

**ARUSHA URBAN WATER SUPPLY AND
SEWERAGE AUTHORITY**

P.O. Box 13600, ARUSHA

STORES MANUAL

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PART I

1.0 PREFACE

1.1 BACKGROUND

The ARUSHA Urban Water Supply and Sewerage Authority (the Authority) was established under the auspices of the Water Works Ordinance Cap. 281 as amended in February 1997. It was declared a fully autonomous entity by order of the Minister responsible for water affairs in January, 1998 and was officially inaugurated on 21st May, 1999.

1.1.1 Vision

The vision of the Authority is to deliver excellent water supply and sewerage services commensurate with the World's best practice.

1.1.2 Mission Statement

The reasons for establishing this Authority are contained in the following mission statement of the Authority, **quote.....continuously by strive to provide high quality water and sewerage services for 24 hours all year round at affordable tariffs while meeting the current and future demands for all categories of customers and stakeholders in Arusha Municipality and efficiently collect revenue for sustainable development ; unquote.**

1.1.3 Major Roles and Functions of the Authority

The major roles and functions of this Authority are as follows:

- To continuously plan, develop and maintain the provision of clean, portable and wholesome water in Arusha Municipality while conserving the water sources for sustainability;
- To plan, develop and maintain the sewerage system on any public land acquired or lawfully appropriated for that purpose so as to ensure hygienic sewerage collection and safe disposal;
- To set realistic water and sewerage disposal tariffs hence collect revenue from customers for water consumed and sewerage disposed by the Authority;
- To educate and provide information to the public on public health aspects of water supply and wastewater disposal and carryout all functions in an environmentally friendly manner;
- To create and maintain a good public image, while focusing on meeting customers' expectations, and
- To put in place and implement medium and long term investment programmes, financial plans and annual capital and recurrent budgets.

1.1.4 Accountability for the Authority

The Managing Director of the Authority is the Accounting Officer of the Authority. The functioning of the Authority is governed by the Public Finance Act No. 6 of 2001, and the Public Procurement Act No.

3 of 2001. However the Accounting Officer may issue such directions as may appear to him necessary and expedient for the efficient execution of those functions and safety, economy and advantage of the public's revenue and property. He must, however, ensure that such regulations and /or directions are within the agreed accounting policies.

1.1.5 The Stores Manual

1.1.5.1 This manual has been prepared in accordance with Section 30 of the Water Works Regulation, 1997.

1.1.5.2 The Stores Manual of ARUSHA UWASA specify how the various transactions related to stores have to be carried out by all officials responsible for carrying out such transactions.

1.1.5.3 The main objective of the manual is to give guidance to the Authority's Management and employees on operating procedures and how to be responsible and accountable on the use of the Authority's assets. Particularly, the manual gives guidance on the receiving of stocks, storage, issue, stock taking, valuation and stock classifications.

1.1.5.4 Every officer of the Authority in whichever capacity, who has been entrusted with the control, custody and stewardship of the Authority's property, is required to use procedures set out in this manual.

1.1.5.5 The accounting officer shall revise the manual from time to time depending on the changing environment by issuing circulars when it is not possible to revise the whole manual.

1.1.6 Effective Date

The effective date for this Second Edition Stores Manual is 1st January, 2005

1.2 DEFINITIONS

In this manual, unless the context otherwise requires, the following words have the following meanings specified:

“Act” Means the Urban Water Supply and Sewerage Authorities Act No. 8 of 1997.

“Authority” Means the Arusha Urban Water Supply and Sewerage Authority.

“Board” Means the Board of Directors of the ARUSHA Urban Water Supply and

Sewerage Authority appointed under Section 8 of the Waterworks Regulations, 1997.

“Managing Director” Means the Chief Executive Officer of Arusha Urban Water and Sewerage Authority appointed in accordance with the provision of Section 23 of the Waterworks Regulations, 1997.

“Stock” means assets:

(a) held for sale in the ordinary course of the business;

- (b) in the process of production for such sale;
- (c) in the form of materials or supplies to be consumed in the process or in the rendering of services. The other term used for stock is inventory.

