

RETAIL INVENTORY AUDIT TEMPLATE

Inventory Audit Checklist

Use this template to verify inventory quantities, control records, movements, valuation, evidence, variance investigation, corrective action, and management approval across retail locations.

STORE / LOCATION

AUDIT TYPE

DATE / TIME

AUDITOR

1. Audit setup and inventory scope

1

Confirm the correct store, inventory audit type, audit date, approved time window, and assigned auditor.

CRITICAL

APPROVAL + TIMESTAMP

DATE | Select

TIME | Capture

SIGNATURE | Sign

Execution tip:

Set one approved source for store, scope, audit window, and auditor. Reject submissions outside the assigned location or time window unless a manager approves the exception.

2

Define the categories, SKUs, storage areas, and inventory locations included in the audit scope.

CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

Execution tip:

List included and excluded categories, SKUs, bins, and sales-floor zones. Use this scope to prevent missed or duplicated counts.

3

Confirm the approved inventory snapshot, system cut-off time, and report version used for comparison.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip:

Record the system report name, generation time, inventory cut-off, and user who produced it so every comparison uses the same baseline.

4

Capture geo-location, audit start time, and auditor identity before counting begins.

CRITICAL

APPROVAL + TIMESTAMP

DATE | Select

TIME | Capture

SIGNATURE | Sign

Execution tip:

Require geo-fencing and an automatic start timestamp. This verifies the auditor was present and prevents counts being completed later from memory.

5

Verify stock movements are frozen or strictly controlled during the counting window.

CRITICAL

APPROVAL + TIMESTAMP

DATE | Select

TIME | Capture

SIGNATURE | Sign

Execution tip:

Freeze receipts, sales, transfers, and adjustments where possible. If movement continues, record every transaction during the count and reconcile it separately.

6

Record exclusions, blind-count rules, recount thresholds, and any approved audit limitations.

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip:

Define blind count rules, materiality, recount triggers, and permitted exclusions before starting. This keeps results consistent across stores.

2. Inventory governance and master data

- 7 Verify sampled item masters contain the correct SKU, barcode, description, unit of measure, and category. CRITICAL SCORED RESPONSE

Compliant Partially compliant Non-compliant N/A

 Execution tip: Scan the item and compare barcode, SKU, description, unit of measure, category, and status against the approved item master.

- 8 Confirm active, inactive, discontinued, and blocked inventory statuses are accurate. CHECKLIST + COMMENTS

Complete Partial Gap found N/A

 Execution tip: Include inactive, discontinued, and blocked items in exception review. Incorrect status can create unavailable stock, hidden stock, or incorrect valuation.

- 9 Check pack, case, and each conversion factors used for receiving, selling, and counting. CRITICAL QUANTITY + VARIANCE

PHYSICAL | Enter qty SYSTEM | Enter qty VARIANCE | Auto

 Execution tip: Test case-to-each and pack conversions using a real item. Incorrect conversion factors create large count and receiving variances.

- 10 Verify inventory cost, retail value, tax treatment, and valuation fields are current where applicable. QUANTITY + VARIANCE

PHYSICAL | Enter qty SYSTEM | Enter qty VARIANCE | Auto

 Execution tip: Use the current approved cost and valuation method. Record which value was used when financial impact is calculated.

- 11 Confirm each inventory item is mapped to the correct store, stockroom, bin, and sales-floor location. EVIDENCE + ACTION

Add evidence Create action OWNER | Assign DUE | Set date

 Execution tip: Validate the expected stock location against the physical location. Mis-mapping can make stock appear missing even when it exists elsewhere.

- 12 Identify duplicate barcodes, missing item records, incorrect descriptions, and other master-data errors. CHECKLIST + COMMENTS

Complete Partial Gap found N/A

 Execution tip: Capture the incorrect record, barcode, product image, and affected transactions. Assign master-data correction before the next count.

3. Receiving and goods inward

- 13 Verify recent supplier deliveries were matched to the purchase order, delivery note, or advance shipment notice. **CRITICAL** EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

🔍 **Execution tip:** Sample recent receipts and compare supplier, PO, delivery note, item, quantity, and posting status. Use document references instead of verbal confirmation.

