Reconcile your inventory

Drug diversion is increasing nationwide and can lead to criminal activity as well as prescription drug abuse. Reconciling your inventory can help you detect diversion and track your inventory!

**What is a reconciliation?**

Reconciling your inventory is the process of comparing a physical count of your inventory (your “Physical Inventory”) to the quantity of drugs purchased and dispensed by the pharmacy (your “Expected Inventory”) to identify any losses or overages. You might have an overage or a shortage if your Physical Inventory does not equal your Expected Inventory.

**Isn’t a physical count just as good?**

A physical inventory count will only tell you the quantity that you have on hand on a given day. Reconciling will help you determine if there are any discrepancies between what you’ve dispensed/purchased and what you actually have on the shelf.

**What about a perpetual inventory?**

A perpetual inventory system can be a valuable and accurate tool. However, perpetual inventory systems are still subject to human error/manipulation and may not detect if someone is manually changing numbers in the system. A good reconciliation will help verify that your inventory totals are correct.

**How do you reconcile?**

Reconciliation starts with good records. Here are the basic steps for reconciling your inventory:

1. **Starting inventory**
   - Use your last inventory count and start there.

2. **Count all drugs purchased and received**
   - Ask your suppliers for records or use your invoices.

3. **Deduct medicine sold/dispensed**
   - Include drugs that have been distributed or returned to your supplier. The total # after your deduction will be your EXPECTED INVENTORY.

4. **Physically count your inventory**
   - Don’t forget your outdated and return areas.

5. **Reconcile your expected inventory vs. physical count**
   - If these totals are different, you may have a loss or overage.

**Am I Required To Reconcile?**

No. However, the Board and the Bureau of Narcotics and Dangerous Drugs (BNDD) strongly recommend that pharmacies perform regular reconciliations. Once again, reconciling your drug inventory is a strong control that can help prevent and detect drug theft and diversion.

**What if my Expected Inventory doesn’t equal my Physical Inventory count?**

First, check to make sure you've accounted for all purchases/drug receipts and all drugs on-hand. Review your record-keeping as well (for example, a return-to-stock item may not have been reversed or accounted for in your system). If you are still unable to reconcile your Expected Inventory and Physical Inventory, you may have a loss or overage that should be investigated.