INDUSTRY

Physical Stock Falls Short While the System Still Says "Available": Median IT Solutions Private Limited

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Abstract

Accurate inventory records underpin purchasing, project scheduling and customer delivery, yet recorded balances often differ from the stock physically available. This case study examines such differences observed during an Inventory Management and Operations internship at Median IT Solutions Private Limited (8 July–8 August 2026). Using a descriptive case-study approach, system balances were compared with physical counts for three equipment categories. Hikvision CCTV cameras showed 36 units in the system against 28 found (a shortage of 8 units, 22.22%); 12MP memory cards showed 10 against 8 (2 units, 20%); and fire-alarm speakers showed 16 against 14 (2 units, 12.5%), giving 10 unaccounted units in total. The reasons reported were workers taking company assets, neglect of equipment by some workers and inadequate supervision at the site.

Read against the literature on inventory record inaccuracy and internal control, the findings point to weaknesses in custody, handover documentation and supervision rather than to a single data error. The paper sets out a five-phase management response (verify, reconcile, correct, prevent and monitor), together with process control points, a SWOT analysis, recommended inventory techniques and performance indicators. Because the original ledgers, movement documents and item values were not available, the findings are descriptive and the causes remain reported rather than independently verified. The case is intended to support discussion of operational control in project-based technology and security-equipment companies.

Keywords: inventory record accuracy; stock discrepancy; asset control; internal control; cycle counting; CCTV equipment; case study

1 Executive summary

While completing the Inventory Management and Operations internship at Median IT Solutions Private Limited, I observed that the stock figures in the records did not fully match the items available at the site. The mismatch involved three types of equipment: Hikvision CCTV cameras, 12MP memory cards and speakers belonging to a fire alarm system.

The camera count showed the largest individual shortage. Although 36 Hikvision cameras appeared in the system, only 28 were present during the site check. The gap was 8 cameras, or 22.22% of the recorded balance. The other checks found 8 memory cards against a recorded balance of 10, and 14 fire-alarm speakers against a recorded balance of 16. In other words, 2 memory cards and 2 speakers were not accounted for physically.

The reasons reported during the internship were that some workers were taking assets, certain workers were not taking proper care of the equipment, and site assets were not being supervised

adequately. These practices can leave equipment unaccounted for and point to the need for clearer responsibility, safer storage and closer monitoring at project locations.

The management issue is not limited to correcting the stock figures. The company also needs to understand how the equipment went missing and how site-level controls can be improved. Rechecking the quantities, examining issue and transfer records, authorising any correction and introducing routine stock checks would provide a practical starting point.

Table 1. Case at a glance.

Element	Summary
Focus	Difference between inventory quantities recorded in the system and quantities found physically.
Organisation	Median IT Solutions Private Limited.
Evidence base	Three discrepancies reported during internship observations.
Products involved	Hikvision CCTV cameras, 12MP memory cards and fire alarm system speakers.
Total reported shortage	10 missing items in total: 8 Hikvision cameras, 2 memory cards and 2 fire-alarm speakers.
Decision required	Verify the differences, identify their causes and strengthen stock controls.

2 Introduction and literature review

2.1 Introduction

Companies that supply and install surveillance and fire-safety systems hold portable, relatively high-value items, such as cameras, storage media and alarm components, in a store and at several project sites. Planning in such a business depends on the inventory system showing what can really be issued. When the system shows stock that cannot be found, work is delayed, items may be ordered unnecessarily and trust in the records declines.

This paper documents three stock discrepancies noticed during an internship at Median IT Solutions Private Limited and uses them as a case for discussing inventory control in a project-based company. It addresses three questions:

RQ1. How large were the differences between recorded and physically counted stock for the three product categories?

RQ2. What causes were reported, and what control gaps do they suggest?

RQ3. What should management do to verify the differences, correct the records and prevent recurrence?

