

Stock Management Training Module

Federal Democratic Republic of
Ethiopia Ministry of Finance and
Economic Development

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ACRONYMS

DSR	-	Damage/Shortage Report
EFG	-	Ethiopian Federal Government
FIFO	-	First In First Out
GP	-	Gate Pass
GOFAMM	-	Government Owned Fixed Asset Management Manual
MoFED	-	Ministry of Finance and Economic Development
PAO	-	Property Administration Officer
PAU	-	Property Administration Unit
PPPAA	-	Public Procurement and Property Administration Agency
PPAP	-	Procurement and Property Administration Proclamation

INTRODUCTION

This training material is prepared in compliance with the Ethiopian Federal Government (EFG) Procurement and Property Administration Proclamation (PPAP) NO.649/2009 and the FGE financial laws, regulations and manuals. As part of the implementation of Civil Service Reform Program, Ministry of Finance and Economic Development (MoFED) has launched property management reform. Consequently Government Owned Fixed Asset Management Manual (GOFAMM) and stock management manual has been developed. It is therefore essential to provide training to orient and strengthen the capacity of staff working in the property administration process or units of public bodies.

Aim of the training

The aim of this training is to provide participants with:

- A clear understanding of the principles and procedures of effective management of stock,
- The capability to handle the stock management activities
- Knowledge of what rules and procedures govern FDRE property administration

Training Outcomes

By the end of the training program, participants will be able to:

- Describe the function of effective stock management, the FDRE stock management process and the role of staff in managing stock
- List the activities associated with effective stock management
- Conduct stock identification, classification and coding
- receive stocks from various sources successfully
- issue and dispatch stock appropriately
- maintain stock records and accounts
- provides stock reports
- Store and preserve stocks

Training Topics

- Definition of important terms in managing stock
- Identification and classification of stock
- Receiving of stock
- Issuing of stock
- Stock records, accounting and reporting
- Stock taking and stock control
- Storage

Target Audience

This training is designed for those working in the federal and regional public body's property administration processes or units. It is also relevant to those in functions that include close interaction with property administration, such as procurement, finance and account's staff.

Duration

4 days

Methodology

Lecture, discussion, group work

The ideas, issues, experiences that spring-up among the participants during discussions would be one of the most important elements of this

training program. As is true in any training session, you will have to be the judge of how relevant and contributory these experiences are. But remember the more participation through discussion, the greater the opportunity for the training to impact and to stick.

PART I: GENERAL TERMS RELATED TO STOCK MANAGEMENT

Objectives

At the end of this part of the training, participants will be able to:

- Describe stock management
- List stock management functions and responsibilities
- Differentiate the stock management system from fixed asset management
- Appreciate the justification for holding stock.

1.1. WHAT IS STOCK MANAGEMENT?

Before defining stock management, it is wise to define stock in the context of this training material.

Stock means all properties purchased, produced or donated to the public body and held temporarily in stores until used by the public body.

These properties include fixed assets and supplies.

The management of stock is similar with that of fixed asset management until property is issued out of the stores. Fixed asset management follows definite stages once the goods are out of the store. The phases include valuation of fixed asset, entry into the fixed asset register, entry in to the custodian's card and annual fixed asset count.

Fixed asset means tangible asset with a unit value above birr 1000 and above that is in operational use and that has a useful economic life of more than one year, such as furniture, computers, heavy equipment vehicles, ships and air craft, buildings road, sewers, bridges, irrigation system, dam and the like.

Supplies means all public property other than fixed assets, which can be consumed within one year and the unit value is less than birr 1000.

Store means place where property is stored. It includes storehouses and stockyards.

1.2 JUSTIFICATION FOR HOLDING STOCKS

In facilitating the smooth running of approved programs, public bodies are sometimes forced to hold stocks for the following reasons.

- a) Anticipated price increases may necessitate early buying for storage
- b) Bulk purchases may lead to economic procurement

- c) Need to avoid interruption of public bodies operation due to running out of stock
- d) Imported stock require large lead time for transportation/shipment
- e) Unable to find dependable supplier, delivering materials of the right quality on the right time.
- f) To keep strategic stocks(like fuel and oil and important drugs) that are not acquired easily from the domestic market

1.3FUNCTIONS, DUTIES AND RESPONSIBILITIES OF PROPERTY

ADMINISTRATION STAFF

Stock management functions

There is range of activities in managing stocks ranging from identifying the need for stock to receiving, to using and disposing. For clarity and brevity, it is important to identify the typical functions that fall under stock management and its relationship with other functions in the broader supply system.

Stock management involves the following functions and activities:

- (1) Identifying stock: - this function involves classification and coding of stock.

- (2) Receiving: - activities performed in this function include receiving of fixed assets, and stocks from all sources and conducting inspection.
- (3) Issue: - handing over stocks and fixed assets to users departments and outsiders are the activities under this function.
- (4) Stock record and accounting: - the major activities under this function are keeping and updating and reporting the record for the movement of stock.
- (5) Stock taking and stock control: - this function involves the periodic physical count of stock and fixed assets in storehouses, and ensuring materials and supplies are available when needed.
- (6) Storage: - the proper keeping and preservation of stock and fixed assets while it is in store houses and stock yards.

In performing these functions, there exists relationship with procurement and users departments/units.

Duties and Responsibilities in managing stock

It is impractical to find identical organizational structure, title of posts and number of staff assigned in different Federal public bodies in the Public Procurement and Property Administration unit. Nevertheless,

based on their nature of work, personnel assigned at the Public Procurement and Property Administration Unit can be classified as managerial and supervisory, record keeping and custodian.

In the context of this manual staff assigned in the managerial and supervisory posts are termed as “Property Administration Officers” (PAO), the custodians as “store keepers” and personnel work in record keeping as “stock clerk”.

The managerial and supervisory personnel are responsible for the overall operation of the stock management activities. The PAO is responsible for proper operation of the overall stock management system. PAO coordinates with users departments as to future needs for materials and supplies. He/she supervises the requisition, distribution, stock taking and control of stock.

The custodians are responsible for keeping the physical stock. The responsibilities of the store keeper involve the receipt and proper inspection of public property received from all sources, issue and custody of stock.

The record keeping staff is engaged in keeping the stock records and updating these records with the stock movements. The stock clerk is

responsible for the timely posting from source documents of stock movement and updating of stock records in terms of quantity, value and preparing reports on stated time.

Activity 1. Group work

Discuss the following questions with your group and write the answer.

