

FOOD & BEVERAGES DEPARTMENT

MANUAL

2017-18

(Version 1.1)



For private circulation only

To be circulated strictly with the permission of Management committee

VMOSA OF FOOD AND BEVERAGES

Vision: Mesmerizing dining experience

Mission: To be a favorite place for food to be cherished for the life time

Objective: To provide exceptional dining experience along with hygienic, nutritious and tasty food to our student community

Strategy: To keep ready 500 menus for breakfast, lunch, snacks, dinner and implement the same with a prolific time table

Approach: Aligning the team with professional expertise in designing, well balanced and nutritious diet plans.

CONTENTS

- 1. Procurement process**
- 2. Purchase and Maintenance of store**
- 3. Purchasing Policy & Procedure**
- 4. Inventory Management system**
- 5. Warehouse Operations**
- 6. Process for Food flow**

INTRODUCTION:

The Department Food and Beverage (F&B) primarily handles the menu planning, Purchasing, management and distribution of Food and Beverage supplies to all the Hostels managed by CSC. This team is also responsible for Food preparation and distribution to the students.

1. PROCUREMENT PROCESS

This manual is designed to assist purchasers within CSCPL to manage procurement, supplier payments and insurance matters.

This document is to be used in conjunction with the main objectives of the procedures that follow these introductions are:-

- to confirm the procedures set out in the Financial Regulations and the Procurement Manual
- To confirm the procedures for 'anomalies' unique to CSCPL.

Each supplier will be assessed so that CSCPL achieve best value and value for money, which are both part of the underlying principles within the CSC's procurement policy when purchasing goods and services. By concentrating on key suppliers, instead of using an ad hoc supply base, we will receive a more standardised product range and achieve greater discounts on the prices we pay.

Standards of service & product quality are of utmost importance within our sector and without them the business as a whole will not achieve its overall objective of continual improvement. Supplier reviews will be conducted to ensure that CSCPL receives the best attention from its supply chain. Supplier Feedback Forms can be used to obtain user feedback. This information will then be discussed in detail with the supplier in question to make them aware of the situation and to make improvements to the goods/services we receive.

All budget holders are reminded of the need to ensure that there must be a segregation of duties in making financial commitments. In particular:

- That there must be segregation of duties between the ordering and invoice approval functions;
- That all orders raised must be approved;
- That authorization limits must be adhered to; and

- That telephone orders should be avoided or, if utilized, such orders must be confirmed in writing, or by fax, and the documentation retained

If at any time anyone, as the user of this manual, have any concerns about the agreements in place and whether they are offering our business value please do not hesitate to contact Procurement Services.

1.1.Purchase Requisitions:

1.1.1 General

Purchase requisitions are used to begin the process of buying goods and services using appropriated funds.

Employees enter purchase requisitions into Tally as a Purchase Requisition (PR).

1.1.2. Purchase Requisitions

Purchase Requisitions (PRs) are used to acquire goods and services. PR's are entered directly into Tally. The procedures for PRs consist of the following steps:

1. The creation of a PR in Tally. These PRs must be approved by the CSC administrator or department head. Once the site based administrator approves the requisition, it is routed electronically within Tally for all approvals (including Grants, Technology, etc). Once all approvals are done, the requisition is sent electronically to the Purchasing Department for processing. A Purchasing Specialist in the Purchasing Department will review the PRs for propriety, price, and vendor. Once approved by the Purchasing Specialist, PRs will be converted to purchase orders, which are mailed or electronically sent to vendors by the Purchasing Department.
2. The status of an order may be tracked by recording the PR number at the time it is authorized.
3. Upon receipt of the goods or services from a vendor, the end user must send the receiving copy of the PO to the Finance Department for payment processing.

1.1.3. Pre-Planning

The purpose of a requisition is to communicate requirements to procurement staff member in the Purchasing Department. It is important that this communication include all relevant information so that the requisition can be processed in a timely manner. It also is important to understand the different time periods required to process a requisition depending upon the value of the procurement.