The remainder of the paper is organised as follows. Section 3 describes the inventory profile, Section 4 presents the findings and Section 5 explains the methodology and its limits. Sections 6 and 7 define the strategic problem and analyse the reported causes. Section 8 applies process, SWOT and inventory-technique analysis, Section 9 sets out the decision facing management, and the paper closes with the Conclusion and References.

2.2 Inventory record inaccuracy

Inaccurate inventory records are a well-documented operational problem. Raman et al. (2001) describe inventory record inaccuracy as a failure of execution in retail operations and point to sources such as theft, misplaced items and transaction errors. DeHoratius and Raman (2008) examined inventory records at a retail chain and found that a large share did not match physical counts, which shows that the problem is not confined to poorly managed firms. In a simulation study of a retail supply chain et al. (2005) showed that inventory inaccuracy can weaken supply-chain performance, including product availability.

Kök and Shang (2007) analysed replenishment decisions when records may be wrong. Their work shows that errors which accumulate unnoticed distort ordering decisions and that inspecting, or physically counting, stock can correct the record and reduce the effect. For the present case this matters because the system showed items as available that the site check could not locate, which is the situation in which planning decisions are most likely to go wrong.

2.3 Asset custody, misappropriation and internal control

The causes reported in this case, workers taking company assets, neglect of equipment and weak supervision, fall under asset custody and internal control. The COSO Internal Control framework (COSO, 2013) treats the control environment, control activities and ongoing monitoring as core components of internal control, and recognises the safeguarding of assets as part of what internal control is meant to achieve. The Association of Certified Fraud Examiners (ACFE, 2024) reports that asset misappropriation is the most common category of occupational fraud and that weak internal controls and limited oversight are frequently observed alongside it.

These sources do not show that misappropriation occurred at Median IT Solutions; the reported causes remain observations that management needs to test against records. They do indicate which controls would normally be examined: who had access to the equipment, how handovers were documented, who was responsible for site assets and whether supervisory checks took place.

2.4 Inventory-management practice

Textbooks on inventory management recommend practical routines to keep records and stock aligned. Cycle counting spreads physical verification across the year instead of relying on an annual stocktake, and ABC classification focuses control effort on items of greater value or importance (Silver et al., 2017; Wild, 2017). Flores and Whybark (1986) extended ABC analysis to use more than one criterion, which is relevant where an item is important operationally even if its unit price is modest. These techniques are applied to the case in Section 8.3.

2.5 Contribution of this case

Much of the published evidence on record inaccuracy comes from retail and manufacturing settings. This case looks at a small, project-based supplier of security and safety equipment, where stock moves between a store and project sites and custody is shared among several workers. It does not estimate the company-wide rate of inaccuracy. Its contribution is a documented set of discrepancies, a structured reading of the reported causes and a practical management response that other organisations can discuss and adapt.

3 Research context and inventory profile

An inventory record is useful when it gives employees a dependable picture of the items held by the business and their locations. Accurate information helps teams plan purchases, arrange project work and meet delivery commitments. This is particularly relevant for a company handling equipment such as surveillance cameras and fire-safety systems.

A computerised balance does not guarantee that an item is available. When the record shows stock that cannot be found, staff may lose time searching, order items unnecessarily or experience delays at a project site. If such mismatches continue, employees may also become less confident in the reliability of the records. Studies of retail operations report that such mismatches are common and costly (DeHoratius and Raman, 2008; Raman et al., 2001).

The discussion is limited to the three cases noticed during the internship. The quantities below reflect the counts reported for this study. For a formal audit or an adjustment to the value of stock, the company should retain the relevant system extract and signed physical-count records.

Table 2. Observed inventory profile.

