Inventory Audit Checklist

A practical review of inventory records, physical controls, receiving, storage and reconciliation.

How to use this checklist

- Use this as an internal audit or self-assessment, not as a financial audit opinion.
- Mark each item Yes, No or N/A. A 'No' is a finding, not automatically a failure; record the risk and the action.
- Attach evidence: report names, screenshots, count sheets, approval records or photos.
- Score each section, then prioritise findings by value at risk and likelihood of recurrence.
- The checklist is a starting point. Adapt it to your locations, product risk and accounting requirements.

Audit scope		Audit date	
Auditor		Inventory owner	
Locations covered		Review period	

Scoring

Result	Meaning	Score
Yes	Control exists and evidence was seen	2
Partial	Control exists but is inconsistent or undocumented	1
No	Control is missing or ineffective	0
N/A	Not applicable to this scope	—

Evidence to have ready

- Latest inventory export, stock-on-hand report and any prior count sheets.
- Purchase order log, receiving records and supplier delivery notes for the review period.
- Inventory adjustment log with reason codes, approvers and dates.
- Transfer log, returns log and quarantine records.
- The written inventory policy or SOP, including count frequency and approval limits.
- Any previous audit findings and the actions taken since.

1. Scope, governance and records

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	Count scope is documented: locations, SKU range, cut-off time and exclusions.					
2	One named owner is accountable for the count and one independent reviewer signs off.					
3	The latest system quantities are exported and time-stamped before counting begins.					
4	Prior count adjustments and recurring variances have been reviewed.					
5	Access rights to adjust inventory are limited and logged.					
6	Count sheets are controlled, numbered and reconciled to the SKU list.					

Section score: _____ / 12 Reviewer initials: _____

2. Physical count controls

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	Counters work in pairs or a blind count is used to reduce confirmation bias.					
2	Every bin, backstock area, returns bin and quarantine area is included.					
3	Open cartons and partial cases are counted, not estimated.					
4	Damaged, expired and unsellable units are separated and recorded.					
5	Recounts are performed for every line outside tolerance.					
6	Count sheets are signed and handed to the controller before system changes.					

Section score: _____ / 12 Reviewer initials: _____

3. Receiving, putaway and transfers

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	Receiving checks quantity, SKU, condition and PO reference before putaway.					
2	Short, over and rejected quantities are recorded against the PO.					
3	Putaway is completed promptly and the bin location is recorded.					
4	Transfers between locations are logged and reconciled at both ends.					
5	Returns are inspected, dispositioned and returned to sellable stock only when appropriate.					
6	Unreceived or in-transit stock is excluded from available inventory.					

Section score: _____ / 12 Reviewer initials: _____

4. Storage, rotation and condition

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	Stock is stored by SKU and location, with clear labels and accessible bins.					
2	FEFO or FIFO rotation is followed where shelf life or seasonality matters.					
3	Expiry dates and batch numbers are recorded for perishable stock.					
4	Damaged stock is quarantined and not picked for orders.					
5	High-value and high-theft-risk items have additional controls.					
6	Housekeeping and pest/water/dust risks are checked.					

Section score: _____ / 12 Reviewer initials: _____

5. Reconciliation and reporting

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	Variances are investigated before adjustments are posted.					
2	Adjustments have a reason code, approver and audit trail.					
3	Count accuracy and variance value are reported to management.					
4	Recurring variance by SKU, location or process is analysed.					
5	Inventory value and stock-on-hand reports reconcile to the ledger.					
6	Corrective actions have an owner and a due date.					

Section score: _____ / 12 Reviewer initials: _____

6. Cycle count programme

#	Control question	Yes	Part.	No	N/A	Evidence / notes
1	A/B/C classes have different count frequencies.					
2	Class A and high-risk items are counted more often.					
3	Count frequency is based on risk, value and observed error, not convenience.					
4	Count results are used to improve processes, not only to change quantities.					
5	The programme has a coverage target and is tracked monthly.					
6	Counts are suspended or escalated when accuracy falls below the target.					

Section score: _____ / 12 Reviewer initials: _____

Findings and action plan

Record only material findings. Assign an owner and a due date to every action.

#	Finding	Risk / value at risk	Severity	Action	Owner	Due
1						
2						
3						
4						
5						
6						
7						
8						

Severity guide

Severity	Description
Critical	Material misstatement, uncontrolled adjustment access, or a control failure that has already caused significant loss.
High	Recurring variance, missing evidence for a key control, or a process that cannot be relied on.
Medium	Control exists but is inconsistent, undocumented or not reviewed.
Low	Presentation, labelling or documentation improvement.

Sign-off

Role	Name	Signature	Date
Auditor			
Inventory owner			
Operations lead			

This checklist is not legal, accounting or audit advice. Use it with your own policies and, where required, your accountant or auditor.