1.3 JUSTIFICATION OF HOLDING STOCKS

- Anticipated price increases may necessitate early buying for storage.
- Bulk purchases may lead to quantity discounts.
- Need to avoid water production stoppages due to running out of chemicals
- Imported materials require large lead time for transportation/shipment.
- For imported goods, you need to buy materials when the value of the shilling is high in relation to foreign currencies.

1.4 STOCK CONTROL

Stock control is the technique of maintaining stock items at levels which give satisfactory service level while minimizing stockholding costs.

1.4.1 The objectives for stock control are:

- Determining when to replenish and by what quantities to replenish and to fix minimum and maximum levels for each stock item.
- Maintaining stock records, quantities and value.
- Procurement, receiving, storage and issue of stock quantities to users on requisition.
- To identify and dispose off damaged/obsolete stock items.

1.5 STOCKS CLASSIFICATION

1.5.1 Classification means the systematic arrangement in groups or categories of stocks according to end use.

1.5.2 The important principles of stock classification are that:

- The like should be associated with the like
- Simplicity and ease of understanding of the stocks should be given paramount consideration.

1.5.3 The Stocks of the Authority shall be classified into the following categories:

- Chemicals
- Spare parts
- Fuel and oils
- Electrical materials
- Stationery
- Consumable and general supplies e.g. Building Materials

PART II

2.0 RECEIVING OF STOCKS

The purpose of this part is to describe the systems and procedures that shall be followed and the documentation to be used in receiving purchased stocks.

2.1 RESPONSIBILITIES

2.1.1 The Procurement Officer has the overall responsibility for ensuring that purchased materials are properly received during working days and time.

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

2.1.3 The Storekeeper is responsible for ensuring that the materials received into the store are only those which have been accepted by the inspector, and are accompanied by delivery notes, invoices/cash sales (as detailed in 2.3.3).

2.1.4 The Head of Procurement Section is responsible for ensuring that all received materials are properly priced and valued.

2.2 MAINFORMS

The main forms which shall be used, as illustrated in Appendix A are:

- (a) Materials Returns Note (MRN) – Appendix A3
- (b) Goods Received Note (GRN) – Appendix A2

2.3 RECEIVING PROCEDURES

2.3.1 Receiving is the acceptance of ordered materials into the store. Incoming materials without exception must be inspected by the user or any authorized representative from the user department.

2.3.2 The Procurement Officer shall physically identify, check, sort, count and carry out laboratory tests where necessary with the view to establishing the exact description, size, part number, weight, quality and quantity of the materials received. Only the materials which pass the specialist inspection shall be accepted into the store. In order to facilitate posting into the Stores Ledger all received materials shall be accompanied by invoices/cash sales whichever is applicable.

2.3.3 MATERIALS RECEIVING PROCEDURES:

2.3.3.1 Before materials are received into the store, they shall be inspected by the user or any authorised representative from the user department.

2.3.3.2 After inspection and satisfaction that the materials are in good condition and as per specification the inspector shall sign on the Delivery Note of the supplier and the GRN (ref. Appendix A₂) as evidence that goods have been inspected and are in good condition/specification.

2.3.3.3 Only the materials which shall be accepted by the inspection are to be received into the store by issuing Goods Received Note (GRN). The Goods Received Note (GRN) acts as evidence for the receipt of materials into the store.

3.3.3.4 The storekeeper receiving the materials into the store shall raise a Goods Received Note in 3 copies and distribute them as follows:

- (a) The original shall be attached to the supplier's invoice and shall be sent to the Head of Accounts Section to support payment.
- (b) The duplicate copy shall be given to the Procurement Officer for aiding recording in the Local Purchases Register and Foreign Purchase Register.
- (c) The triplicate copy is the book copy for the storekeeper's reference.