Inventory item	System quantity	Physical quantity	Reported shortage	Shortage %
Hikvision CCTV cameras	36	28	8	22.22%
12MP memory cards	10	8	2	20%
Fire alarm system speakers	16	14	2	12.5%

$$\text{Shortage (\%)} = \frac{\text{Shortage quantity}}{\text{System quantity}} \times 100 \tag{1}$$

4 Findings from the inventory observations

4.1 Hikvision CCTV cameras

The stock record listed 36 Hikvision CCTV cameras, whereas the site count located 28. This means that 8 cameras could not be accounted for, representing 22.22% of the recorded quantity. The observations do not establish the movement history of these units, so the issue and transfer records should be checked.

4.2 12MP memory cards

Ten 12MP memory cards were listed in the inventory record. The physical check located 8, leaving a shortage of 2 cards. Compared with the recorded balance, this is a 20% difference.

4.3 Fire alarm system speakers

The records showed 16 speakers for the fire alarm system, but the site check found 14. Therefore, 2 speakers were unaccounted for. This equals 12.5% of the recorded quantity.

4.3.1 Key observations

- The differences were reported in three separate product categories.
- The CCTV camera figures are exact as reported: 36 in the system and 28 physically counted.

- The memory-card and speaker shortages were recorded as 2 units each: 8 memory cards and 14 speakers were physically available.
- The reasons reported during the observations included workers taking assets, neglect of assets by some workers and inadequate supervision at the site.
- The available details do not confirm whether all three discrepancies occurred at the same location or during the same stock-checking exercise.

5 Research methodology and evidence selection

A descriptive case-study method has been used (Yin, 2018; Eisenhardt, 1989). For each product category, the quantity appearing in the inventory record was compared with the number located during the physical check. The information presented is based on observations made during the internship at Median IT Solutions Private Limited.

The work should not be treated as a full internal audit because the original stock ledger and supporting documents were not available for independent examination. These include purchase and receipt records, delivery challans, issue and transfer slips, employee statements and item values. The case therefore records the observed differences and the causes reported during the internship, while recognising that management would need documentary checks before reaching formal conclusions.

Table 3. Evidence classification.

Evidence category	Information used	Limitation
System balance	36 cameras; 10 memory cards; 16 speakers.	The figures were provided for this case; the original system report was not available for checking.
Physical stock	28 cameras; 8 memory cards; 14 speakers.	The quantities reflect the physical counts recorded during the internship.
Calculated measure	Shortage percentages based on the reported quantities.	The percentages use the system balances and physical counts stated in this case.
Cause of discrepancy	The internship observations identified asset removal by workers, poor care by some workers and insufficient supervision at the site.	Management should examine each incident, check access and handover details, and determine responsibility using evidence.

5.1 Limitations

- The three examples discussed here cannot be used on their own to calculate the accuracy of the company's entire inventory.
- The physical checks recorded 2 missing memory cards and 2 missing fire-alarm speakers.
- The original stock reports and movement documents were not available for an independent review.
- No cost details or verified financial-loss figure were available for this study.
- The available observations do not identify when each shortage first occurred.
- The causes reported were removal of assets by workers, poor care of equipment by some workers and weak site supervision. Each incident should be examined using records and other available evidence.

6 The strategic problem

The central problem is that the recorded balance does not match the equipment found at the site. This can affect daily decisions. Staff may plan work around items that are not actually available, lose time locating equipment or place fresh orders because the system gives an inaccurate picture of the stock position.

Updating the three balances would correct the immediate records, but it would not deal with the reasons behind the shortages. Management should examine each stage of the inventory process, from receiving and storing equipment to issuing it to a site, transferring it, accepting returns and entering the transaction in the system.

Management should begin by confirming the quantities and locations of the affected items. It should then compare the findings with the relevant movement records and investigate how the shortages occurred. Only after this review should an authorised person approve any change to the inventory balance or decide what additional controls are required.

7 Root-cause analysis: Reported causes and control gaps

Three causes were reported during the internship: workers taking company assets, some workers failing to look after the equipment, and insufficient supervision at the site. These issues suggest weaknesses in asset security and day-to-day control. Management should check access and handover records, identify who was responsible for the equipment and document the outcome of its investigation. Preventive measures should include named responsibility for site assets, secure storage and regular supervisory checks. These weaknesses are consistent with the control-environment and monitoring concerns described in internal-control frameworks (COSO, 2013) and with the conditions under which asset misappropriation is commonly reported (ACFE, 2024).

