



Inventory Carrying Cost Optimization Checklist 2026

Inventory Holding Cost Audit

Assess the direct and indirect costs associated with storing physical stock, including warehousing, insurance, and utilities.

Total Monthly Warehouse Rent/Lease Cost

Monthly Insurance Premium for Inventory

Included Holding Cost Categories

- ☐ Utilities (Electricity, Heating, Cooling)
- ☐ Warehouse Staffing/Labor
- ☐ Security & Surveillance
- ☐ Packaging & Maintenance Supplies
- ☐ Depreciation of Storage Equipment

Inventory Damage Observations

Write something...

Audit Completion Date

Enter date...

Supporting Financial Statements



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Capital Cost & Opportunity Cost Analysis

Evaluate the cost of capital tied up in inventory and the potential lost returns from alternative investment opportunities.

Annual Cost of Capital (WACC) Percentage

Enter a number...

Total Value of Average Inventory on Hand

Enter a number...

Opportunity Cost Assessment Notes

Write something...

Primary Financing Method

- ☐ Internal Cash Flow
- ☐ Short-term Credit/Lines of Credit
- ☐ Inventory Financing/Factoring
- ☐ External Debt

Identified Capital Drain Factors

- ☐ Excess Safety Stock
- ☐ Over-purchasing/Bulk Discounts Overestimation
- ☐ Inaccurate Demand Forecasting
- ☐ Extended Lead Times

Financial Audit Date

Enter date...

Inventory Obsolescence & Shrinkage Review

Identify risks related to expired, damaged, or stolen goods and implement tracking mechanisms for dead stock reduction.

Total Value of Obsolete Stock

Enter a number...

Primary Causes of Shrinkage

- ☐ Administrative Errors
- ☐ Theft/Pilferage
- ☐ Supplier Shortages
- ☐ Damage during Handling
- ☐ Perishability/Expiration

Mitigation Action Plan

Write something...

Last Physical Audit Date

Enter date...

Inventory Discrepancy Report

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Storage & Space Utilization Efficiency

Analyze warehouse footprint usage, bin density, and the cost of specialized climate-controlled storage requirements.

Total Warehouse Square Footage Utilized

Enter a number...

Average Bin/Rack Occupancy Percentage

Enter a number...

Primary Storage Method

- ☐ Pallet Racking
- ☐ Shelving/Bin Storage
- ☐ Automated Storage and Retrieval System (AS/RS)
- ☐ Bulk Floor Stacking

Identified Inefficiencies

- ☐ Obstructed Aisles
- ☐ Underutilized Vertical Space
- ☐ Poor Slotting Logic
- ☐ Excessive Dead Stock Blocking Access

Space Optimization Action Plan

Write something...

Warehouse Heat Map or Layout Diagram

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Order Processing & Handling Costs

Review the labor and operational expenses involved in picking, packing, and preparing inventory for outbound shipments.

Average Cost per Order Processed

Enter a number...

Primary Handling Bottlenecks Identified

- ☐ Manual Picking Errors
- ☐ Inadequate Packaging Materials
- ☐ Slow Labeling Processes
- ☐ Inaccurate Scanning/System Delays
- ☐ Labor Shortages

Packaging Waste Assessment

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Order Processing Cost Report

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Last Process Audit Date

Enter date...

Inventory Turnover & Aging Metrics

Monitor Days Sales of Inventory (DSI) and turnover ratios to identify slow-moving items and optimize stock replenishment cycles.

Current Inventory Turnover Ratio

Enter a number...

Average Days Sales of Inventory (DSI)

Enter a number...

Inventory Aging Category

- ☐ 0-30 Days
- ☐ 31-60 Days
- ☐ 61-90 Days
- ☐ 90+ Days (Obsolete Risk)

Analysis of Slow-Moving Stock

Write something...

Last Audit Completion Date

Enter date...

Inventory Aging Report Attachment

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Data Accuracy & System Integration

Audit the synchronization between Warehouse Management Systems (WMS) and ERPs to prevent costly manual reconciliation errors.

Current Inventory Management System (IMS) in Use

- ☐ SAP ERP
- ☐ Oracle NetSuite
- ☐ Microsoft Dynamics 365
- ☐ Custom/Legacy System
- ☐ Other

Inventory Record Accuracy (IRA) Percentage

Enter a number...

Integration Touchpoints Monitored

- ☐ Warehouse Management System (WMS)
- ☐ Enterprise Resource Planning (ERP)
- ☐ Sales/E-commerce Platform
- ☐ Supplier/Vendor Portal
- ☐ Logistics/TMS Integration

Date of Last Physical Cycle Count

Enter date...

Identified Data Discrepancy Root Causes

Write something...

Inventory Audit Discrepancy Report



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Supplier Lead Time & Reorder Point Optimization

Refine safety stock levels and reorder points based on updated 2026 supply chain volatility and lead time variability.

Primary Supplier Name

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Current Average Lead Time (Days)

Enter a number...

Safety Stock Level Target

Enter a number...

Supplier Reliability Rating

- ☐ High
- ☐ Medium
- ☐ Low

Lead Time Risk Factors

- ☐ Logistics Delays
- ☐ Raw Material Shortage
- ☐ Customs Bottlenecks
- ☐ Production Backlogs

Last Lead Time Audit Date

Enter date...

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✓ Finish

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