3.3.3.5 The receiving storekeeper shall complete the Goods Received Note (GRN). Sample of a GRN is shown in Appendix A2.

2.3.4 MATERIALS RETURNS PROCEDURES.

2.3.4.1 Materials which are rejected by the inspector for whatever reason must be returned to the supplier immediately and be accompanied by the Materials Returns Note. The Materials Return Note is evidence that materials have been returned by the Authority to the supplier. The Procurement Officer shall raise Materials Returns Note in 4 copies and shall be distributed as follows:

- (a) The original shall accompany the materials being returned to the supplier.
- (b) The duplicate copy shall be sent to the Head of Accounts Section as authority for raising the Debit Note.
- (c) The triplicate copy shall be sent to the relevant store-keeper.
- (d) The fourth copy is a book copy for reference purposes by the Supplies Section.

2.3.4.2 The Materials Returns Note shall be completed by the Procurement Officer. A sample of the Materials Returns Note is given in Appendix A3.

PART III

3.0 ISSUE OF STOCKS

This part describes the systems and procedures to be followed, and the documentation to be used in issuing of stocks from the stores/warehouses.

3.1 RESPONSIBILITIES

- 3.1.1 The Supplies Officer has the overall responsibility for ensuring that stocks issuing procedures are adhered to.
- 3.1.2 The Heads of departments 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.
- 3.1.3 The Storekeepers are responsible for ensuring that stocks are issued to authorised persons only who bring to the store properly completed Stores Requisitions and Issue Notes.
- 3.1.4 The Head of the Procurement Section is responsible for ensuring that all issued stocks are properly priced and valued.

3.2 MAIN FORMS

The main forms that shall be used as illustrated in Appendix C are:

- (a) Combined Store Requisition and Issue Note
- (b) Store Issue Sheet (SIS)
- (c) Store Returns Note (SRN)
- (d) Gate Pass (GP)

3.3 STOCKS ISSUE PROCEDURES

- 3.3.1 Storekeepers are accountable for the stocks they keep in their store/warehouses. They must therefore, insist on having written authority for the issue of stocks to authorised persons. Stocks of any type should only be issued to persons who produce properly raised Stores Requisitions and Issue Notes and cash sales/receipts in case of sale of materials.
 - 3.3.2 The Procurement Officer shall obtain from the Heads of Department a list of names, titles and specimen signatures of all persons allowed by the Authority to authorise issue of materials from the stores/warehouses. This list of specimen signatures shall be given to the Storekeepers/Procurement Assistants/Supplies Officer, Head of Accounts Section and Heads of Departments. The purpose of this system is to prevent unauthorised issue of stocks by checking that all Stores Requisition and Issue Notes bear the signature of one of the relevant authorises signatories.
- 3.3.3 Store Requisitioning and Issue Procedures**
- 3.3.3.1 The aim of raising a Stores Requisition and Issue Note is to authorise issue of stocks from the store/warehouse, and have evidence of stock issued.
 - 3.3.3.2 The requisitioning officer shall raise Stores Requisition and Issue Note in four copies.

3.3.3.3 The Stores Requisition and Issue Note shall be completed by the requisitioning officer and authorised by the Head of Department.

Details of the Stores Requisition and Issues Note is as shown in appendix C1.

3.3.3.4 After the Stores Requisition and Issue Note has been authorised by the head of department, three copies shall be sent to the store/warehouse while the fourth copy shall be retained as a book copy by the requisitioning department for record and reference purpose.

3.3.3.5 After the goods have been issued, the three copies shall be distributed as follows:

- (a) The original shall be attached to the original Stores Issue Sheet and sent to the Accounts Section for posting into the Stores Ledger.
- (b) The duplicate copy shall be retained by the storekeeper for reference
- (c) The triplicate copy shall be sent to the head of department/section/unit who requisitioned for the stocks.

3.3.4 STORES ISSUE SHEET

3.3.4.1 The aim of raising a Stores Issue Sheet is to accumulate stocks issues and facilitate posting into the stores ledger.

3.3.4.2 The Storekeeper shall complete two copies of the Stores Issue Sheet and distribute them as follows:

- (a) The original shall be sent to the Accounts Section together with the original Stores Requisitions & Issue Notes.
- (b) The duplicate copy shall be retained by the Supplies Assistant for record and reference purposes.