1.2. Purchase Orders

1.2.1. Purpose

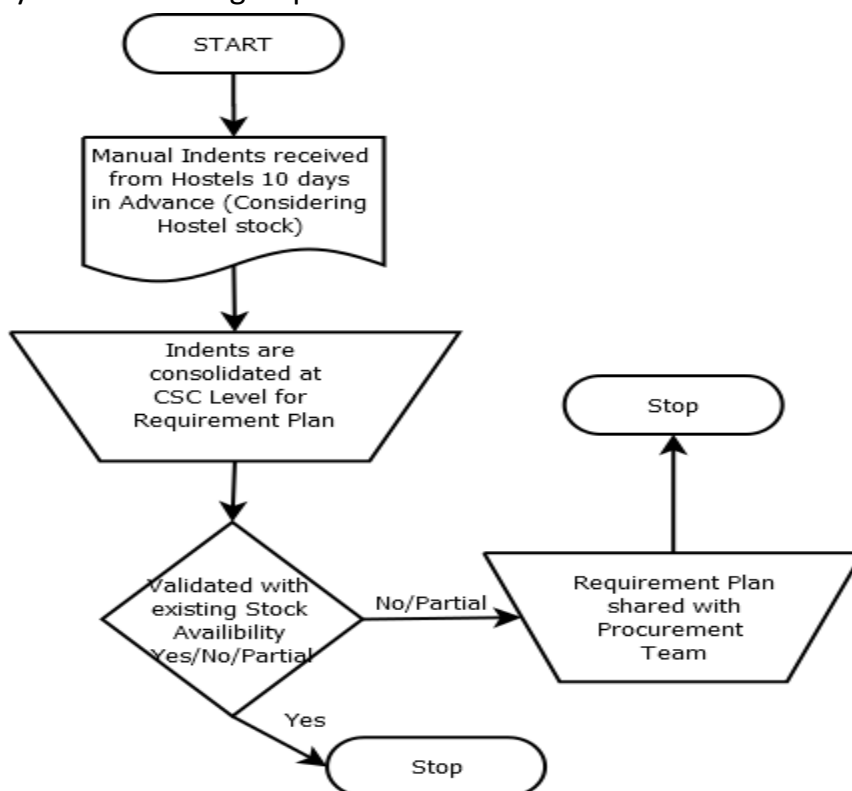
Purchase orders provide written authorization for vendors to provide the goods and/or services described on the order. The product or service description, delivery conditions, quantity, and price are all specifically listed on the order. Payment terms also are listed. The purchase order also confirms to vendors that funds have been encumbered to ensure payment after the goods or services have been received.

1.2.2. Signature

Purchase orders issued on behalf of the CSC F&B must be authorized and signed by the Coordinator of Business Services. Purchase orders are not valid unless signed by the Coordinator of Business Services.

1.2.3. Preparation

Purchase Orders are created in Tally after an employee has entered a purchase requisition and the Purchasing Department has approved the requisition Tally will automatically generate a Purchase Order (PO). PO's are printed by the purchasing Department each day and are mailed or electronically sent immediately to vendors by the Purchasing Department.



Process flow for P.O

1.3. Receiving Reports

1.3.1. Purpose

It is vital that F&B department notify the Finance Department as soon as possible after receipt of goods or services. This can be done by the end user signing a copy of the purchase order or receiving the items within Tally and sending it to the Finance Department for payment. Without written approval from the end user, vendors cannot be paid. If vendors do not get paid, they begin to refuse to accept orders or to participate when bids are issued.

1.3.2. Accounts Payable

The Accounts Payable Section of the Finance Department is responsible for processing vendor payments. This task is accomplished by matching purchase orders, vendor invoices, and receiving reports. If all three documents match within established tolerances, payment is made. If mismatches occur, accounts payable must research and resolve the mismatch before processing the payment. If any of the three documents are missing, it must be obtained. Typically, the missing document is the receiving record. The current practice is that accounts payable receives an invoice and checks to determine if a receiving record has been processed. If it has not, they notify the CSC/department asking for the status of the receipt.

1.4. Exemptions to Competitive Solicitation Requirements

1.4.1. General

Exemptions to competitive solicitation requirements should only be used when fully justified. The lack of competition solicitation often can result in price and service disadvantages.

1.4.2. No Valid or Acceptable Proposal Received

If the F&B has requested competitive solicitations in accordance with its Policies, and made a finding that no valid or acceptable proposal was received, then it may enter into negotiations with suppliers and execute contracts under whatever terms and conditions it determines to be in the best interests of the F&B.