- 14 Confirm received quantities were physically counted before the receipt was posted in the inventory system. **CRITICAL** QUANTITY + VARIANCE

PHYSICAL | Enter qty

SYSTEM | Enter qty

VARIANCE | Auto

🔍 **Execution tip:** Require the receiver to enter physical quantity before seeing the expected quantity. Preserve counter identity and receiving timestamp.

- 15 Check shortages, overages, damages, and substitutions were recorded at the point of receipt. **CRITICAL** QUANTITY + VARIANCE

PHYSICAL | Enter qty

SYSTEM | Enter qty

VARIANCE | Auto

🔍 **Execution tip:** Capture photos and quantities for damaged, missing, excess, or substituted stock before acceptance. Link the evidence to the receipt.

- 16 Verify batch, lot, serial number, manufacture date, and expiry data were captured where required. **CRITICAL** EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

🔍 **Execution tip:** Make lot, serial, batch, and expiry mandatory only for applicable categories. Validate the captured data against the physical product.

- 17 Confirm receiving date, time, employee, supplier, and document references are traceable. EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

🔍 **Execution tip:** Record who received, who checked, when the delivery arrived, and when it was posted. Long gaps can explain stock timing differences.

- 18 Check receiving discrepancies were approved, communicated, and linked to supplier claims or corrective action. CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

🔍 **Execution tip:** Create an owner and due date for every unresolved discrepancy. Escalate supplier claims that exceed value or age thresholds.

4. Storage and stockroom controls

19

Confirm stock is stored in the assigned bins, shelves, cages, or temperature-controlled areas.

CRITICAL

SCORED RESPONSE

Compliant

Partially compliant

Non-compliant

N/A

Execution tip: Use a location checklist or bin scan to confirm each item is stored in its assigned area. Capture misplaced stock as a finding.

20

Verify sellable, damaged, returned, quarantined, and recalled inventory is clearly segregated.

CRITICAL

SCORED RESPONSE

Compliant

Partially compliant

Non-compliant

N/A

Execution tip: Use separate status labels and system locations for damaged, return, quarantine, and sellable stock. Require a photo for mixed inventory.

21

Check FIFO or FEFO rotation is followed for dated, perishable, or shelf-life-controlled products.

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Capture the oldest and newest expiry dates for sampled items. Escalate products that breach the rotation rule or expiry threshold.

22

Verify high-value, controlled, and theft-sensitive inventory is secured with restricted access.

CRITICAL

SCORED RESPONSE

Compliant

Partially compliant

Non-compliant

N/A

Execution tip: Make live photos and dual verification mandatory for high-value or controlled stock. Record who accessed the secure area.

23

Check there is no unrecorded stock in receiving bays, staging zones, offices, lockers, or hidden locations.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Inspect temporary and non-standard locations, including receiving, desks, cages, and staging areas. Hidden stock often drives false shortages.

24

Compare selected stockroom bin quantities with the corresponding system location balances.

CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

Execution tip: Enter physical and system quantity for the selected bin. Trigger a recount or location investigation when the threshold is exceeded.

5. Sales floor and shelf inventory

25 Confirm sampled SKUs are physically available in the correct sales-floor location. CRITICAL QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Verify the SKU, shelf location, label, and physical presence together. Record out-of-location stock separately from true out-of-stock.

26 Capture shelf quantity, display quantity, and backroom quantity for selected products. QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Capture shelf, display, and backroom quantities in separate fields. This shows whether the problem is availability or replenishment.

27 Investigate empty facings where the inventory system shows available stock. CRITICAL QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** When a facing is empty, check backroom stock, system balance, replenishment task, and recent sales before classifying the cause.

28 Verify promotional, seasonal, launch, and clearance inventory is included in the audit scope. EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

 **Execution tip:** Use a campaign or seasonal SKU list so temporary inventory is not missed. Capture display and storage locations.

