



PHYSICAL STOCK COUNT – CHECKLIST / PROGRAM

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| 1 | Date or dates work carried out | |
| 2 | Names of Prudential Auditing staff observing the stock count | |
| 3 | Brief description of nature of business of client | |
| 4 | Type of stock count | |
| 5 | Rough approximation of the value by categories / locations and locations covered by the observation | |
| 6 | <u>Organisation</u> | |
| 6.1 | Are these adequate written instructions to all the employees taking part in the stock count, setting out their specific responsibilities? | |
| 6.2 | Who has overall control of the stock count? | |
| 6.3 | How do teams of stock count work? | |
| 6.4 | Are the locations properly prepared for stock count with materials arranged and stacked in a convenient manner for counting? | |
| 6.5 | Are obsolete, slow moving stocks and substandard materials segregated or otherwise adequately identified? | |
| 6.6 | Is there a proper control of the issue and return of stock count sheets e.g. pre-numbering and accounting for all numbers? | |
| 6.7 | Are movements of stock or materials during the stock count properly controlled to ensure the same stocks are not included twice or omitted? | |
| 6.8 | Are all stocks physically counted? | |
| 6.9 | Are stocks held for third parties taken and checked with the records? | |
| 6.10 | Are there any other stock items not on the premises e.g. consignment stocks on the customers' premises? If so, how are these stocks recorded? | |



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| 6.11 | Is there adequate control to ensure that all invoices for purchases included in the stock valuation are taken up in the books and that all sales are excluded from the stocks? | |
| 6.12 | Are there any goods in transit, which should be included in stock? | |
| 6.13 | Note the following: a) Last GRN No. and date b) Last GIN No. and date c) Last Sales Invoice No. and date d) Last Purchase Invoice No. and date e) Any other significant documents involving stock moments. | |
| 7 | <u>Stock count</u> | |
| 7.1 | Is stock counted or checked by people not responsible for custody of the stock? | |
| 7.2 | Are there a count and a separate check by another individual? | |
| 7.3 | Do the counters and checkers sign or initial for work done on the stock sheets? | |
| 7.4 | Do the counters enter descriptions on the stock sheets or this is done in advance? | |
| 7.5 | If the counters enter descriptions, are they competent to describe the stock accurately? | |
| 7.6 | Are the stock count teams concerned with the condition of the stocks as to whether they are obsolete, slow moving etc. | |
| 7.7 | Is so, are they competent to decide and how is the information indicated on the stock sheets? | |
| 7.8 | Are all the stock actually counted or are estimates made in some cases? | |
| 7.9 | Are there adequate safeguards against deterioration and access by unauthorized persons? | |
| 7.10 | Is a general review made to see that all items have been dealt with and that no items have been included twice? | |
| 7.11 | Is stock rechecked after the original stock count? | |



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| 7.12 | Are there any stock or scrap or by-products? If so, how are they accounted? | |
| 7.13 | Physically verify few major items in stock and agree quantities to original stock sheets. | |
| 7.14 | Select a few major items listed on the original stock sheets and physically verify them to ensure they do exist and are properly written on the original stock sheets. | |
| 8.0 | <u>Comparison with records</u> | |
| 8.1 | Are the records accessible to the storekeeper or stock taker or checkers? | |
| 8.2 | Are the main stock records adjusted to the quantities counted? | |
| 8.3 | Is the physical check noted in the records? | |
| 8.4 | What action is taken where differences are disclosed between the physical count and main stock records? | |
| 8.5 | Is authority given to write off the differences? | |
| 9.0 | <u>Conclusion</u> | |
| | Whether the stock count was properly carried out and whether on the face of it, results can be relied upon. | |

Signature of staff and date

Prudential Auditing