1.4.3. Less than Two Proposals Received

If the F&B has requested competitive solicitations in accordance with its Policies, and less than two responsive proposals are received, the F&B may negotiate on the best

terms and conditions or decide to reject all proposals. The F&B shall document the reasons that negotiating the terms and conditions with the sole proposer are in its best interest.

1.4.4. Emergency Purchases

If the Superintendent determines in writing that an immediate danger to the public health, safety or welfare or other substantial loss to the F&B requires emergency action, the F&B may dispense with requirements for competitive solicitation. The F&B shall obtain pricing information from at least two prospective vendors, which must be retained in the contract file, unless the Superintendent also determines in writing that the time required to obtain such information will increase the danger or result in substantial loss to the F&B. If such a situation occurs, an employee should contact the Purchasing Department to consult with the Coordinator of Business Services.

1.4.5. Sole Source Purchases

Sole source purchases are used when only one source is practicably available for a needed product or service. If there is reason to believe that such a situation exists, the employee should submit a justification for non - competitive procurement form and consult with the purchasing staff in the Purchasing Department. Prior to making a sole source purchase, the F&B shall electronically or otherwise publicly post a description of the commodities or contractual services sought for a period of at least 7 business days. The description must include a request that prospective vendors provide information regarding their ability to supply the commodities or contractual services described. If the F&B determines in writing, after reviewing any information received from potential vendors, that the commodities or contractual services are available only from a single source, the F&B shall provide notice of its intent to enter into a single source contract and may negotiate on the best terms and conditions with the single source vendor.

2. PURCHASES AND MAINTENANCE OF STORES

2.1 PREPARATION OF REQUIREMENTS - GENERAL NORMS OF PURCHASE

- 2.1.1 As far as possible the requirements of stores be foreseen sufficiently in advance, thus obviating emergency purchases which comparatively may cost more.
- 2.1.2 As a rule, piecemeal purchases are avoided. The requirements of stores for a reasonable period be assessed and arrangements made for the purchase. For this purpose, the Wardens' Committee concerned shall ascertain the requirements periodically being fixed with due regard to the shelf-life of the various items.
- 2.1.3 Scales of consumption or limits of stores be laid down, where possible, and indents/consumption be scrutinised with reference to such limits/scale.
- 2.1.4 In cases of doubts regarding procedure, proprietary items, etc. the Finance Branch/Internal Audit may be consulted through the Dean of Students Office before purchasing stores.
- 2.1.5 Wherever the old/unserviceable stores etc is. replaced, such old /unserviceable stores including dismantled/scrap stores, etc., having resale value will have to be periodically sold out as early as possible so as to earn the best out of it, as per procedures of the CSC.
- 2.1.6 Purchases of food articles, crockery's, utensils, etc. should ordinarily be made through a Purchase Committee consisting of the Warden (Mess), the Mess Secretary and the Mess Manager. The representative of the Dean of Students be also co-opted to such Committee.
- 2.1.7 Other purchases of stores like furniture, gas tawa, water coolers or any other items/equipment etc., may be purchased by either calling quotations or through a Purchase Committee, proposals to be approved by the CEO depending upon the amount to be spent (as per delegation of financial powers) as per GFRs.
Note: Purchase rules of the CSC will apply mutatis mutandis irrespective of the fact whether the funds, are provided by the CSC or by the Hostel.
- 2.1.8 Dry rations should, as far as possible, be purchased in bulk from Super Bazar/ Kendriya Bhandar/Govt. Stores etc. as per provisions of the GFRs.
- 2.1.9 For bread, butter, milk, etc. endeavour should be made to enter into contracts with the producers like Modern Bakeries, AMUL, etc.
- 2.1.10 Gas should be procured from HP/other approved dealers only.

- 2.1.11 The Mess Committee can help actively in reducing the Mess Bill by resorting to bulk purchases in the whole-sale markets in a manner to be approved by the Warden (Mess).
- 2.1.12 The Mess Committee will supervise the system of purchases to ensure utmost economy in the best interest of the hostel mess.

2.2 RECEIPT OF STORES

- 2.2.1 All material received shall be examined, counted, measured or weighed, as the case may be, when delivery is taken. The Mess Manager will be responsible to ensure that the quantities are correct, the quality is good, and the stores are according to approved specifications where presented, and will record a certificate (to be counter -signed by the Mess Secretary and the Mess Warden) to that effect on the relevant bills of the suppliers.
- 2.2.2 Dry rations which are not charged off immediately, but are kept in stock should be properly preserved in a store room. The Mess Manager will ensure that rats, rodents, etc. do not spoil the stores and will take the necessary precautions. The Warden (Mess) will periodically inspect the stores to see that supplies have been kept in good and efficient condition.
- 2.2.3 The stores will normally be received during the day preferably when the Mess Secretary and Mess Warden are also present.