Time allowed: One hour

1. Explain the stock management functions.
2. Some argue that keeping stock is costly, therefore use only Just In Time (JIT) system. Respond to this view by stating the advantages for holding stock.
3. Describe the three important positions/units for managing stock.
Why are they important?

PART II: STOCK IDENTIFICATION AND CLASSIFICATION

Objective

At the end of this part of the training participants will be able to:

- Explain stock identification and classification
- Appreciate the benefit of stock identification
- Perform stock classification and coding in their organizations

2.1. STOCKS IDENTIFICATION AND CLASSIFICATION

The normal way of identifying an article is by simple description, but this by itself is not satisfactory for the stock purpose. Several different names may be used for the same thing, for example a dust bin, refuse container or rubbish receptacle. Again in order to identify some article accurately a very long complicated description is required. Take for example paper used as stationery; there are many kinds of papers, to identify only one of them properly, it is necessary to say that it is typing paper with specific size and colour. Therefore, it is necessary to have some logical basis of identification which is more precise and less cumbersome. This can be done first by classifying the stock and assigning a code for each specific stock item.

Classification means systematic arrangement in groups or categories of stocks according to end use. The important principles of stock classification are the like should be associated with the like; simplicity and ease of understanding of the stocks should be given paramount consideration.

A code is a system of symbols or numbers or a combination of symbols and numbers used for representing data for purposes of communication or for storage or for processing information.

Each type of stock should be given number or letter or a combination of numbers and letters, which prevent it from being mixed with other types of stocks. Some of the requirements for stocks coding are the following:

- (a) One stock type should not be mistaken for another
- (b) The coding should preferably tell the type of stock
- (c) The coding system should be simple and easy to understand
- (d) The coding system should be flexible and able to take any reasonable increase in the number of stocks

2.2. WHY CLASSIFICATION AND CODING

Classification and coding are necessary for the following reasons.

- (a) To avoid repeated use of long descriptions in all stores documents which entail more clerical labour and confusion

- (b) Accurate identification of all stock items
- (c) Prevention of duplication, since similar items will be group together and once an item is coded should not be given any alternative code number
- (d) Codes assist in standardization, which is the most important use of stock code. Standardization of stock is the process of reducing the number of varieties stocked, to a controlled workable minimum. The classification of like items makes it easy to examine the complete range of any given type of stock and consider whether the number of varieties held can be reduced and standardized. A simple example of this process is the standardization of paper. Paper of different sizes and weights (A-4, A-3 80 gram, 70 gram) and paper of different colour (white, blue ,pink and yellow), still paper for different use (typing, duplicating, and photocopying). When all different types and sizes of paper have been coded and listed, the list can be examined to see whether the range is too detail or not. An examination of the uses served by the paper could result in standardization on one or two types only. Such standardization improves the management of stock and procurement. Product standardization can be a powerful stock management tool when it is used to reduce duplicate and redundant items in stock and

aggregate the demand of seldom purchased products. The reasons for standardization may include reducing costs, simplifying supply support efforts, or improving quality. Without standardization, there is little to prevent random purchasing and supply decisions

- (e) It serves as storehouse location and allocates the storage space
- (f) It provides as a base for sorting stock documents like receipts and issues
- (g) Coding simplifies computerization and data processing
- (h) The classification/code system can be used as a means of physical control for location and storage of stocks.

2.3. FDRE STOCK CLASSIFICATION

Following EFG chart of accounts this classification each public body is expected to comply and categorize its stock.

Figure 1

Classification	Code
Uniform, clothing and bedding	4401
Office Supplies	4402
Printing	4403
Medical Supplies	4404
Educational Supplies	4405
Food Items	4406
Fuel and Lubricants	4407
Other materials and articles	4408
Agricultural, forestry, and marine input	4409
Veterinary supplies and drug	4410
Research and development supplies	4411
Ammunition and explosives	4412
Building and construction materials	4413
Spare parts	4414
Raw materials stocks	4415
Work in progress stocks	4416
Finished goods stocks	4417
Other materials and supplies	4418

There are three levels of classification for the stock of materials and supplies of public bodies. The first one will be the major classification as

indicated in figure 1. The second one is the sub classification under the major classification. The third classification is identifying the specific item within the sub classifications.

Let us illustrate this with example. Suppose we consider office supplies as major classification, there are many items in this classification to be sub classified as stationery supplies. Consequently, we may further group the stationery items and identify the individual item. Say A-4 size photocopies paper, which is the specific item.

The code system for public bodies assigns ten digit code numbers to each specific item. Working from the left to right each digit places the item in a successively narrower class until further differentiation is not required. The first four digits are used for the major stock types. The next three numbers indicate the sub class and the last three numbers indicate the specific item. The following example illustrates the concept.

The code given for a stock item is 4402- 001- 001. The first four digits indicate the item is office supplies, the next three digits i.e., 001 indicate the sub class within the office supplies let us consider this as stationery

supplies. The last three digits indicate the specific item within the sub class stationery supplies; let us designate it as white A-4 size photocopy paper.

2.4. PROCEDURES FOR DEVELOPING CODING SYSTEM

The procedures to develop the system of identification include the following.

- (a) Visit all store houses and stock records so that their current system for identification of stock is inspected, and record in full the system of identification of stock. List all the stock items and if available their yearly consumption. This can be easily obtained from the bin cards or other stock documents. Emphasis is only on stock item.
- (b) Classify all the items on major class following the classifications as given in figure 1 of this part. Assign the four digit number code for each major classification.
- (c) Reclassify each classification in to sub classes. For example uniform further be classify into uniform, clothing and bedding. The sub class is assigned three digits from 001 to 999. There is no hard and fast rule for regrouping of each item. The important thing to consider is the number of line items used by each public body. It is also important to know that the degree of detail in sub

classification depends on the benefit you obtain from the information. If it is too detail it can only understood by experts and leads to confusion.

- (d) Reclassify each sub class in to sub specific item. For example uniform further be assigned three digit number from 001-009 to the specific item.
- (e) Consult the procurement unit, the accounts/finance unit and the users departments to get their agreement.
- (f) Once you get the agreement, complete the stock code and distribute copies to the units really have need of it.
- (g) Amendments are published at least yearly. Changes are not made in classifications unless there is a change in FGE chart of accounts.

Please note that it may not be advisable to include every item of stock. Stock Items which are seldom required are bought and used straight away and other items of non- repetitive nature should be avoided from the code.

Activity II Group work.