3.3.4.3 The Storekeeper shall complete the Stores Issue Sheet as shown in Appendix C2.

3.3.4.4 The Stores Issue Sheets shall be completed by the Storekeeper and checked by the Procurement Assistant.

3.3.5 RETURNING OF ISSUED STOCKS INTO THE STORE

3.3.5.1 All the stocks which have been issued to the users and for certain reasons are not required or are in excess of requirement or are inappropriate for the job, must be returned to the relevant store promptly in their original packing.

3.3.5.2 The document to be used is Stores Returns Note

3.3.5.3 The Stores Returns Note shall be raised in 4 copies by the returning Head of Section/Unit as follows:

- (a) The original shall be given to the Storekeeper/Supplies Assistant receiving the returned stocks. The Storekeeper/Supplies Assistant shall post in the details of the stock ledger card by inserting full name, signature and date on all copies of the Stores Return Note.

- (b) The duplicate copy shall be sent to the Head of Accounts Section for record purposes.
- (c) The triplicate copy shall be given to the Procurement Officer for record purposes.
- (d) The fourth copy shall be retained as book copy for reference by the head of department/section/unit as evidence that stocks were returned to the store and were received by the Storekeeper/Procurement Assistant.

3.3.6 MOVEMENT OF STOCKS FROM THE WAREHOUSE/STORE TO OUTSIDE THE AUTHORITY

3.3.6.1 Every material leaving the Authority must be accompanied with a written authority of the Procurement Officer.

3.3.6.2 A list of names, titles and specimen signatures of persons allowed to authorise materials to leave the Authority must be established and copies be given to the Security Guards/Watchman/Accounts Section/Storekeepers/ Supplies Assistant/Sectional Heads and Heads of Departments. The person in-charge of the gates must ensure that the written authority bears the signature of one of the signatories.

3.3.6.3 The Gate Pass shall be the only written authority for allowing movement of materials outside the Authority compound.

3.3.6.4 The person preparing the Gate Pass shall ensure that he/she does so after being given a duly signed Store Requisition and Issue Note or Cash Sale/Receipts.

3.3.6.5 The Gate Pass shall be raised in 4 copies and shall be distributed as follows:

- (a) The original to accompany the materials leaving the Authority.
- (b) The duplicate copy shall be given to the Storekeeper/Supplies Assistant who issued the materials.
- (c) The triplicate copy shall be given to the Security Officer/Security guard/Watchman for record and reference
- (d) The fourth copy is the book copy for reference by the person who raised the Gate Pass

3.3.6.6 A sample of Gate Pass is as shown in Appendix C4.

PART IV

4.0 STORAGE

This part gives guidance on principles that shall be followed when arranging stocks in the warehouse/store.

4.1 RESPONSIBILITIES

4.1.1 The Procurement Officer has the overall responsibility for ensuring that the warehouses/store are properly arranged and that proper house-keeping is maintained all the time.

4.1.2 The Storekeepers/Procurement Assistant are responsible for ensuring that the warehouses/store are clean, well arranged and stocks and shelves are properly labelled.

4.2 MAIN FORMS

The main forms which shall be used (as illustrated in Appendix B) are:

- (a) Stock Bin Cards (SBC)
- (b) Stores Ledger Cards (SLC)
- (c) Stores Balancing Sheet (SBS)

4.3 STORAGE OBJECTIVES

Storage objectives for the Authority are:

4.3.1 Making maximum use of horizontal and vertical space of warehouses/stores.

4.3.2 Ensuring that all materials are readily accessible

4.3.3 Efficient and quick movement of stocks

4.3.4 Provision of maximum protection to stocks against damage, deterioration and unauthorised usage.

4.3.5 Ensuring proper house-keeping

4.3.6 Making maximum and effective use of storage facilities and qualified work force.

4.4 STORAGE PLAN

4.4.1 Planning of how to use the available storage space is a pre-requisite for efficient and effective storage.

4.4.2 The storage plan to show:

- (a) Receiving area and offices
- (b) Direction of storage
- (c) Storage areas
- (d) Inwards and outwards roads and aisles/gang ways
- (e) Issuing area and offices
- (f) Gates

4.5 STORAGE AISLES

The Authority shall have proper warehouse/store aisles. As a guide, the aisles must:

- (a) Be unobstructed
- (b) Be straight
- (c) Lead to doors where necessary
- (d) Minimise intersections
- (e) Be wide enough to permit efficient operation without wasting space.