2.3 ISSUE OF STORES

- 2.3.1 Food articles will be issued by the Mess Manager to the kitchen normally twice a day, once in the morning for breakfast and lunch and once in the evening for dinner. The quantity and the kind of stores to be issued will be determined on the basis of the prescribed menu and the effective strength of the dining members including guests. Where scales of consumption have been laid down, issues should be regulated according to the prescribed scales. Care should be taken to ensure that stores are not issued in excess resulting in wastage. Daily consumption form/quanta to be prepared and signed with date by the Mess Manager and Mess Secretary every day.
- 2.3.2 The Warden (Mess) and the Mess Secretary will make surprise checks to assess the correctness of issues and record a certificate as a token of their surprise checks.

2.4 DAILY SUMMARY OF ISSUES

- 2.4.1 A daily summary of issues will be prepared by the Mess Manager in a register in a Format. At the end of each month, total issues will be worked out and carried to the stock and issue register.
- 2.4.2 In register the food items may be grouped on the same pattern as in the stock and issue register.
- 2.4.3 All entries in register should be attested by the Mess supervisor.

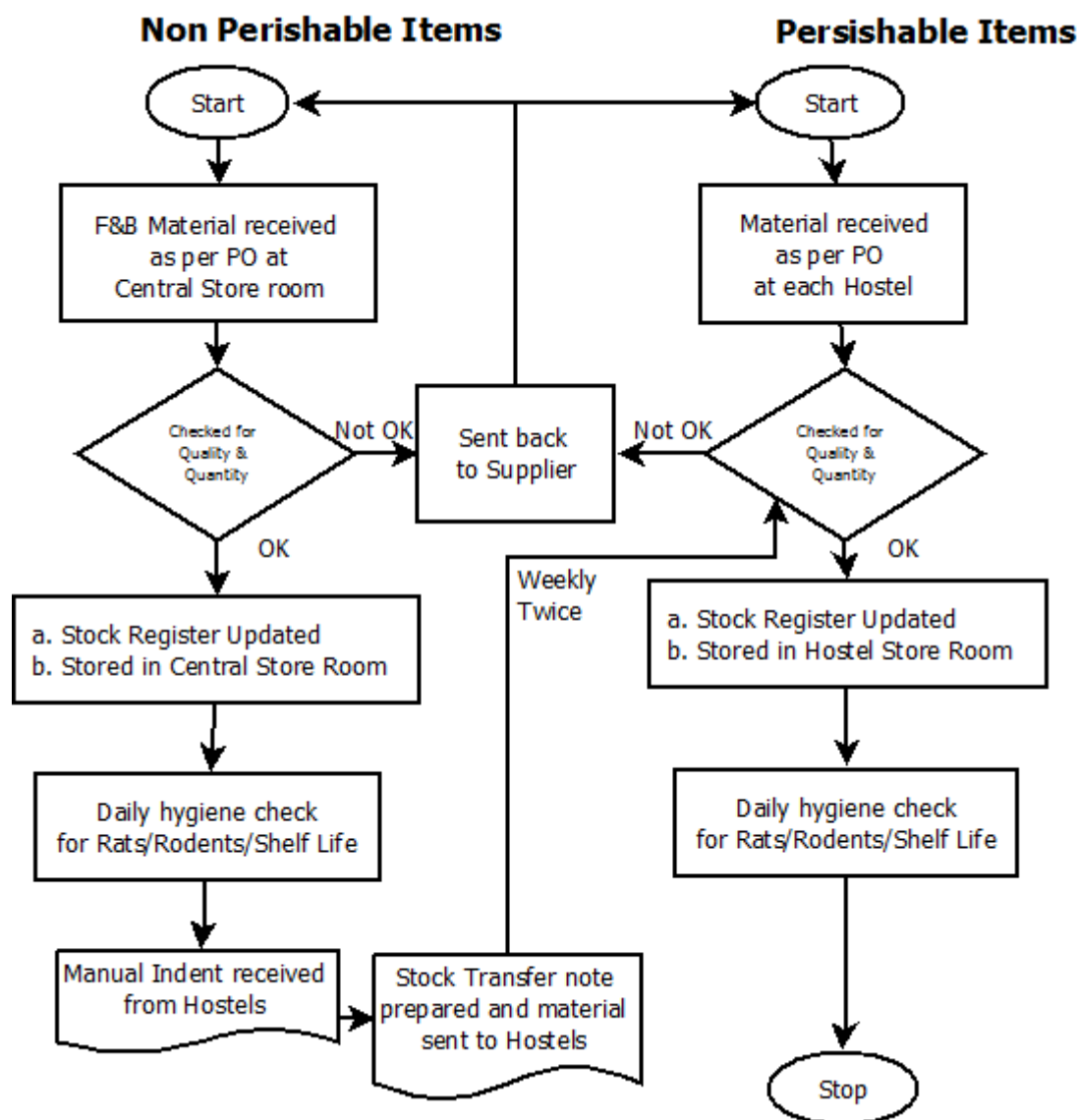
Note: Stores charged off immediately on receipt need not be entered in this register.