29 Confirm display, tester, sample, demo, and consignment units are classified correctly. QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Define whether each unit is sellable, sample, tester, display, or consignment. Apply the correct system treatment before counting.

30 Identify misplaced, hidden, abandoned, or incorrectly merchandised stock and record the action taken. CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

 **Execution tip:** Record the original location, correct location, quantity, and action owner. Repeat findings may indicate poor replenishment discipline.

6. Physical counts and cycle-count execution

- 31 Confirm counters perform blind counts without seeing the expected system quantity. CRITICAL QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 Execution tip: Hide expected quantity during the first count. This reduces confirmation bias and makes the physical count independently verifiable.

- 32 Verify quantities are counted in the correct unit, including each, inner pack, case, weight, or volume. EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

 Execution tip: Show the required unit beside each item and allow separate case and each fields. Apply conversion automatically where possible.

- 33 Require a second count when the first result exceeds the approved variance threshold. CRITICAL QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 Execution tip: Set automatic recount thresholds by quantity, percentage, value, or item risk. Require a different verifier for material differences.

- 34 Use independent verification for high-value, controlled, or repeatedly inaccurate inventory. CRITICAL QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 Execution tip: Use independent or dual counts for high-value, controlled, or repeatedly inaccurate inventory. Preserve both results and the final accepted quantity.

- 35 Check count sheets or digital count records contain no skipped, duplicated, or partially counted locations. CRITICAL EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

 Execution tip: Use sequential digital locations or barcode scans to prevent skipped and duplicated areas. Block submission until all assigned locations are complete.

- 36 Record count start time, completion time, counter, verifier, and final sign-off for every count batch. CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

 Execution tip: Capture start time, end time, counter, verifier, and sign-off automatically. Review unusually fast or delayed count batches.

7. Inventory movements and adjustments

37 Verify transfers into and out of the store are supported by approved documents and posted correctly.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Sample both inbound and outbound transfers. Compare document number, quantity, dispatch, receipt, status, and location balance.

38 Confirm customer returns, exchanges, cancellations, and rejected deliveries update inventory accurately.

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Test returns and exchanges from receipt to inventory update. Record delayed, cancelled, or manually adjusted transactions.

39 Reconcile inter-store and warehouse transfers that remain in transit beyond the expected time.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Age in-transit transfers against the expected journey time. Assign overdue transfers to the sending and receiving location owners.

40 Check inventory adjustments include an approved reason code, evidence, value, and authorizing manager.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Require reason code, comments, value, evidence, and approval for manual adjustments. Escalate unusual or repeated adjustment types.

41 Review negative stock, manual overrides, backdated entries, and unusual quantity changes.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | Assign

DUE | Set date

Execution tip: Review negative stock and backdated changes by user, item, time, and value. These can indicate timing, integration, or control failures.

42 Identify pending, failed, or unposted inventory transactions and document their effect on the audit.

CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

Execution tip: List every pending or failed transaction and calculate its effect on the system balance. Do not approve the audit without a treatment plan.

8. Damages, expiry, write-offs, and non-sellable stock

- 43 Confirm damaged inventory is segregated, counted, valued, and logged with supporting evidence. CRITICAL QUANTITY + VARIANCE

PHYSICAL | Enter qty SYSTEM | Enter qty VARIANCE | Auto

🔗 Execution tip: Count and value damaged stock separately. Require a reason, photo, date identified, owner, and final disposition status.

- 44 Identify expired and near-expiry inventory and confirm the required action is assigned. CRITICAL EVIDENCE + ACTION

Add evidence Create action OWNER | Assign DUE | Set date

🔗 Execution tip: Use expiry date capture and configurable alert thresholds. Assign markdown, transfer, return, or disposal action before the deadline.

- 45 Verify write-offs, destruction, donation, and disposal transactions have approval and proof. CRITICAL EVIDENCE + ACTION

Add evidence Create action OWNER | Assign DUE | Set date

🔗 Execution tip: Capture approval, destruction method, quantity, value, witness, and proof. Prevent write-off posting without the required evidence.