Time allowed: 2 hours

Please discuss the following questions with the small group members assigned with you. Write your answer and present it to the larger group.

1. Discuss the difference between stock identification and classification.
2. Identify the difference between coding of stock and coding of fixed asset.
3. What are the advantages of stock identification, classification and coding?
4. Bring the list of stock items from your public body classify and assign code for these stock items in accordance with this training material.

PART III: RECEIVING AND INSPECTION OF STOCK

Objective

At the end of this part of the training, participants will able to:

- explain stock receiving and inspection
- recognize the responsibility for stock receiving and inspection
- carry out receiving and inspection of stock

3.1 MEANING OF RECEIVING STOCK

Stocks are received in storehouses from outside suppliers, donors and from user departments within the organization.

The process of accepting all materials to stores from all sources is known as receiving stores. Stocks must be properly looked after when they arrive. The problem of quantity shortage, damaged materials, incorrect items shipped, is detected during receiving.

The amount of documentation and inspection depends greatly on the nature of the item. It is desirable to avoid a lot of paper work, if this can be done without the risk of mistake in receiving the goods. Similarly, the extent of physical examination, weighing, counting, etc. of goods received should be arranged in the most economical way to avoid

unnecessary delay or expense. If store houses are not open for all hours of the working days, it is advisable to inform the days and times during which facilities will be available to accept deliveries.

3.2 RESPONSIBILITIES FOR RECEIVING STOCK

The responsibilities of the store keeper involve the receipt and proper inspection of materials received from all sources.

The Procurement Officer is responsible for ensuring that materials accepted by the store house satisfy the ordering specifications given on the Local or Foreign Purchases Orders.

3.3 RECEIVING PROCEDURES

As a general rule before receiving a stock or fixed asset and put to use from whatever source ensure the following.

- (a) Make sure that proper authority authorize preferably in writing the receipt of the item.
- (b) Assign a particular place for receiving the stock or the fixed asset that is typically the store house and sometimes the uses departments.
- (c) Do not put to use the stock or fixed asset before the receiving procedure is fully completed.

RECEIVING FROM OUTSIDE SUPPLIER

A typical receiving procedure from outside supplier consists of four steps:

1. Unloading and checking the shipment: - packed stocks are checked for external damage.
2. Unpacking and inspecting the stock: - The store keeper checks the material received against the packing slip and against the copy of purchase order to verify whether the correct items are received. For items that cannot be inspected by the store keeper because of its technical nature, they shall be inspected by the user or by authorized representative of the user department. For highly sophisticated items that need laboratory test, the procurement officer is responsible to carry out the test and inspection. This kind of testing and inspection can be undertaken in the supplier's works or in other facilities outside the organization. the storekeeper should receive all stock after getting approval from technical committee.
3. Completion of the receipt for articles or property: - After inspection and satisfaction that the materials are in good

condition and as per specification the inspector shall prepare note for acceptance and are in good condition and fit for use.

Only the materials which shall be accepted by the inspection are to be received into the store by issuing model 19(receipt for articles or property received). The model acts as evidence for the receipt of materials into the store. Model 19 shall be prepared in four copies and distributed as follows.

- (a) The original shall be attached to the supplier's invoice and shall be sent to the Accounts Unit to support payment
- (b) The duplicate copy shall be given to the stock clerk to register store movement
- (c) The triplicate to the supplier/ deliverer as evidence of receipt of the good
- (d) The fourth copy is the book copy for the storekeeper's reference.

4. Delivery of the material: - for non-stock materials, such as fixed assets and materials acquired for a specific purpose, the store keeper is responsible for delivery of the material to the user department after completing the issuing procedures.

MATERIALS RETURN TO STORE

From time to time stocks may move from one store to another or from user departments to stores. There is no need for quality inspection for internal movement of goods. For new supplies that are returned to

store from user departments the store keeper will prepare model 19.

The distribution will be the same as stated above, except that the copy for finance and accounts will be retained with the pad. Since payment will not be effected. Fixed assets return to store will follow GOFAMM.

3.4 MATERIALS REJECTED RETURN PROCEDURE

Stocks and fixed assets which are rejected by the inspector for whatever reason must be returned to the supplier immediately and be accompanied by the Damage/Shortage Report. The DSR is evidence that materials have been returned by the public body to the supplier.

The store keeper shall raise DSR in 4 copies and shall be distributed as follows:

- (a) The original shall accompany the stock or fixed asset being returned to the supplier
- (b) The duplicate copy shall be sent to the Accounts/finance unit
- (c) The triplicate copy shall be sent to the Procurement Officer
- (d) The forth copy is a book copy for reference purposes by the store keeper

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MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

DAMAGE/SHORTAGE REPORT

ለ _____
To _____

ቀን _____
Date _____

ከዚህ በታች የተዘረዘሩት ጉዳት/አእጥረት/ብዛት/የጥራት ጉድለት የታየባቸው ናቸው፡

With reference to the goods listed below, the goods have arrived damaged/shortage/overage/not the right quality.

ተራ ቁጥር S. No.	የንብረት ዝርዝር Description of the Item	የተጠየቀው ጥራት Quality Advised	ልዩነት Discrepancy

የዕቃ ገምጃ ቤት ሠራተኛው ስምና ፊርማ
Name and signature of the store keeper

ስም
Name _____

ፊርማ
Signature _____

3.5. INSPECTION

Inspection is the procedure associated with the receipt of goods and their placement in storage is a check for quality. The increased concern for quality emphasized more on 100% inspection. But inspection has also costs like destructive testing. So balance is needed when inspection takes place.

Depending on the number and type of commodities, inspection can be undertaken by:

- (a) storekeepers, when item is few in number and simple in its complexity
- (b) technical staff from users department
- (c) inspection department if it exist in the public bodies
- (d) inspection at supplier's work or at the premises of public body
by independent inspectors

Whoever performs the inspection, the examination of the goods is for quality to ensure items are fit for use. The inspector should be provided the copy of the purchase order and relevant specification and samples

to perform the task of inspection. To check quality, follow the following steps.

- (a) Check the purchase order, the packing slip against the stock or fixed asset
- (b) Obtain the material specification and test the stock or fixed asset against the specification
- (c) Count, measure and check the quantity of stock and fixed asset against the purchase order and the packing slip
- (d) Fill the Damage/Shortage Report for any discrepancy

Activity III Group work

Time allowed: 2 hours

Please discuss the following questions with the small group members assigned with you. Write your answer and present it to the larger group.