2.5 STOCK REGISTERS

- 2.5.1 All transactions of receipts and issues of stores should be recorded in a Stock and Issues Register i. The pages of the register should be machine numbered. The left hand side of the register should be used for recording receipts and the right hand side for issues. Entries of receipts will be made as and when the stores are received while entries of issues will be made in a lump at the end of each month, the total being taken from the daily summary of issues. The closing stock balance and its value should then be worked out in the register by the Mess Manager.
- 2.5.2 Separate page(s) may be set apart in the register for each article or group of articles.
- 2.5.3 Items of food stuff which are procured for day to day consumption like bread, butter, vegetables, milk, sweets, etc. should be charged off as and when received. Similar treatment should be given to gas, washing powder, etc. A separate stock and issue register may be maintained for all such items.
- 2.5.4 Entries made in the Stock and Issues register(s) should be attested by the Warden (Mess) and the Mess Secretary.

2.6 PHYSICAL VERIFICATION OF STOCK

- 2.6.1 At the end of each month, the Mess Secretary will physically verify the closing stock in the presence of the Mess Manager and tally it with the balances as per stock register. If there is any shortage, the Warden (Mess) will ask for the Mess Manager's explanation and fix responsibility. In case of any other discrepancy, the balance shown in the stock register should be rectified on the basis of actual over the initials of the Warden (Mess) and the Mess Secretary.



Process for flow of inventory in F&B

2.7 VALUATION OF THE CLOSING STOCK

2.7.1 The closing stock of materials will be valued at the last purchase rate. Where items of stores are grouped together like pulses, masalas, etc, the valuation will be made at the average rate (which is determined by dividing the total cost of purchase by the total quantity purchased in a month).

2.7.2 The value of the closing stock as worked out will be taken in the monthly statement of income and expenditure.

2.8 PAYMENT OF SUPPLIES BY MESS

2.8.1 All bills for supplies made to the mess will be received by the Mess Manager from the suppliers.

The Mess Manager will enter them chronologically in the bill register in separate pages of which should be set apart for different articles or group of articles, the pattern adopted being the same as in the case of stock and issue register.

Note: Requisition for temporary advances need not be entered in the bill register; the Mess Manager will keep a separate record for them.

2.8.2 The Mess Manager should check the particulars shown in the bill with those in the stock register and record following certificates thereon. "Stores received in good condition and entered in the stock register at page_____ item no_____".

"Prior approval of the competent authority has been taken where necessary".

"The amount is actually due and has not been claimed earlier". "Freight and other incidental charges claimed in the bill are correct".

Note: Where purchases are made through Purchase Committee, the certificate will be signed by all the members of the Purchase Committee.

2.8.3 The bills along with the bill register will then be sent to the Office In charge, who will check their correctness with reference to purchase orders, contracts, etc., if any, prepare the pass orders and put up to the Senior Warden for his approval. Then the Cashier will write the cheque, get it signed by the Warden (Mess) and Senior Warden and deliver it to the concerned party. The bill register should also be returned to the Mess Manager.

2.8.4 All bills should, as a rule, be cleared within a week of receipt. Particular care should be taken to ensure that bills received towards the end of the month are cleared within that month itself. The Office In charge will review the bill register weekly and, if any, bill found outstanding for more than a week, he will initiate action for its immediate disposal.