4.6 STORAGE GUIDELINES

4.6.1 Stocks receiving points should be separate from stocks issuing points and where possible in opposite direction.

4.6.2 The stocks shall be stored by classes. The stocks commonly associated with each other shall be stored near each other.

4.6.3 Fast moving stocks should be stored near the issuing place in order to quicken and simplify issuing task.

4.6.4 Dormant stocks, slow moving stock, and light and easy to handle materials shall be stored in distant locations.

4.6.5 When allocating storage space consideration shall be given to size, length, width and volume of individual materials and lots.

4.6.6 Consideration shall be given to characteristics of the stocks, such as, ease to get rust, flammability, hazardousness and fragile ness.

4.6.7 Proper packing materials should be used for materials purchased by the Authority. When packing the materials consideration shall be given to:

- (a) Size of the individual material and lot size
- (b) Weight
- (c) Shape
- (d) Fragility
- (e) Degree of environmental hazardness
- (f) Perishability
- (g) Flammability
- (h) Statutory regulations
- (i) Monetary value

4.6.8 The storage buildings and facilities should be clean all the time and the stored materials should be tidy, neatly arranged and properly labelled.

4.6.9 There should be neat and orderly arrangement of shelves, racks and bins.

- 4.6.10 Maintain the principle of easiness of identification and location of stocks and quickness of storage and issuing processes.
- 4.6.11 Maintain adequate and properly serviced fire fighting equipments.
- 4.6.12 All windows must be capably and securely fitted with iron bars and expanded metal, and all doors must be strong and be fitted with iron-bolts and locks.
- 4.6.13 All storage premises and buildings must be securely locked when staff are not in attendance.
- 4.6.14 Sequential numbering of warehouses/store, warehouse sections and sub-sections, shelves, racks, bins and storage records should be adhered to.

4.7 DOCUMENTATION

Adequate and timely record-keeping is required for proper stock-control. The records maintained keep track of the movement of stocks into and out of the storage areas and the balance of stocks remaining in the warehouses/stores.

4.7.1 STOCK BIN CARD

The purpose of maintaining a stock bin card on the shelf/rack is to show at glance the quantity available.

A sample of Stock tally card is given in appendix B1.

4.7.2 STORES LEDGER CARD

The purpose of maintaining Stores Ledger Cards is to have record of the cost price and value of materials received, issued and remaining in the storage.

The stores ledger card shall be detailed as shown in appendix B2.

4.7.3 STORES BALANCING SHEET

The importance of Stores Balancing Sheet is to facilitate stocks reconciliation at the end of a one pre-determine period, such as, a month or a year.

The Stores Balancing Sheet shall be raised in duplicate by the Storekeeper/Procurement Assistant and be have the details as shown in appendix B3.

PART V

5.0 ANNUAL STOCK TAKING PROCEDURES

This part aims at ascertaining the types, condition, qualities and value of stocks existing in the Authority at the end of the accounting year. The objective is to take inventory of closing items as held and owned by the Authority for ultimate accounting in the financial statements of the Authority. The document to be used for Stock Tacking is the Stock Taking Sheet (Appendix B5)

5.1 RESPONSIBILITIES

- 5.1.1 The Finance and Administration Manager shall make proper preparations for stock-taking of fixed assets and all stocks of the Authority.
- 5.1.2 The Finance and Administration Manager shall issue “Stock-taking instructions” which shall be followed by all members of the stock-taking team.
- 5.1.3 The Finance and Administration Manager shall arrange for pre-stock taking training to ensure that stock-taking instructions are understood by all members of the stock-taking team.
- 5.1.4 The Head of Procurement Section should ensure that all the stocks are properly priced and valued.
- 5.1.5 The Procurement Officer shall ensure that all the warehouses/stores and stock are neat, properly arranged and well labelled before, during and after the stock-taking exercise.

