

# AGANANG LOCAL MUNICIPALITY



**INVENTORY (LOGISTICS) POLICY**

# **POLICY ON INVENTORY (LOGISTICS) MANAGEMENT**

## **1. Internal requisitions**

Where Stock is held in a storeroom, items must be requisitioned internally using stores requisition form.

## **2. Stores procedures**

The CFO shall delegate a person in the finance department of the municipality as storekeeper.

**2.1** The storekeeper shall be responsible for:

**2.1.1** The safekeeping of inventory items

**2.1.2** The receiving and issuing of items of inventory from the store rooms

**2.1.3** The maintaining of a proper record keeping system for inventory items

**2.1.4** The performance of such other tasks as may be assigned to him or her according to the relevant job description or the procedures.

## **3. Safekeeping of inventory items**

**3.1** Inventory shall, until it is issued, at all times be safeguarded and kept in a suitable protected area. Wherever practical such area shall be in an enclosed place, the entrance to which shall be locked.

**3.2** No unauthorized entrance to any such area is permissible. Authorization to enter such area may be granted only by the CFO or delegated person.

**3.3** No person other than storekeeper, or any other person designated by the CFO, may have access to any key for such area.

**3.4** No person other than the storekeeper, or any other person designated by the CFO, may have control over the administration of the inventory items.

## **4. Receiving of inventory items**

**4.1** All items received should be verified with the purchase order and inspected for proper quantities, quality to ensure receipt of what was ordered.

**4.2** The delivery note is then signed indicating acceptance of goods received.

## **5. Issuing of inventory items**

- 5.1** Only the Storekeeper shall be authorized to issue goods from the storeroom.
- 5.2** Inventory items should only be issued in terms of a properly authorized requisition form.
- 5.3** Specimen signatures of all persons authorized to sign requisition shall be supplied to the Storekeeper.
- 5.4** If the signature is not of an authorized official, the requisition should be sent back to the respective department / section.
- 5.5** The issue register must then be completed; Control of an issue register is the responsibility of the storeroom.
- 5.6** The Storekeeper and the recipient of goods must agree that the goods requisitioned, agree to the goods
- 5.7** The storekeeper and the recipient of goods must agree that the goods requisitioned, agree to the goods drawn from stores which is consistent with the issue register.
- 5.8** Once the items in stores have been issued, the stores register as well as the cardex cards must be updated by the Storekeeper.

## **6. Shelving**

- 6.1** Stores Officials should categorize and organize storage areas for efficient, logical and safe storage of all supplies.

## **7. Damaged Goods**

- 7.1** Damaged goods from Suppliers must be returned to the supplier for credit or replacement.
- 7.2** In the case where an official request items in the store room and item is damaged or broken the requesting official must write a report to Finance department within seven days and failure to submit the report the requesting official must buy the item.

## **8. Monthly Stock taking procedures**

- 8.1** Stock taking is done on the first day of the month and no requisition form is completed nor is inventory items received in the Storeroom.
- 8.2** Stock taking procedure is done by a team of two delegated persons from SCM and one from either Income section or Expenditure section not involved in the day to day activities of the stores section.
- 8.3** The person delegated to do the stock count must make appropriate notation on the inventory sheet. At the conclusion of each section the person must sign and write the date on the inventory sheet.

**8.4** At the conclusion of all inventory section all discrepancies will be double checked, the delegated person will make appropriate adjustment(s) and the CFO will approve such adjustment(s) to correct inventory records to actual count.

**8.5** All the print outs, original documents, working papers, adjustments and corrected inventory printouts are placed on the file.

## **9. Inventory levels**

**9.1.** The following should be determined to maintain the optimum stock levels: minimum, maximum and re-order levels.

**9.2** Slow moving or obsolete stock.