2.8.5 Ordinarily, all payments will be made by means of Crossed Cheque/ RTGS, but in very special and emergent cases cash payments may be made.

2.9 TEMPORARY ADVANCES

2.9.1 Temporary advance may be drawn by the Warden (Mess) for any specific purchase where credit facilities are not available. The occasions for drawl of Temporary Advance should be reduced to the minimum.

2.9.2 Wherever any temporary advance is required, the Mess Supervisor will prepare a requisition sufficiently in advance and after obtaining the sanction of the F&B (Mess) send it to the cashier. The Cashier, after checking its correctness, will put up the Register to the Office In charge with a pass order recorded

thereon. After the requisition has been examined, the Office In charge will sign the pass order and hand it over to the Cashier for writing the cheque. The cheque, duly signed by the Warden (Mess) and Sr. Warden will thereafter be handed over to the Mess Manager.

2.9.3 The Cashier will maintain a register of temporary advance in wherein the particulars of each temporary advance will be noted and its adjustment watched. A note of entry will also be kept in the requisition for temporary advance. The register will be kept in the custody of the cashier who will personally be responsible for its loss, damage, etc.

2.9.4 All requisition of temporary advance should be disposed of immediately and, in any case, within three days of their receipt.

2.9.5 If after purchase, any money out of the temporary advance is left over, the Mess Manager shall immediately deposit it with the Cashier without waiting for preparation of the adjustment bill.

2.10 ADJUSTMENT OF TEMPORARY ADVANCES

2.10.1 All temporary advances should, as a rule, be adjusted within 7 days from the date on which the advance was drawn, Particularly no advance can be allowed to remain unadjusted at the end of the month when the mess bill is prepared. (The expenditure actually incurred against the temporary advance has to be brought to account within the month to which it relates.)

2.10.2 The Mess Manager will prepare an adjustment account in a Format immediately after the purchases. The bill, supported by the supplier's cash memo, etc. will be sent to the cashier through the bill register for adjustment and payment of residual balance, if any.

2.10.3 The Cashier will keep a note of the adjustment bill in the register of temporary advance. This will be attested by Office In charge.

2.10.4 The procedure for preparing and passing the adjustment bill be the same as for other bills.

2.10.5 All cash memos, vouchers, etc. accompanying the adjustment bill will be cancelled by the Cashier over his signature.

2.10.6 At the end of each week, the Cashier will prepare a list of outstanding advances in duplicate and submit it to the Office In charge along with the register. The Office In charge after scrutiny, will send a copy of the list to Warden (Mess), who will see to it that the adjustment bills are submitted to Office In charge within 3 days.

2.11 INVENTORY OF CROCKERIES

- 2.11.1 The Mess Manager will maintain a stock register of crockery's, utensils, etc. separate pages being set apart for different types of utensils like, tumblers, dishes, etc.
- 2.11.2 At the beginning of each semester, the supervisor (Mess) along with the Mess Manager will conduct a physical verification of the stock; record a certificate in the register and, if any, discrepancy is noticed, investigate it.
- 2.11.3 Whenever crockery's, utensils, etc. are found unserviceable, a suitable note should be kept in the register along with the particulars of their disposal.
- 2.11.4 Entries in the register should be attested by the supervisor (Mess).

2.12 PHYSICAL VERIFICATION OF STORES

It is laid down that "a physical verification of all stores and Hostel Kitchen shall be made every week. The physical verification shall be made in the presence of the Caretaker/ Store-keeper responsible for its custody. The verification shall be entrusted to a person, not less in rank than an Assistant Manager who is not connected with the maintenance of stores or accounts thereof. The person should be conversant with the classification, nomenclature or the technique of the particular class of stores to be verified.

Note 1: Before starting physical checking of stores, the store-keeper should be asked to post the stock registers up to the date.

Note 2: The Officer carrying out stock verification shall verify the number/ quantity of the stores by having them counted, measured or weighed in his presence and prepare a detailed list specifying the number/quantity of each article so verified.