1. Explain the term stock receiving.
2. Do you think that proper receiving stock contribute to quality? If yes how?
3. Assuming that the public body, where you are working procure the following items from three suppliers
 - a) Photocopy paper 50 pack
 - b) Shoes for the workforce 60 pair (30 for male and 30 for female)
 - c) Four computers with 50 accessories

These items are delivered to the stores by the supplier. Out of the delivered shoes, 15 pairs were for female and 45 pairs for male.

What procedures would you follow in receiving the goods? (Indicate the steps you follow as well as form to be used)

PART IV ISSUE OF STOCK

Objective

At the end of this part of the training, participants will able to:

- Define the stock issue procedure
- Spot the responsibility for stock issue
- Execute issue and dispatch of stock

4.1 MEANING OF ISSUE OF STOCK

Service given by storehouse to users department becomes effective at the point where the store keeper issue stocks. Issue can be divided into issue to user departments/units and issue to outside branch stores and consumers. Stock represents money, in order to avoid misappropriation or waste procedure should be laid. From scheduling point of view, issues are made:

- (a) On imprest basis: - this is issuing stock, at the end of given period, say a week or a month. The user concerned prepares a list of materials consumed during that given period of time and presents stores requisitions. This type of issue is appropriate for stationery supplies.

- (b) Replacement issue: - for certain items like vehicle tires and tools, users are required to present used article to the storekeeper before a new one can be issued.
- (c) For non stock items like fixed assets, goods are issued and delivered upon receipt by the storekeeper

4.2 RESPONSIBILITIES TO ISSUE STOCK A responsibility on the function of issue of stock rests on the following three bodies.

- (a) The PAO has the overall responsibility for ensuring that stocks issuing procedures are adhered to
- (b) Heads of departments/units are responsible for ensuring that all issues of stocks to their departments are made in accordance with their requirements and that such stores are put in good use only for the official purpose of the public body
- (c) Storekeepers are responsible for ensuring that stocks are issued to authorized persons only who bring to the store properly completed Stores Requisitions.

4.3 STOCK ISSUE PROCEDURES The procedure for stock issue for users departments involves the following three steps.

(1) Approval of Requisitions: Before stocks can be issued there must be proper authorization. Store keepers should keep full details of the names, title and specimen signature of all persons delegated to approve issue notes in a separate file. For some materials, it might be necessary to restrict issuance to certain levels of management, e.g., use of drugs, chemicals or explosives must be restricted to authorized individuals.

(2) Processing of Requisitions:

As stocks are needed they should be requisitioned by the users department using Model 20. The aim of raising a Stores Requisition is to authorize issue of stocks. The stores requisition is prepared by users department in single. This form should be forwarded to PAO for approval.

Stocks of any type should only be issued to persons who produce properly raised Stores Requisitions. Following the receipt of the store requisition, the storekeeper prepares model 22(receipt for articles or property issued) handover the stock requested.

The store keeper prepares model 22 in 3 copies to be distributed as follows.

- (a) The original shall be attached to the Stores Requisition and sent to the stock clerk for posting the issue in stock records
- (b) The duplicate copy shall be sent to the department/unit that requisitioned for the stocks

- (c) The triplicate copy shall be retained in the pad by the storekeeper for reference

(3) Receipts by user Department of Materials and Supplies Requisitioned:

When delivery is made, all items should be counted and inspected by the ordering department. Assurance should be made that the articles requisitioned are being delivered in the quantities requisitioned and approved by the PAO.

DISPATCH OF STOCK

Stocks are dispatched outside the organization for various reasons. For some public bodies goods are sent to branch offices; sales of scrap and used items to outsiders; and finished goods are sent to customers. The following procedure shall be followed in dispatching goods.

Every material leaving the public body must be accompanied with a written authority of the PAO. This is done by using the gate pass.

The gate pass is prepared to control the movement of goods outside the premises of the public body.

The Gate Pass shall be prepared in 3 copies and shall be distributed as follows:

- a) The original to accompany the materials leaving the public body and given to the person who receive the stock to serve as reference of the material received.
- b) The duplicate copy shall be given to the Storekeeper
- c) The triplicate copy shall be given to the Security Officer/Security guard for record and reference

Fixed assets follow the procedure indicated at GOFAMM.

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MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

የስቶክ ማውጫ ፈቃድ
GATE PASS FOR STOCKS

የመ/ቤት ሥም _____ **ቀን** _____ **መለያ ቁጥር** _____
Public Body _____ **Date** _____ **Serial No.** _____

ዕቃው እንዲወጣ የተፈቀደበት ምክንያት _____
Reason for dispatching stock

ከዚህ በታች የተዘረዘሩት ስቶኮች እንዲወጡ ተፈቅዷል፡፡
The following goods are authorized to dispatch

ተራ ቁጥር S. No.	የንብረት ዝርዝር list of Items	መለኪያ Unit	ብዛት Quantity	ምርመራ Remark

የፈቃድ ሥምና ፊርማ
Name and signature of the PAO
ሥም
Name _____
ፊርማ
Signature _____

Activity IV Group Work

Time allowed: 2 hours

Please discuss the following questions with the small group members assigned with you. Write your answer and present it to the larger group.

1. Discuss the mining of stock issue
2. List the persons responsible for issuing stock. What are the responsibilities?
3. What steps are followed and forms are used in receiving stock by public body?
4. What are the procedures and forms in dispatching stock by public body?

PART V STOCK RECORDS, ACCOUNTING AND REPORTING

Objectives

At the end of this part of the training, participants will be able to:

- Describe the stock records
- Identify the responsibility for issuing stock
- Perform stock recording, accounting and reporting

Time allowed: 2 hours

5.1 IMPORTANCE OF STOCK RECORDING

Control of stocks cannot be performed in an efficient manner without some means of capturing and storing information. Adequate and timely record-keeping is required for proper stock-control. Records maintained keep track of the movement of stocks into and out of the storage areas and the balance of stocks remaining in the stores. The main reasons for keeping records are:

- (a) To indicate the amount of stock of any item at any time without it being necessary for the stock to be counted physically
- (b) To establish a link between the physical stock and the stocks account

- (c) To provide a means of provisioning, i.e., determine how much should be ordered to maintain stocks at the required level
- (d) To supply information for stocktaking, whereby the quantities of all stock items in the storehouse ascertained by physical check are compared with the corresponding quantity balance on the records

