STANDARD OPERATING PROCEDURE

Cycle Counting SOP

Document no.	SOP-WHS-005
Revision	1.0
Owner	Inventory Control Manager
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Review cycle	Every 12 months

1. Purpose

To verify physical inventory against system records on a rolling schedule, catching and correcting errors early without the cost and disruption of a full physical inventory.

2. Scope

Applies to scheduled and ad hoc cycle counts of storage and pick locations across the warehouse. Full annual physical inventory and daily transaction recording are covered elsewhere.

Definitions

Cycle count	A scheduled count of a subset of inventory locations, repeated on a rotation so all locations are eventually counted.
ABC classification	A method of grouping SKUs by value or movement (A high, B medium, C low) to set different count frequencies.
Blind count	A count performed without the counter seeing the system quantity, to reduce bias toward confirming the expected number.
Tolerance	The acceptable difference between counted and system quantity before a variance requires investigation.

3. Responsibilities

Count Clerk	Performs blind counts of assigned locations and records results on the count sheet or scanner.
Inventory Control Manager	Schedules count cycles, reviews variances, and approves adjustments.
Warehouse Supervisor	Frees up staff time for counts and restricts location activity during a count.
Recount Auditor	Performs an independent second count on locations with a variance outside tolerance.

RACI matrix

Activity	Count Clerk	Inventory Control Manager	Warehouse Supervisor	Recount Auditor
Build the count schedule	I	R/A	C	-
Freeze location during count	I	C	R/A	-
Perform blind count	R	A	-	-

Activity	Count Clerk	Inventory Control Manager	Warehouse Supervisor	Recount Auditor
Recount a variance location	I	A	-	R
Approve and post adjustment	I	R/A	-	I

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- WMS handheld scanner or count sheets
- ABC classification report
- Cycle count schedule
- Variance investigation log
- Location freeze signage or system flag

Personal protective equipment

- Safety shoes
- High-visibility vest in active aisles

5. Procedure

Step	Task	Owner	Done
5.1	**Classify SKUs by count frequency** Group SKUs into A, B and C classes by value or pick frequency, and set a count frequency for each class, such as monthly for A items and quarterly for C items.	Inventory Control Manager	☐
5.2	**Generate the day's count list** Pull the day's assigned locations from the rotation schedule, mixing in any locations flagged by recent pick errors or negative on-hand alerts.	Inventory Control Manager	☐
5.3	**Freeze the location** Flag each location being counted as frozen in the WMS or with physical signage so pickers and putaway staff avoid it until the count is complete. **Warning:** Counting a location while stock is still being picked or put away will produce an inaccurate variance.	Warehouse Supervisor	☐
5.4	**Assign counters to locations** Assign each frozen location to a count clerk, avoiding assigning a clerk to a location they stock or pick regularly where practical.	Inventory Control Manager	☐
5.5	**Perform the blind count** Scan the location barcode, then count and enter the physical quantity of each SKU present without viewing the system quantity first. **Checkpoint:** The count is entered before the system quantity is displayed, preserving the blind count.	Count Clerk	☐
5.6	**Check for misplaced or unscanned stock** Look behind, above and inside cases in the location for stock that may not carry a visible barcode, and note any item found in the wrong location.	Count Clerk	☐
5.7	**Submit the count** Submit the completed count for the location in the WMS or hand in the count sheet, and release the location freeze once the count is submitted.	Count Clerk	☐

Step	Task	Owner	Done
5.8	**Compare against tolerance** Compare each submitted count to the system quantity and flag any SKU where the variance exceeds the defined tolerance for its ABC class.	Inventory Control Manager	☐
5.9	**Recount out-of-tolerance locations** Assign a different counter to independently recount any location with an out-of-tolerance variance before it is accepted as final. **Checkpoint:** A second, independent count confirms the variance before any adjustment is approved.	Recount Auditor	☐
5.10	**Investigate the root cause** For confirmed variances, review recent transactions, nearby locations and open orders to identify a likely cause such as a mis-pick, mislabeled location or data entry error.	Inventory Control Manager	☐
5.11	**Approve and post the adjustment** Approve the adjustment with a reason code and post it to the WMS, referencing the original count and recount results.	Inventory Control Manager	☐
5.12	**Report accuracy results** Log the count, variance and adjustment outcome in the cycle count report and summarize accuracy rate by ABC class at the end of each cycle.	Inventory Control Manager	☐

6. Quality checks

- Every count is performed blind, without the counter seeing the system quantity first.
- All out-of-tolerance variances are recounted by a different clerk before adjustment.
- A class locations are counted at least as often as the schedule requires.
- Adjustments always reference a documented root cause.

7. Records

- Cycle count schedule and completion log
- Count sheets or scanner exports
- Variance investigation log
- Cycle count accuracy report by ABC class

8. KPIs

- Location count accuracy rate by ABC class
- Percentage of scheduled counts completed on time
- Average variance value per count cycle
- Days to resolve an out-of-tolerance variance

9. Common mistakes

- Letting pickers work a location while it is being counted.
- Skipping the recount step on a large variance to save time.
- Counting only what is visible without checking behind or above stock.
- Falling behind on C-class counts because A-class locations get all the attention.

10. Revision history

Revision	Date	Description	Reviewed by

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1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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