- 2.12.2 A certificate of verification of the stores, with its result, shall be recorded in the stock register itself under the date and full signature of the verifying officer. For this purpose some pages shall be provided in the beginning of the stock register. Shortages and damages noticed during physical verification shall be recorded and a report thereof submitted to the Sr. F&B Manager of the Dept. who shall send a report to the Finance Officer, giving the details, the reasons for the loss and the results of enquiry, if any conducted.
- 2.12.3 All stores found in excess of the book balance in the course of physical verification shall immediately be shown as a receipt in the stock register under

the dated initials of the Head of the Dept. who shall also investigate the reasons for the surplus.

- 2.12.4 Physical verification done during the year should be taken as relating to that year. Cases, however, come to notice where the stock checking done during the subsequent year is stated by the Dept. as relating to the previous year which is not in accordance with the rules: It may be ensured that physical verification of stores is not omitted to be carried out in any year, as otherwise the omission would in view of the specific orders of the E.C. for annual verification require condonation by the body.

3. PURCHASING POLICY AND PROCEDURE

Policy Overview:-

The term policy includes all the directives (explicit and implied) that designate the aims and of an organisation and the appropriate means used in their accomplishment.

Policy refers to the set of purpose, principle and rules of action that guide and organization usually documented and in writing.

Purchasing Policies

To provide guidance and support to the professional purchasing and support staff.
General outlines clarifying purchasing management on a subject.

Objectives of the purchasing function:-

To select suppliers that meet purchase and performance requirements to purchase material and service that comply with the engineering and quality standards.

To promote buyer seller relations and to encourage supplier distribution.

To treat all suppliers fairly and ethically.

Other objectives of the purchasing function are:

- To work closely with other departments
- To conduct purchasing operation so they enhance community and employee relations
- To support all corporate objectives and policies
- To maintain a qualified purchasing staff and to develop the professional capabilities of the staff.

4. INVENTORY MANAGEMENT PROCEDURE MANUAL/POLICY

PURPOSE

To regulate the acquisition, distribution and maintenance of stores within the CSC Hostels.

The procedure manual is applicable to all employees of CSC Hostels.

4.1. INTRODUCTION

In order to achieve and maintain efficient internal control of Stores and Inventory management the various structures and their activities are normally separated. That is, Inventory management section (warehouse), and transaction and distribution management section. The same officials should therefore not be responsible for more than one activity. However, in exceptional cases when a shortage of staff arises, approval for the use of the same official must be obtained from the Accounting officer on an ad hoc basis, to be revised annually.

4.2 WAREHOUSE/STORES

4.2.1. INVENTORY MANAGEMENT SECTION

This section deals with the physical handling of all stores and is the place where stores are kept for future issuing. The primary responsibilities of this section is the storage and preservation, warehouse control, warehouse safety, sub-division of warehouses stocktaking of stores and handing-over and taking-over of stores. The implementation of A to G inventory Analysis in the procurement is to be strictly adhered to. Therefore the physical infrastructure should where possible accommodate the maximum stock levels as reflected by consumption statistics depending on the following factors:

- Volume of items to be stocked;
- Physical dimensions of these items;
- Nature of items;
- Perishables
- Provision of bulk storage; and
- Secured area

Adherence to safety standards (direct hazards and height of shelves) should be considered.

4.2.2. TRANSACTION AND DISTRIBUTION MANAGEMENT SECTION

This is the place where all the incoming and the outgoing goods and equipment pass for correctness, quality control before any stores are taken into stock in the warehouse or leave the warehouse. The administrative process then follows. In order for the section to function optimally the following aspects are to be taken into account: Number of asset groups to be accommodated Availability of staff and physical constraints imposed by the building, location number of item records to be handled The nature of the line functions to be accommodated. The ratio of non-consumable and consumable items Provision for specialized functions and repairs, and the documentation needed to procure, record and issue items should be available so as not to hamper the supply chain process, and should therefore be procured timely.

4.2.3. INVENTORY LEVELS MANAGEMENT

Determination of Inventory levels is only done immediately after closing of records at the end of the financial year. This is only applicable to consumable store which may be kept in the warehouse. Important element to be considered in the management of inventory levels:

- **Unit of issue**

The suitable smallest quantity unit of issue should be fixed for each inventory item and it should be applied consistently in all receipts, issues and recording processes, e.g. kilograms, grams, litres, millimetre, meters, centimetres, units of number.

- **Unit of supply**

This is obtained from the supplier or from an official contract. The quantity ordered should be in accordance with the packing unit of the supplier and not according to the unit of issue.