5.2 RESPONSIBILITIES FOR RECORDING STOCK Three organs are responsible for stock records, accounting and reporting.

- (a) The PAO officer is responsible for the overall design and proper maintenance of stock records
- (b) The stocks clerk is responsible for the timely posting from source documents of stock movement and updating of stock records, both in terms of quantity and value and preparing reports on stated time
- (c) The store keeper is responsible for updating the bin cards

የገንዘብና ኢኮኖሚ ልማት ሚኒስቴር
Ministry of Finance and Economic Development
ቢን ካርድ
BIN CARD

የመንግሥት መ/ቤቱ ሥም

Public Body-----

ገፅ ቁጥር

Page No. _____

የዕቃው ዓይነት

Description of item _____

የዕቃ መለያ

Item code _____

መለኪያ

ዝቅተኛ መጠን

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Unit _____

minimum level _____

Max. level _____

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Shelf No. _____

ቀን Date	ማጣቀሻ ቁጥር Ref. No.	የተቀበለው መጠን Quantity Received	ወጪ የተደረገ መጠን Quantity issued	ከወጪ ቀሪ Balance	ምርመራ/አስተያየት Remark

የገንዘብና ኢኮኖሚ ልማት ሚኒስቴር
MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

የስቶክ ሪከርድ ካርድ
Stock Record Card

የ:.....መሥሪያ ቤት

Public Body

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Page No.

የዕቃው መጠሪያ

Item Description

የዕቃው መለያ

Item Code

ቀን Date	ማጣቀሻ Posting Reference	ገቢ Receipt			ወጪ Issue			ሚዛን Balance		
		ብዛት Qty.	ያንዱ ዋጋ Unit Price	ጠቅላላ ዋጋ Total value	ብዛት Qty.	ያንዱ ዋጋ Unit Price	ጠቅላላ ዋጋ Total value	ብዛት Qty.	ያንዱ ዋጋ Unit Price	ጠቅላላ ዋጋ Total value

STOCK ACCOUNTING AND VALUATION

The main records involved in stock accounting are

- (a) stock record for individual item
- (b) stock control account for classification of items
- (c) main stock account for the total stock

Stock record for individual item shows the quantity, unit price, value of each transaction and total value of the balance on hand. Receipts are treated as debit entries and issues as credits, and the value of stock on hand is, therefore, debit balance. Stock increases as a result of goods received and goods returns to store. Stock decreases as a result of issue. The store clerk should obtain a source document before the recording the increase (debit) and the decrease (credit) of each transaction.

For stock control accounts, the stock records should be kept in classification order in accordance with the coding system, i.e., from 4400 to 4499 and for each classification there should be a control account like for food one control account, for office supplies another control account etc.

Receipts documents are summarized at interval, say weekly or monthly and one total posting is made to each control account. Similarly, issues are aggregated each week or month and posted to each control account.

The main stock account shows for the whole public body the total value of receipts, the total value of issues and the value of the balance of stock on hand. In the same way the stock control account “controls” the stock records, the main stock account “controls” the stock control accounts. Its balance should, therefore, equal the sum of the balance of the stock control accounts. Periodical check, preferably monthly should be made to verify that there is no discrepancy.

Stock valuation

Under FIFO, the assumption made here is that the oldest stock is depleted first. Therefore at the time of issue, the rate pertaining to that will be applied. This is logical in the case of items which deteriorate with time. In FIFO process, the value of the stocks held on hand is the money that has been paid for that amount of stock at latest price levels.

Provision for obsolete, damaged and/or dead stocks shall be made on specific items determined during the year end stock taking.

Figure 3

Description of the item — Pencil Code NO. 4402---001---006

Date	Posting Reference	Receipts			Issues			Stock on Hand		
		Qty	price	Value	Qty	price	Value	Qty	price	Value
01/01/00		-	-	-	-	-	-	-	-	-
07/01/00	M 19	1000	1.00	1000	-	-	-	1000		1000
14/01/00	M 19	2000	1.10	2200	-	-	-	3000		3200
20/02/00	M 22	-	-	-	1000	1.00	1000	1500		1650
					500	1.10	550			
28/02/00	M 22	-	-	-	500	1.10	550	1000		1100
29/02/00	M 22	-	-	-	200	1.10	220	800	1.10	880

Assuming no other transaction during the month the balance of stock for this particular item at the end of the second month using FIFO method is birr 880 with 800 units. Please be aware that if there is no change in unit prices, other methods of valuation will give the same result in terms of value.

5.3 STOCK REPORTING

The ending balance of the stock items should be reported to the finance and account unit in terms of value.

(a) The store clerk should report totals of values of stock on hand at the end of each accounting period, by each categories of classification using the account code of 4400 - 4499 for the account unit. The stock clerk should produce the following report from the control account for each major classification of stock. The balance indicates the value of stock held at the end of the budget year, i.e., July 8 of the specific budget year.

Stock Classification	Account Code	Balance
Uniform, clothing, bedding	4401	
Office Supplies	4402	
Printing	4403	
Medical Supplies	4404	
Educational Supplies	4405	
Food Items	4406	
Fuel and Lubricants	4407	
Other materials and articles	4408	
Agricultural, forestry, and marine input	4409	
Veterinary supplies and drug	4410	
Research and development supplies	4411	
Ammunition and explosives	4412	
Building and construction materials	4413	
Spare Parts	4414	
Raw materials stocks	4415	
Work in progress stocks	4416	
Finished goods stocks	4417	
Other materials and supplies	4418	

The account unit of each public body uses this report to pass entry of the opening and ending stock balance as given in the Manual III of FGE accounting system.

In case, there are fixed assets in the store house at the end of the accounting period, the value of the assets should be reported to the accounts unit of the public body using the Fixed Asset Report Part I of GOFAMM. Note that; new fixed assets that are not put into use will not have depreciation value.

- (b) The stock clerks are also expected to produce periodic report, preferably at each quarter, indicating the movement of each stock. The stock clerk is also expected to generate report that serve for material requirement planning. This report will serve management to take action on dead and slow moving items as well as provisioning.

Activity v Group work

Time allowed: 2 hours

Please discuss the following questions with the small group members

assigned with you. Write your answer and present it to the larger group.

1. What do public bodies require for recording of stock?
2. Who is involved in recording stock?
3. What are the two main stock record forms? Who will handle them? List the benefit of these forms.
4. What are the contents of stock report? Who prepare the stock record?
What are the stock documents for stock report?

5. At the end of 2001 E. C. budget year, the following stock items were found in stores: -

a) Food items	Birr 3000
b) Stationary Items	" 6500
c) Fuel and oil	" 6000
d) Uniform	" 500

Prepare stock report.

