

Molemole Municipality

INVENTORY (LOGISTICS) POLICY

POLICY ON INVENTORY (LOGISTICS) MANAGEMENT

1. Internal requisitions

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

2. Stores procedures

The CFO shall delegate a person in the finance department of the municipality as Store-controller.

2.1 The Store-controller shall be responsible for:

2.1.1 The safekeeping of inventory items

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

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

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

3. Safekeeping of inventory items

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

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

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

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

4. Receiving of inventory items and Delivery times

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

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

4.3 All delivery of inventory will only be accepted between 8H00 and 15H30. No deliveries after 15H30 will be accepted.

5. Issuing of inventory items

5.1 Only the Store-controller shall be authorized to issue goods from the storeroom.

5.2 Inventory items should only be issued in terms of a properly authorized requisition form.

5.3 Specimen signatures of all persons authorized to sign requisition shall be supplied to the Store-controller.

5.4 If the signature is not of an authorized official, the requisition should be sent back to the respective department / section.

5.5 The issue register must then be completed; Control of an issue register is the responsibility of the storeroom.

5.6 The Store-controller and the recipient of goods must agree that the goods requisitioned, agree to the goods

5.7 The Store-controller and the recipient of goods must agree that the goods requisitioned, agree to the goods drawn from stores which is consistent with the issue register.

5.8 Once the items in stores have been issued, the stores register as well as the cardex cards must be updated by the Store-controller.

6. Shelving

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

7. Damaged Goods

7.1 Damaged goods from Suppliers must be returned to the supplier for credit or replacement.

7.2 In the case where an official request items in the store room and item is damaged or broken the requesting official must write a report to Finance department within seven days and failure to submit the report the requesting official must buy the item.

8. Monthly Stock taking procedures

8.1 Stock taking is done on the first day of the month and no requisition form is completed and no inventory items received in the Storeroom.

8.2 Stock taking procedure is done by a team of two or more delegated persons from Finance department and those persons must not be involved in the day to day activities of the stores section.

8.3 The person delegated to do the stock count must make appropriate notation on the inventory sheet. At the conclusion of each section the person must sign and write the date on the inventory sheet.

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

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

9. Inventory levels

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

9.2 Slow moving or obsolete stock.

10. Inventory Report

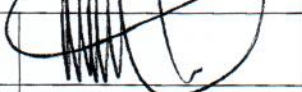
10.1 Inventory report done monthly using FIFO method for issuing and recording.

10.2 Inventory year end reporting to the annual financial statements must be done in line with Standards of Generally Recognised Accounting Practice (GRAP 12).

11. COMMENCEMENT

Council resolves in terms of Sec 111 of the Local Government Municipal Finance Management Act (Act No. 56 of 2003), to adopt the following proposal as the Inventory (Logistics) Policy of Molemole Local Municipality as per council resolution number _____

This Policy takes effect on the **01st July 2019**

Signature:	
Initials and Surname:	Paya M.E
Designation:	Mayor
Council Resolution Number:	
Council Date:	30 May 2019