5.2 STOCK TAKING TEAM DUTIES

- 5.2.1 To physically count the available stock, checking the actual stocks with stock tally cards, stock cards and stores ledger balances and then compiling stocks discrepancies list.
- 5.2.2 Obtaining of explanation for stocks deficiencies and surpluses and recommending rectification action.
- 5.2.3 Preparing a report on the status of stocks and storage facilities.
- 5.2.4 Initialling with date stock checked balances on the bin cards, tally cards and stores ledger.
- 5.2.5 Recommending action to be taken on stock deficiencies and surpluses.
- 5.2.6 Reporting on the condition, sufficiency, security and management of stores.
- 5.2.7 Reporting on the existence of dormant and slow moving stocks.
- 5.2.8 Reporting on inferior stock qualities
- 5.2.9 Reporting on the accuracy and up to dateness of stock records.

5.3 STOCK TAKING

- 5.3.1 All stocks in storage shall be checked at least once every end of the financial accounting year. The external auditors shall be requested to be represented in the stock taking exercise.
- 5.3.2 The Finance and Administration Manager may issue instructions for some categories of stocks to be stock-checked every month end. The Stocks which have to be stock-checked every month end are:
- (a) High value stocks
 - (b) Important stocks
 - (c) Sensitive stocks
 - (d) Dangerous stocks
 - (e) Stock with great risk of pilferage
 - (f) Stock with rapid usage
 - (g) Statutory regulated stocks e.g. ammunition
- 5.3.3 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.
- 5.3.4 The warehouse 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.
- 5.3.5 Each stock-taking team shall consist of an expert or technician who is knowledgeable, capable and experienced in the stocks being subjected to counting.
- 5.3.6 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.
- 5.3.7 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 stores ledger.
- 5.3.8 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.
- 5.3.9 In order to account for the pre numbered stock taking sheets and to prevent possible spoilage and mis-use, the stock taking sheets shall be given to the recorder on signature by despatch book and to return the same sheets fully completed to the Head of Stock taking teams by despatch book.
- 5.3.10 Comparison between the physical stock quantities with the stores ledger and bin card ledger shall be done in order to establish whether or not there are discrepancies. Discrepancies shall be investigated and corrective action taken.
- 5.3.11 The stock taking team shall note and date the bin cards and tally cards **in red ink** that the stocks have been checked.

- 5.3.12 Stock taking computations, pricing, valuation and extensions shall be independently double checked by the Head of Accounts Section.
- 5.3.13 The stores ledger cards shall be adjusted after stock taking to reflect the actual count and value.
- 5.3.14 The stock taking sheets shall be raised in duplicate. A sample of stock taking sheets is shown in appendix B5.

5.4 POSSIBLE REASONS FOR STOCKS DISCREPANCY

- 5.4.1 Failure to complete properly the required paper work at each step of the flow of stocks.
- 5.4.2 Failure to post stock receipts and issues
- 5.4.3 Incorrect posting of stock receipts and issues.
- 5.4.4 Computation errors in the day to day posting.
- 5.4.5 Spoilage as a result of natural processes or from unsatisfactory storage.
- 5.4.6 Shrinkage due to computation errors arising from different units of measurement for stock receipts and issues. For example, receipts of fuel in drums and issues of fuel in litres.
- 5.4.7 Losses due to paper work stocks receipts without the stocks physically entering the Authority premises.
- 5.4.8 Losses due to unauthorised issues and pilferages.
- 5.4.9 Losses arising from theft by outsiders due to inadequate physical protection of stocks.
- 5.4.10 Losses due to short weight or measure or under delivery involving collusion between suppliers, security gates-men, receiving persons and Supplies Officers.
- 5.4.11 Losses due to unnecessary or deliberate scrapping or condemnation of stocks that are still useful.

5.5 DISPOSAL, WRITE-OFF AND SALE OF STOCKS

- 5.5.1 Stocks may be disposed/written off because of being
- Scrap
 - Obsolete
 - Damaged
 - Unserviceable fixed assets
 - Of inferior quality
- 5.5.2 The stocks disposal shall be carried out at least twice a year after recommendation of the Board of Survey and approval of the Board of Directors.
- 5.5.3 The Managing Director may, on his own authority, write –off minor items of stores which have been accidentally lost or broken beyond repair such as

glassware, small tools or perishable items which have become unserviceable, provided that no question of fraud or negligence is involved.