6. Given the following inventory data for a specific item for a particular month.
 - Beginning inventory 20 units at \$50/unit
 - Purchased 10 units at \$45/unit
 - Purchased 35 units at \$55/unit
 - Purchased 20 units at \$65/unit
 - consumed 60 units at \$80/unit

What is the inventory value and quantity at the *end of the month* using FIFO?

PART VI STOCK TAKING AND STOCK CONTROL

Objectives

At the end of this part of the training, participants will be able to:

- distinguish stock taking from stock control
- recognize stock taking objectives
- appreciate stock taking and stock control

6.1 MEANING OF STOCK TAKING AND STOCK CONTROL

Stock taking is the complete process of physically counting, measuring or weighing the entire range of items in the stores and recording the results in a systematic manner. The purposes served by stock taking are as follows:

- (a) To verify the accuracy of stock records
- (b) To support the value of stock shown in the stores documents by physical verification
- (c) To disclose the possibility of fraud, theft or loss
- (d) To reveal any weaknesses in the system for the custody and control of stock

Stock control is the activity of determining the range and quantities of materials which should be stocked. It involves techniques of maintaining

stock items at levels which give satisfactory service level while minimizing stockholding costs. The major objective of any stock control system is to assure that materials are on hand when they are needed.

Specifically the objectives are:

- (a) To determine when to replenish, by what quantities to replenish and to fix minimum and maximum levels for each stock item
- (b) To identify damaged/obsolete stock items

6.2 STOCK TAKING

There are two widely used methods of stocktaking: periodic and continuous. Public bodies can select any of the method appropriate for their specific needs.

- (1) By the periodic stock taking method, the whole of the stock is covered at the same time at the end of the given period, usually the end of the fiscal year. Under such method the operation of the store should stop until stock taking is over.
- (2) Continuous stock taking is the method where by stock is taken throughout the year in accordance with a predetermined program so that each item is physically verified at least once in the course of the year, or more frequently if required.

STOCK TAKING PROCEDURES

- (1) All stocks in storage shall be checked at least once within the fiscal year. The PAO may issue instructions for some categories of stocks to be stock-checked every month end. The categories of stocks which have to be stock-checked at the end of every month are:
 - (a) High value stocks
 - (b) Dangerous stocks
 - (c) Stock with great risk of pilferage
 - (d) Stock with rapid usage
- (2) Stock taking must be done by competent and knowledgeable persons who shall carefully observe the established stock taking procedures and attend the pre-stocktaking seminar.
- (3) The store keepers should not be members of the stock taking teams but they are required to know what they keep, guide the stock taking teams during counting and watch the security of stocks during the stock taking process.

- (4) As far as possible each stock-taking team shall consist of an expert or technician who is knowledgeable, capable and experienced in the stocks being subjected to counting.
- (5) The stock taking teams shall be given pre-stock taking training/seminar on how to record on the stock-taking papers, how to count, how to weigh, how to measure and how to identify the stocks.
- (6) Serially numbered stock taking sheets shall be prepared in advance. The stock shall be pre-typed on the sheets in logical order, usually in the same order as they are stored on the shelves and records in the stock records.
- (7) The management shall establish date of stock taking, stores to be stock checked in each designated day, time of starting and ending stock taking in each day, break-time and lunch time. To prevent double counting, coloured stickers shall be adhered on the counted stocks.
- (8) In order to account for the pre numbered stock taking sheets and to prevent possible spoilage and misuse, the stock taking sheets shall be given to the recorder on signature and

to return the same sheets fully completed to the Head of Stock taking teams.

- (9) Comparison between the physical stock quantities with the stock records and bin card shall be done in order to establish whether or not there are discrepancies. Discrepancies shall be investigated and corrective action taken.
- (10) The stock taking team shall note and date the bin cards **in red ink** that the stocks have been checked.
- (11) The stock taking sheets shall be raised in duplicate.

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MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

የዕቃ ቆጠራ
STOCK TAKING SHEET

የመሥሪያ ቤቱ ሥም
 Public Body: _____

የዕቃ ግምጃ ቤት መለያ
 Stores No. _____

የዕቃ ምድብ
 Stock classification _____

ቀን
 Date _____

ቁጥር No.	የዕቃው መለኪያ of the Item	የዕቃው መግለጫ Category of Asset	ቆጠራ የተገኘ Count	በስቶክ ሪከርድ የተገኘ መጠን Stock Card Balance	ልዩነት Stock Discrepancy	ስቶክ የሚገኝበት ሁኔታ Conditions to Goods	የስቶክ የመጨረሻ ቀን እንቅስቃሴ Last Date of Movement

ስለ ትክክለኛነቱ ያረጋገጠው የንብረት ቆጠራ ቡድን አባላት ስምናፊርማ -----

Name and signature of the stock taking team members

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የዕቃ ግምጃ ቤት ኃላፊ ስም -----

ፊርማ-----

Name of the store keeper

signature

STOCK TAKING TEAM DUTIES

Typical duties of a stock taking team include the following.

- (1) To physically count the available stock, checking the actual stocks with stock cards and balances and then compiling stocks discrepancies list
- (2) Obtaining of explanation for stocks deficiencies and surpluses and recommending rectification action
- (3) Preparing a report on the status of stocks, condition of stock and storage facilities
- (4) Initialling with date stock checked balances on the Bin Cards, and Stock Cards
- (5) Recommending action to be taken on stock deficiencies and surpluses
- (6) Reporting on the condition, sufficiency, security and management of stores
- (7) Reporting on the existence of dormant and slow moving stocks.
- (8) Reporting on inferior stock qualities.
- (9) Reporting on the accuracy and up to datedness of stock records

6.3 STOCK CONTROL

A major objective of any stock management system is to assure that materials are on hand when they are needed. In order to maintain adequate control

over the level of stock, standard order quantities and order points must be established. Whenever stock on hand falls to a minimum level, based on the time lag between order and the delivery of the item, an order should automatically be placed for a predetermined amount.

6.3.1 ORDER SIZE AND FREQUENCY OF ORDERS

The extent of stock holding is determined by the following four considerations.

(a) **Operational needs**, which is the immediate availability of all materials without interruption of operation.

(b) **Time required obtaining materials**. Some goods are available from the stock of the supplier, others require even foreign purchase. The time required between the date of order and receipt of the good varies among different stocks. Therefore it is important to estimate lead time. Lead time is an estimate of the interval between the time that a determination is made as to the need for material and the time such material is delivered. The calculation has two aspects, administrative lead time and supplier lead time. The former is the time lapse between the requisitioning of material and the preparation of a purchase order. Supplier lead time is the additional time lapse before the material is delivered.

