

INVENTORY MANAGEMENT SOP FOR PRODUCTION MATERIALS

STANDARD OPERATING PROCEDURE

INVENTORY MANAGEMENT FOR PRODUCTION MATERIALS

Document No.: SOP-INV-2023-01

Effective Date: January 15, 2024

Version: 3.0

Supersedes: SOP-INV-2022-02

1. PURPOSE AND SCOPE

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1. This Standard Operating Procedure ("SOP") establishes the protocols and

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2. This SOP applies to all Company facilities engaged in the production, stor

2. DEFINITIONS

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1. "Critical Components" means any parts or materials designated as essential

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2. "MRP System" means the Company's Material Requirements Planning sys

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3. "Safety Stock" means the predetermined quantity of inventory maintained

3. INVENTORY CLASSIFICATION AND CONTROL

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1. Classification System

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Class A: Critical Components and high-value items (>\$1,000 per unit)

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Class B: Mid-value components (\$100-\$1,000 per unit)

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Class C: Standard consumables and low-value items (<\$100 per unit)

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2. Cycle Counting Requirements

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Class A items: Monthly physical count

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Class B items: Quarterly physical count

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Class C items: Semi-annual physical count

4. RECEIVING AND INSPECTION

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1. All incoming materials shall be:

- a) Verified against purchase orders
- b) Inspected for visible damage
- c) Checked for conformance to specifications
- d) Logged in the MRP system within 24 hours of receipt

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2. Quality Control Documentation

The Quality Control department shall maintain inspection records for a minimum

of five (5) years, including:

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Inspection date and inspector identification

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Lot numbers and quantities

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Test results and acceptance criteria

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Non-conformance reports, if applicable

5. STORAGE AND HANDLING

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1. Environmental Controls

Critical Components shall be stored in temperature-controlled areas (20°C ±

with relative humidity maintained between 30-60%.

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2. Security Measures

a) Access to inventory storage areas shall be restricted to authorized personnel

b) Security cameras shall monitor all storage areas 24/7

c) Electronic access logs shall be maintained for minimum of 180 days

6. INVENTORY MANAGEMENT PROCEDURES

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1. Minimum Stock Levels

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Critical Components: 8 weeks of projected demand

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Class B items: 6 weeks of projected demand

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Class C items: 4 weeks of projected demand

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2. Reorder Points

The MRP system shall automatically generate purchase requisitions when inventory levels reach:

a) Critical Components: 12 weeks of projected demand

b) Class B items: 8 weeks of projected demand

c) Class C items: 6 weeks of projected demand

7. DOCUMENTATION AND REPORTING

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1. Required Reports

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Daily inventory movement report

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Weekly stock status report

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Monthly inventory valuation report

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Quarterly obsolescence analysis

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Annual physical inventory reconciliation

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2. Record Retention

All inventory records shall be maintained for a minimum of seven (7) years i

accordance with Company's document retention policy.

8. COMPLIANCE AND AUDIT

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1. Internal Audits

The Operations department shall conduct quarterly audits to ensure compliance with this SOP.

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2. External Audits

Annual third-party audits shall be conducted to verify inventory accuracy and procedural compliance.

9. RESPONSIBILITIES

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1. Operations Department

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Overall implementation of this SOP

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Maintenance of inventory accuracy

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Staff training and compliance

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2. Quality Control Department

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Incoming material inspection

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Non-conformance reporting

Quality documentation

10. REVISION HISTORY

Version	Date	Description of Changes	Approved By
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3.0	2024-01-15	Updated storage requirements	R. Torres
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2.0	2023-01-10	Added security measures	R. Torres
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1.0	2022-01-05	Initial release	R. Torres
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11. APPROVAL

This SOP is approved by:

Richard J. Torres

Chief Operating Officer

Date: January 15, 2024

Dr. Elena Kovacs

Chief Research Officer

Date: January 15, 2024