- 5.5.4 In case of minor articles lost or broken, the MD may order that the cost of the article should be recovered from the salary of the officer concerned.

5.6 BOARD OF SURVEY

- 5.6.1 At the end of the financial year, the Managing Director shall appoint in writing a Board of Survey comprising of a Chairman and at least two other officers to inspect and report on the conditions of the assets.
- 5.6.2 Where the list of the items to be inspected are of mechanical or technical nature, at least one of the officers appointed must be suitably qualified to express a technical opinion on the status of the items.
- 5.6.3 Except where this consideration makes it unavoidable, no officer concerned with the custody or use of the items should be appointed to the Board.
- 5.6.4 The Board shall inspect the items, check them against the list submitted and any technical information available and consider whether the items have become unserviceable due to fair wear and tear, having regard to anticipated life of such items.
- 5.6.5 The Board shall record its opinion, recommendations, suggested method of disposal etc. and forward the list with a covering report signed by the chairman and members of the board to the Managing Director.
- 5.6.6 The Board of Survey report shall draw attention to any items which are not considered to be unserviceable or which could be re-used in another context and also to any case where in the Board's opinion, un-serviceability has arisen through neglect, misuse, inadequate maintenance, improper storage etc.
- 5.6.7 The Board of Survey report must be discussed and approved by the Board of Directors which will include approving disposal of any of the Authority's Stocks and Assets.
- 5.6.8 If the items are to be sold, they must be disposed of by public auction or by tender after public advertisement; unless the specific approval of the Board of Directors has been obtained for them to be sold by other means.

5.7 STOCKS HANDING /TAKING-OVER

- 5.7.1 A Storekeeper/Supplies Assistant shall hand over stocks under his/her custody to another Storekeeper/Supplies Assistant when:
- Going on annual leave
 - Travelling on duty
 - Undertaking training outside the working station
 - Promoted to higher position
 - Transferred to other working station
 - Undergoing medical treatment.

- 5.7.2 Stock-taking shall be carried out by the incoming and outgoing Storekeepers/Supplies Assistants during the presence of a competent witness in terms of skills and knowledge of stocks being handed over. The stock taking sheets shall be signed by the stock-takers and the witness.
- 5.7.3 A certificate of stocks handing over and stock-taking sheets shall be completed in triplicate. The original copy shall be handed over to the Supplies Officer, the duplicate to the incoming storekeeper and the triplicate to the outgoing store keeper.

5.8 STOCK LOSSES AND WRITE-OFF

- 5.8.1 Stock losses may occur due to the following situations:
- (a) Losses by fraud, theft, arson, sabotage or from any other causes involving gross carelessness;
 - (b) Losses from “Incidents of the Service” which include fire (other than arson) stress of wealthier and accident beyond the control of any responsible person;
 - (c) Losses due to deterioration in store, arising from a defect in administration; and
 - (d) Losses due to natural causes such as evaporation.
- 5.8.2 Stock losses for any financial year shall be regarded as an expense for the year in which the loss occurred.
- 5.8.3 Whenever stock losses occur, the Procurement Officer shall inform the Finance and Administration Manager after investigating the loss who shall immediately inform the Managing Director. The Managing Director shall submit a full report signed by him to the Board of Directors, and that report shall state the following:
- Date when the loss occurred/was discovered;
 - The type of stock involved;
 - The quantity of stocks losses;
 - The value of the lost stock, original/current replacement value;
 - Circumstances of the loss/cause of loss;
 - Whether the loss or shortage was due to a fault in the accounting system;
 - Whether the loss or shortage was discovered as the result of internal check and if not, why the internal check failed to reveal it;
 - Whether misappropriation, fraud, negligence or other irregularity was involved;
 - The name and designation of the officer considered to be responsible for the loss or shortage;
 - Whether that officer has made good the loss or shortage;