To prevent a stock out, public bodies must have an inventory that is at least adequate for usage during the lead time. For example, if the lead time of an item is six weeks, with a usage of 20 units each week, there must be an inventory of at least 120 units when the order is placed to prevent a stock out. If usages and lead times were predicted exactly, it would be possible to limit maximum inventory of an item to the order quantity and a new shipment would arrive just as the last unit of existing stock being used. In practice this cannot be done because suppliers may not keep delivery promises and usage forecasts may be inaccurate. Extra inventory is needed to protect against these contingencies. This extra inventory is called "safety stock". The amount of safety stock required is determined by the consideration of: (1) lead time and the expected lead time variance; (2) rate of usage during the lead time and expected usage variance; and (3) reorder frequency.

(c) **Available Storage Accommodation** - Arrangements must be made to see that deliveries, whatever the quantities ordered, are not too great in amount to be accepted into the available storage accommodation. If this point is not considered carefully, goods requiring covered storage may have to be kept in the open air, or rent may have to be paid for warehousing facilities.

(d) **Cost of ordering** – it is the cost of placing an order. If the ordering cost is high, public bodies tend to buy large quantities of stock.

APPROACHES TO CONTROL

Although there are many systems for the control of stock, both manual and automatic, generally there are only two basic approaches on which these systems are based. Reordering will either take place when stocks fall to a predetermined level, or according to the situation discovered when levels are reviewed on a periodic regular basis. Sometimes these approaches will be used in combination, for example, it might be the case that the reorder level approach is employed with the back-up of regular review of physical stock levels. The two approaches are commonly called the 'action level' method and the 'periodic review' approach.

The action level method

The basic method of controlling stock by quantity is by means of fixing, for each commodity, stock levels which are recorded in the stock control system and subsequently used as means of indicating when some action is necessary. There are various kinds of stock levels, but the fundamental controls are minimum, ordering, and maximum levels. It does not follow that all these are necessary or even desirable for every item, and they should be employed with discretion because the fixing of too many levels makes the work complicated.

The minimum stock level is the amount expressed in units of issue below which the stock of any given commodity should not be allowed to fall. When the level is reached, it triggers off urgent action to bring forward delivery of the next order, and it is sometimes called the 'danger level'. In fixing minimum the main factor to be taken in to account is the effect which a run-out of stock would have upon the flow of work or operations. For many items this effect is negligible, and it may be desirable to have minimum stock level 'Nil'. In other cases, such as raw material or important spare part, the effect of a run-out might be to stop production entirely, and sufficient stock must be held as minimum to avoid shortages at least in normal supply conditions.

The reorder level is the amount expressed in units of issue at which ordering action is indicated in time for material to be delivered before stock falls below the minimum. Two main factors are involved in deciding the ordering level: first, the anticipated rate of consumption, and second, the estimated time which will elapse between the raising of a provision demand and the actual availability of goods in store after receipt and inspection, i.e., the 'lead time'. When the ordering level is reached for any item, before arrangements are finally made to buy a fresh supply, a check should be made to see if there are deliveries outstanding in respect of any existing order.

The hastening stock level is the amount expressed in units of issue at which it is estimated that hastening action is necessary to request suppliers to make early delivery. It is fixed between the minimum and the ordering levels.

The maximum stock level is the amount expressed in unit of issue above which the stock should not be allowed to rise. The purpose of this level is to curb excess investment. In fixing a maximum the main consideration is usually financial, and the figure is arranged so that the value of the stock will not become excessive at any time. Other points affecting this level are the possibility of items becoming obsolete as a result of operational changes, shortage of storage space and the danger of deterioration in perishable commodities. When the level is reached, it is a signal to defer or cancel outstanding deliveries, if any.

Review of stock levels

In order to keep abreast of changing conditions after stock levels have been established in the first instance, they should be carefully reviewed at suitable intervals, e.g. quarterly, monthly or even weekly, and adjusted to meet any changes in the circumstances. Unless this is done, the levels organically fixed soon become out of data and the system of stock control is rendered ineffective.

Other control techniques

Different techniques of managing the supply chain emerged recently. These techniques integrate procurement and the stock management. Some of the techniques relevant for managing stock are indicated below.

ABC analysis: - For public bodies holding a large number of line items may use this technique of selectivity control seems appropriate. ABC inventory analysis is a method of classifying items according to their relative importance. Usage is of key importance for inventory managers and ABC inventory analysis is the classifying of stock items according to their usage.

- (1) The generally accepted assumption is that 20 percent of the items in stock will account for 80 percent of usage. In ABC analysis these items are referred to as “A” items
- (2) “B” items comprise 30 percent of the items in stock and will account for 15 percent of usage
- (3) “C” items comprise 50 percent of the items in stock and will account for only 5 percent of usage

It is not difficult to complete an ABC analysis for your public body’s stock items by identifying the items that account for 80 percent of your usage. This group of “A” items will represent the items that should get the most attention

by monitoring demand information to insure that you have inventory available to match it. Usually it is advisable to order these items on a more frequent basis and work with suppliers to ensure a constant flow material. Normally “B” inventory items will only require moderate attention and “C” items will require little attention. Generally “dead” or obsolete stock items are found in the “C” group.

Working collaboratively with suppliers: - The PPAP sighted about “Frame work contract” that may go in line with this type of technique. Working collaboratively with suppliers, especially suppliers who hold a long term contract, is a great way to improve overall supply chain performance. The primary focus of collaborations is demand forecast information. The more information public bodies can provide the supplier regarding future demands or requirements, the more likely it is that the supplier will be able to support the stock management with shorter lead times. In the ideal collaboration scenario, the supplier helps to maintain minimum inventory levels (or none) and replenishment materials and supplies arrive just in time to meet needs.

Supplier managed inventory program: - the PPAP forward the system of “Public-private partnership.” The supplier managed inventory programs involve the assignment of inventory responsibility to a supplier. There are a

variety of applications that include varying degrees of assignment of supply management responsibilities, store house ownership and location, and risk.

In its simplest form, supplier-managed inventory involves a third party managing the inventory at the customer's location, but the customer still retains ownership of the inventory.

Activity VI Group Work

Time allowed 2 hours

Please discuss the following questions with the small group members assigned with you. Write your answer and present it to the larger group.