Table 4. Reported causes, control gaps and management actions.

Reported cause / control gap	What was observed or reported	What management should do
Workers taking assets	Workers were reported to have taken company assets, which contributed to the stock shortage.	Check who had access to the site and equipment, review issue, return and handover records, and investigate the matter fairly before assigning responsibility.
Neglect of assets	Some workers were reported to have neglected the equipment or failed to take proper care of it.	Allocate responsibility for each asset, explain the required handling practices and inspect equipment regularly.
Inadequate on-site supervision	The equipment kept at the site was not receiving adequate supervision.	Nominate a site supervisor, keep an updated asset register and carry out planned as well as unannounced inspections.
Data-entry or documentation error	The observations did not identify a specific data-entry mistake.	Cross-check product codes, transaction dates, quantities and the documents supporting each entry.
Counting error	The quantities for cameras, memory cards and speakers are based on the physical checks reported.	Keep count sheets signed by the checking staff and compare serial or batch numbers wherever these details exist.

Reported cause / control gap	What was observed or reported	What management should do
Storage or access-control gap	Details of the site storage and security arrangements were not available.	Examine access rights, key management, storage arrangements and equipment handover documentation.

8 Strategic management analysis

8.1 Inventory process and control points

Table 5. Inventory process and control points.

Process stage	Control expected	Risk if control is weak
Receiving	Check each delivery against the purchase order and supplier paperwork, then enter the receipt without delay.	A mistake at receipt can cause the system balance to be wrong from the beginning.
Identification and storage	Identify products with consistent codes and labels, and keep them in assigned locations.	Equipment can be confused with other items, misplaced or recorded under the wrong quantity.
Issue to project/ site	Document the product, number of units, reason for issue, receiving person and date before or when it leaves storage.	Equipment may be removed from the store even though the software continues to show it as available.
Inter-location transfer	Create a transfer document and obtain confirmation from the person accepting the stock.	The two locations may end up with inconsistent stock figures.
Returns	Check returned equipment and record how many units were accepted and their condition.	The available balance may not include returned items correctly.
Physical verification	Count selected stock regularly and look into any mismatch as soon as it is found.	Stock differences may continue for some time before anyone notices them.

8.2 SWOT analysis

SWOT analysis is a widely used framework for summarising internal strengths and weaknesses alongside external opportunities and risks (Helms and Nixon, 2010). Here it is applied only to the observations reported in this case and is not a full strategic assessment of the company.

Table 6. SWOT analysis: strengths and weaknesses.

Strengths	Weaknesses
The organisation maintains inventory records that can be compared with physical stock.	Mismatches were found in all three product groups reviewed.
The identified differences provide a starting point for corrective action.	Shortages affected three product groups, with reported weaknesses in equipment care and site monitoring.

Table 7. SWOT analysis: opportunities and risks.

Opportunities	Risks
Set up periodic counts, standard product identification, assigned storage spaces and written records for every movement.	Wrong balances can disrupt work, waste time during searches and lead to avoidable orders.
Make corrections only with approval and review stock mismatches regularly.	A conclusion made without checking the facts may wrongly assign responsibility or fail to solve the problem.

8.3 Recommended inventory techniques

The following techniques are standard in the inventory-management literature (Flores and Whybark, 1986; Silver et al., 2017; Wild, 2017). They are suggested as a practical starting point for the company and should be adapted once item values and movement records are available.

- **ABC analysis:** classify stock by value and operational importance. Actual item values are needed before categories can be assigned.
- **Cycle counting:** physically count selected items at regular intervals rather than waiting only for an annual stocktake.
- **Two-person verification:** ask two authorised employees to check and sign off disputed counts.
- **Item and location coding:** use consistent product codes, labels and fixed storage or bin locations.
- **Movement documentation:** record every receipt, issue, transfer and return with its date, quantity, reference and responsible person.
- **Exception reporting:** review unusual adjustments, negative balances and repeated differences.

