors, such as the layout of the warehouse/premises, number of staff available in the counting team(s), volume and variety of stocks to be counted, geographical location and accessibility of the premises/warehouses. The following describes an indicative process to be followed by the Count Leader.

Staff conducting the physical count will:

- Be assigned areas to count.
- Be issued one or more Inventory Count Sheets.
- Count within the areas assigned ensuring use of correct units of measure, e.g., pk, ea, gd etc.
- Input quantities of counted goods into the count sheets, using the appropriate lines; *use free lines at the bottom of the count sheets to record extra items physically counted but not present in the sheets.*
- Ensure all items within their assigned area are included in the count.
- Investigate discrepancies and recount stock as requested.
- Mark all counted locations (warehouse, rooms, shelves, bins) to reduce risk of double counting and ensure inventory completeness.
- Mark all damaged, expired and obsolete items in the count sheets.

### **5.1 Urgent movement of goods between the cut-off and stock count completion dates**

In extraordinary circumstances when movements of inventories must be allowed between the cut-off and stock count completion dates, the Warehouse Focal Point should maintain a log of all movements including dates, names, descriptions, quantities and units of measure of all items issued / received. This log must be provided to the count team members if occurred during the stock count period, at the end of the day when a movement occurred.

### **5.2 Adequate supervision**

Prior to declaring the stock count complete, the Count Leader must ensure that all stocks have been marked as counted and follow up with the count team if stock is not marked.

### **5.3 Count items twice**

Inventory items shall be physically counted twice to minimize the possibility of a miscount. It is a good practice to switch count areas between counting team members for the second round. If discrepancies arise between the physical count rounds, a further count may be necessary to determine correct quantity of relevant goods.

#### **5.4 *Collection of Inventory Count Sheets***

Signed and dated Inventory Count Sheets shall be returned to the Count Leader for review and consolidation.

#### **5.5 *Variances***

Variances between the physical count and inventory records in the ST should be duly investigated and rectified, as appropriate. If variances are caused by errors in stock count, due notes should be made in the 'Notes' column of Inventory Count Sheets.

#### **6. *After the Inventory Count***

A final inspection should be made before the warehouse area is released to ensure that all stock has been included in the count.