1. Describe the stock taking and stock control?
2. Who is/are responsible for stock taking?
3. List the activities of stock taking team?
4. What factors should be considered in determining size and frequency order?

PART VII STORAGE

Objective

At the end of this part of the training, participants will be able to:

- Select storage site and location
- Perform safety and security measures for storage areas

7.1 RESPONSIBILITIES

This part gives guidance on principles that shall be followed when arranging stocks in the store. Public bodies may have one central store or decentralized storehouses, this depends on the geographic proximity to users departments. It is also advantageous to have stockyards for keeping bulky items that are not easily damaged by the weather and easily misappropriated.

- (a) The PAO has the overall responsibility for ensuring that the storehouses are properly arranged and that proper house-keeping is maintained all the time.
- (b) The Storekeepers are responsible for ensuring that the storehouses are clean, well arranged and stocks and shelves are properly labelled.

7.2 OBJECTIVES

Storage objectives are the following.

- (a) The maximum use of horizontal and vertical space of stores
- (b) Ensuring that all stocks are readily accessible
- (c) Efficient and quick movement of stocks
- (d) Provision of maximum protection to stocks against damage, deterioration and un- authorized usage
- (e) Ensuring proper house-keeping

7.3 STORAGE PLAN

Planning of how to use the available storage space is a pre-requisite for efficient and effective storage. The storage plan shows:

- (1) Receiving area and offices
- (2) Direction of storage
- (3) Storage areas
- (4) Inwards and outwards roads and aisles/gang ways
- (5) Issuing area and offices
- (6) Gates

As a guide, the storage aisles must:

- (1) be unobstructed
- (2) be straight
- (3) lead to doors where necessary

- (4) minimize intersections
- (5) be wide enough to permit efficient operation without wasting space

7.4 STORAGE OPERATIONS

The following are recommended for the storage arrangements and operation.

- (1) A Stocks receiving points should be separate from stocks issuing points and where possible in opposite direction
- (2) The stocks shall be stored by classes. The stocks commonly associated with each other shall be stored near each other
- (3) Fast moving stocks should be stored near the issuing place in order to quicken and simplify issuing task
- (4) Dormant stocks, slow moving stock, and light and easy to handle materials shall be stored in distant locations
- (5) When allocating storage space consideration shall be given to size, length, width and volume of individual materials.
- (6) Consideration shall be given to characteristics of the stocks, such as, ease to get rust, flammability, hazardousness and fragileness.
- (7) The storage buildings and facilities should be clean all the time and the stored materials should be tidy, neatly arranged and properly labelled.
- (8) There should be neat and orderly arrangement of shelves, racks and bins

7.5 STORAGE SAFETY AND SECURITY

Major activities in the day to day operation of storehouses, security and safety are revealed as follows:

STORES SECURITY

(1) Custody of Keys: All keys belonging to the storehouses and stockyards are numbered and registered, and written instructions are issued nominating the person responsible for them. In the event of keys being lost, mislaid or stolen, the fullest possible inquiries are made, if there is any uncertainty, a new lock should be fitted.

(2) Access to premises: The stock keeper has the authority not only to exercise supervision over his own staff but also over all other persons who visit the premises for any purpose. All employees collecting goods should not normally be admitted into the storage area, but kept on the side of the issue counter.

(3) Fire Precautions: The usual precautions, where the fire risk is substantial, are listed as follows:

- (a) Smoking on the premises is forbidden and notices posted to this effect.
- (b) Appropriate fire-prevention equipment is provided; extinguisher, ladders, axes, fire buckets, hoses and so on. In bigger warehouses it safe to have to find a fire engine or tractor pump &, where the fire risk is high an automatic overhead-sprinkler system

may be installed. All such equipment's is regularly inspected and maintained.

- (c) Storekeepers are trained in fire fighting duties and practices held at interval.
- (d) The procedure for calling the fire brigade in case of need thoroughly publicized.
- (e) Especially inflammable stores are segregated in a separate building or in separate stacks.

(3) Security of Building and Stockyards

- (a) Doors should be restricted to the minimum number necessary for efficient operation and fitted with adequate locks.
- (b) All windows and skylights must be capable of being securely fastened and, if there is any obvious danger of unauthorized entry, additional protection in a form of bars or wire mesh may be advisable.
- (c) Stockyards should be surrounded by an adequate fence with locking gates.

STORES SAFETY

The following measures are necessary if accidents are to be checked.

- (1) Safety consciousness should be installed in the minds of storekeepers, through training, visual aids and literature

- (2) Safety appliances, such as goggles, hand gloves, hard hats, protective footwear must be provided and their use must be encouraged
- (3) Good housekeeping is essential. This means that gangways must be clean, adequately wide so that movements are smooth
- (4) All store equipment must be kept in good order. This includes adequate maintenance practices of material handling equipments if any
- (5) Safety signs should be used to signal hazards
- (6) Equipments for use in the events of an accident such as first aid kit, high volume showers, and gas masks should be kept close to stocks of hazardous materials. Emergency communication channels should be established and kept clear

7.6 STORAGE EQUIPMENT

Types of equipment's commonly used in storing materials are:

Pallets: A pallet is a piece of equipment especially designed to facilitate mechanical handling by forklift trucks, and may be used for both storage & transportation purposes.

Open and closed shelving

- (a) Open type shelving: They are suitable for storing packaged items, such as small tins of paints, files, drills, boxes of cleaning materials.
- (b) Closed type shelving: The most widely used form of storage fixture, and it can accommodate items such as hand tools, pipe fittings and machinery spares.

Racks: A Rack is the generic name given to any kind of storage fixture. Racks are used for the accommodation of tubes, bars, sheets, plates and tires.

Measuring equipment: All storehouses should have sufficient equipment for checking receipts and issue by weight, by liquid measure and by size. The most widely used equipment's and their purpose are shown as follows:

Equipment	Purpose
Platform scales	Check medium size weight
dip-sticks	measure large tanks with liquid
steel, tape measures	measure dimensions

Cleaning equipment such as dusters, vacuum cleaner and ladders need to be available in store house.

Activity VII Group Work

Time allowed One hour

Please discuss the following questions with the small group members assigned with you. Write your answer and present it to the larger group.

1. Discuss the measures to be taken to ensure storage safety and security.
2. Write a half page report in selecting the site and layout of a store.

Reference

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Procurement and Property Administration Proclamation No. 649/2009

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(Volume II)

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assets and liabilities (Volume III)

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manual

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