- Whether that officer's suspension or interdiction from duty is recommended;
 - Whether disciplinary or recovery action is recommended and against whom and, if not, why not;
 - Whether the loss or shortage was reported to the Police (if so, the Police report should be attached); and
 - The measures taken or recommended to prevent the recurrence of a similar loss or shortage.
- 5.8.4 In accounting for accidental losses for which no officer is held financially responsible the following procedures shall be followed:
- (a) In case of allocated stores the loss should be written-off from the respective ledger, the issue entry being supported by a voucher quoting the authority for the write-off
 - (b) In the case of unallocated stores, appropriate losses item of expenditure should be debited with the ledger value of the stores and the unallocated stores expenditure item credited with a like amount.
- 5.8.5 In accounting for losses which are due to neglect or fault of an officer and for which he/she is held financially responsible the following procedures shall be followed:
- (a) In case of allocated stores the loss should be written-off as described in 5.8.4 (a). A personal advance account shall be opened in the name of the officer held financially responsible and charged with the value of loss and the appropriate of the revenue item credited with a like amount. Any balance which can not be recovered must be written-off under proper authority and charged to the relevant losses item;
 - (b) In the case of unallocated stores, similar action to that at 5.8.5 (a) shall be taken, except that credit for the value of the loss will be taken to unallocated stores expenditure and not to revenue.
- 5.8.4 Except for minor items, the Managing Director shall get the Board of Directors' approval for write-offs of all unserviceable or obsolete stores, and fixed assets.
- 5.8.5 Any Authority Officer who discovers any stock loss or shortage but fails to report the loss or shortage to the appropriate authority shall be treated as having committed a serious disciplinary offence and disciplinary action shall be taken against him/her.

PART VI

6 STOCKS VALUATION

- 6.1 The stocks of the Authority shall be valued at the lower of cost and net realisable value on a First In First Out Method (FIFO).
- 6.2 Provision for obsolete, damaged and/or dead stocks shall be made on specific items determined during the year - end stock taking.
- 6.3 Provision for stock shortages shall be made on the differences between physical balances and records while awaiting investigation and reconciliation.

PART VII

7.0 CODING OF STOCKS

- 7.1.1 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.
- 7.1.2 Coding is the assignment of symbols or numbers according to established rules for purposes of communication, identification, or for storage or processing of information.
- 7.1.3 Each type of stock should be given a number or letter or a combination of numbers and letters, which prevent it from being mixed with other types of stocks.
- 7.1.4 Some of the requirements for stocks coding are the following:
 - One stock type should not be mistaken for another.
 - The coding should preferably tell the type of stock.
 - The coding system should be simple and easy to understand
 - The coding system should be flexible and able to take any reasonable increase in the number of stocks.
- 7.1.5 The main types of codes are:
 - Numeric codes (10;20 and 50)
 - Alphabetic codes (A;B and C)
 - Alpha-numeric codes (A10; B20 and C50)
 - Symbolic codes (AA; SU;STH)
 - Decimal codes (1.0; 1.1; 1.1.5; 2.5.1)
- 7.1.6 The advantages of stocks coding are that:
 - Minimum effort to understand and memorize relevant parts of the system
 - Mistakes are minimized
 - Minimum time is consumed

- Alterations to, additions to and subtractions from the range do not disturb the logic, order or utility of the system
- The classification/code system can be used as a means of physical control for location and storage of stocks.

7.2 STOCKS CODING POLICY

7.2.2 The Authority shall use decimal coding for stocks because it is flexible, simple to understand and apply and does allow for adding of items without disturbing the code system.

7.2.3 In decimal coding, every item is referred to by a series of digits. Working from the left to right each digit places the item in a successively narrower class until further differentiation is not required. The first digit is used for the major differentiation of stocks types.

7.2.4 For example, water chemicals may be assigned codes as follows:

7.2.4.1 Water chemical class (first digit)

7.2.4.2 Sub-types of water chemical (second digit)

7.2.4.3 Type of water chemical (third digit)

7.2.4.4 Running number of the water chemical (forth digit)

7.2.5 Water Pipes

7.2.5.1 Galvanized Pipes

7.2.5.2 Plastic Pipes

7.2.5.3 Plastic Pipe Size

7.2.5.4 Running number of plastic pipe of the same size.