- 46 Confirm supplier returns and return-to-vendor quantities are recorded and traceable. EVIDENCE + ACTION

Add evidence Create action OWNER | Assign DUE | Set date

🔗 Execution tip: Match return-to-vendor quantities to authorization, dispatch, supplier acknowledgement, and system posting.

- 47 Check recalled and quarantined stock is blocked from sale and stored securely. CRITICAL EVIDENCE + ACTION

Add evidence Create action OWNER | Assign DUE | Set date

🔗 Execution tip: Block recalled and quarantined items from sale. Verify physical segregation, system status, quantity, and release authority.

- 48 Reconcile non-sellable inventory quantities, financial value, disposal status, and final system posting. CHECKLIST + COMMENTS

Complete Partial Gap found N/A

🔗 Execution tip: Reconcile non-sellable physical quantity to system quantity and value. Track disposal, return, recovery, or pending approval separately.

9. Reconciliation, shrinkage, and variance investigation

49 Compare physical quantity with system quantity for every audited SKU and location.

CRITICAL

QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Record physical and system quantity in separate fields and calculate variance automatically. Preserve the first count and any recount result.

50 Calculate unit variance, percentage variance, and financial value variance.

CRITICAL

QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Calculate unit, percentage, and value variance using the approved valuation source. Apply materiality thresholds consistently.

51 Classify each material variance by likely cause, evidence, and investigation status.

EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

 **Execution tip:** Use structured root-cause options plus comments and evidence. Avoid closing findings with vague reasons such as human error.

52 Review repeated variances, shrink patterns, category trends, and location-level risk indicators.

CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

 **Execution tip:** Compare repeat variances by SKU, category, location, shift, and transaction type. Escalate patterns even when individual values are small.

53 Assess the total financial impact of shortages, excess stock, write-offs, and unresolved differences.

CRITICAL

QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

 **Execution tip:** Separate confirmed loss, excess, timing differences, write-offs, and unresolved variance. Show the source of every value calculation.

54 Create a corrective action for every unresolved material variance with an owner and due date.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

 **Execution tip:** Require an owner, due date, priority, containment, investigation steps, and closure proof. Escalate overdue material actions automatically.

10. Reporting, corrective action, and sign-off

55

Calculate inventory accuracy by unit, value, category, department, storage area, and store.

CRITICAL

QUANTITY + VARIANCE

PHYSICAL | | Enter qty

SYSTEM | | Enter qty

VARIANCE | | Auto

Execution tip: Show both unit and value accuracy, plus the lowest-performing categories and locations. A strong total can hide high-risk pockets.

56

Escalate critical, high-value, repeated, or unexplained variances using approved thresholds.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

Execution tip: Use predefined escalation thresholds based on value, percentage, recurrence, item type, and business impact. Record the notified manager and time.

57

Confirm every material finding has containment, ownership, a due time, and an escalation path.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

Execution tip: Prevent final approval while a material finding lacks containment, named ownership, due time, and escalation path.

58

Approve inventory adjustments only after supporting evidence and review are complete.

CRITICAL

EVIDENCE + ACTION

Add evidence

Create action

OWNER | | Assign

DUE | | Set date

Execution tip: Link each proposed adjustment to the count, recount, root cause, evidence, approver, and posting reference.

59

Record the final audit decision, approver, comments, signature, and any conditions attached to approval.

CRITICAL

APPROVAL + TIMESTAMP

DATE | | Select

TIME | | Capture

SIGNATURE | | Sign

Execution tip: Use approved, approved with actions, or not approved. Require comments and a complete audit trail for conditional or rejected outcomes.

60

Set the next cycle count, follow-up audit, and management review date based on the risk identified.

CHECKLIST + COMMENTS

Complete

Partial

Gap found

N/A

Execution tip: Increase cycle-count frequency for repeat or high-value variances and preserve the agreed monitoring plan with named accountability.

RUN THIS AUDIT DIGITALLY

Turn inventory accuracy into a verified control process across every store

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