9 The decision facing management

The response should cover both the missing items and the working practices that allowed them to go unaccounted for. Since the reported issues involve asset removal, neglect and poor supervision, management should reconcile the stock first and then review who had access to the equipment, how assets were handed over, which employees were responsible and whether supervisory checks were carried out.

Table 8. Recommended action plan and decision gates.

Phase	Action	Evidence required
1. Verify	Repeat the physical count of cameras, memory cards and speakers, noting each item code, quantity and location.	A count record showing the date, results and signatures of the employees who performed the check.
2. Reconcile	Match the physical count against goods received, items issued, transfers, returns and dispatch paperwork.	A written finding for each mismatch, or a recorded exception if it remains unresolved.
3. Correct	Change the system balance only after the shortage has been checked and an authorised person has approved it.	An authorised correction backed by the count sheet and relevant transaction documents.
4. Prevent	Strengthen movement records, labelling and storage, site access arrangements and routine stock checks.	Named employees responsible for each control, completed documentation and a stock-count timetable.

Phase	Action	Evidence required
5. Monitor	Check mismatch reports and recount the product categories where problems were found.	Records showing whether stock mismatches become less frequent over time.

Table 9. Suggested performance indicators.

Indicator	How it can be measured	Purpose
Inventory record accuracy	Matching records ÷ total records counted × 100.	Shows how closely system records match physical stock.
Discrepancy rate	Records with differences ÷ total records counted × 100.	Tracks how often mismatches are found.
Time to close discrepancies	Number of days between reporting a difference and its approved resolution.	Shows how quickly issues are investigated.
Unrecorded movement rate	Movements without complete documents ÷ movements sampled × 100.	Checks whether stock movements are properly documented.

Company-wide targets should be set only after a broader stocktake establishes a dependable starting point. The three examples in this case are too limited to represent the full inventory position.

9.1 Decision questions

1. Which records should be checked first to trace the eight missing Hikvision CCTV cameras?
2. How should management document and investigate the shortages of 2 memory cards and 2 fire alarm speakers?
3. Who should approve a stock adjustment after the count and transaction history have been reviewed?
4. What documents should be compulsory for every issue, return and transfer?
5. How often should important or high-value inventory be physically counted?
6. What measures would show that inventory accuracy is improving?

10 Conclusion

The internship observations at Median IT Solutions Private Limited identified gaps in three inventory categories. The records listed 36 Hikvision CCTV cameras, 10 memory cards and 16 fire-alarm speakers. The physical checks located 28 cameras, 8 memory cards and 14 speakers, leaving respective shortages of 8, 2 and 2 units.

The camera shortage represents 22.22% of the recorded quantity. The memory-card shortage represents 20%, while the speaker shortage represents 12.5%. The reasons identified during the internship observations included workers taking assets, some workers neglecting the assets and inadequate supervision of assets at the site. These issues point to the need for stronger asset security, accountability and on-site monitoring.

This case highlights that accurate stock records depend on disciplined procedures as well as a reliable inventory system. Every receipt, issue, transfer and return should be documented promptly. Equipment kept at project sites also needs secure storage, careful handling and an assigned person responsible for it. Scheduled stock checks and proper supervision can help identify problems before

they become larger. Management should confirm the shortages, examine how the assets were handled, strengthen site controls and monitor whether the corrective steps reduce future differences.

The study has limits that readers should keep in mind. It rests on three product categories, the original ledgers and movement documents were not available, and no item values were provided, so the causes reported are observations rather than established findings. Future work could repeat the comparison across the full inventory, test the reported causes against issue, transfer and handover records, and measure whether cycle counting and clearer custody reduce discrepancies over time (Kök and Shang, 2007; Wild, 2017).

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