- **Estimation of consumption**

Be aware of and do estimation of future consumption. Past performance and consumption figures as reflected on the item records should be no more than a guide and the latest reliable information from all cost centre managers to be aware of planned and approved activities.

- **Availability of items**

Know the delivery period for the commodities for which you are responsible. Previous performance will be an indicator.

Analysis to obtain information regarding the current and future prospects around delivery and lead times is essential.

- **Cost of ordering**

The administrative cost of placing orders is not negligible, and with items of low unit value, it might be a significant factor. More expensive items will normally be ordered frequently, but in smaller quantities. Cheaper items necessitate larger consignments spaced over a longer periods.

4.2.4. Type of item

Inventory levels for perishable or seasonal items cannot be determined strictly.

Therefore, Section Managers need to be consulted. The availability of storage facilities such as cold rooms has to be taken into consideration.

4.2.5. Allocation of inventory items

If specific quantities of inventory are set aside (allocated) for special programmes or capital projects, this must be taken into account when managing the amount in stock where the material is also being used for other purpose.

4.2.6. Expensive items

Very frequently a large proportion of the value of the inventory is represented by a comparatively small number of items/materials with a very high rate of consumption

4.2.7. Other elements

The geographical location of the source supply, price discounts, number of Section Managers, and rate of issuing to users, minimum ordering quantities and items with expiry dates.

4.3. INVENTORY ANALYSIS TECHNIQUE

4.3.1. Purpose and aim:

- To determine basically the type and the quantity of inventory items that must be held in stock.
- Stock items are divided into two groups, i.e., Consumable items and non-consumable items;
- To purchase stores directly according to requirements when it is practical and economical to do so, or to purchase stores in the most economical manner; and
- To provide management with information on the different inventory items (asset group) in terms of the consumption value.

This is the action/procedure that transpires between an institution and its suppliers, depots and external stores in order to accomplish meaningful replenishment of inventories.

4.3.2. Method for purchasing

Purchasing may take place in the following instances:

- As soon as safety margin on the item record is reached, in cases where stock is replenished in accordance with the levels calculated by means of the Inventory levels Management Techniques.
- On receipt of a requisition voucher from a store manager in respect of an item that is not kept in the warehouse.
- When victuals are ordered.

4.3.3. General rules

- All purchases must be in accordance with the relevant sections of the Public Finance Management Act, the Treasury Regulations or other directives issued by the Treasury from time to time.
- Quantities to be obtained shall be calculated in accordance with the Inventory Levels Management Techniques used.
- The purchase of small quantities of an item to the best advantage of the institution
- Purchases may not be concluded without an order and approval of the Chief Finance Officer/Chief Executive Officer approval
- Purchases are to be limited to essential items/services.

- Items must have been budgeted for, funds been voted and sufficient reserve funds available to finance the expenditure.
- The items are on contract, and if not, that the necessary quotations have been obtained by making use of the supplier database, or bids have to be invited for the supply of items
- Number of orders must be kept as low as possible.
- Possible risk of loss resulting from keeping reserve stock must be avoided or minimized. The strategy of Safety Margin is applied where the following information is not available or reliable:
 - a. the reliability of supply;
 - b. The predictability of demand
 - c. Cost of carrying additional stock; and
 - d. The cost of failure to provide items.

4.3.4. Just-In-Time (JIT) Principle

This principle is primarily used in the absence of storage facilities, because the situation necessitates that the items be delivered directly to the functionary involved. It also depends on short and reliable delivery times, short adjustment times for equipment, group technology, high quality standards and extremely reliable workers and suppliers. The decision regarding what and when to order now becomes the responsibility of the Section Manager.

4.3.5. What to order

- If the balance is equal to or more than the minimum quantity the maximum quantity must be ordered.
- If the balance is less than the minimum quantity the difference between the balance and the minimum quantity must be calculated and added to the maximum quantity.

4.4. PURCHASING PROCEDURES

- A duly completed and approved Requisitioning Voucher is the single starting point of the purchasing process
- An official order will be prepared as follows and duly signed by the delegated official –
 - Supplier's copy,
 - Stores copy for filing,
 - Accounts copy

- In the case of inventory items proof of availability of funds must be established
- In the case of non-inventory items the requisition starts from the Cost Centre Manager with clear description of items, and accompanied by specification where applicable. The photocopy of the stores copy is sent to the Section Manager while the store copy is sent to TMS for them to wait for delivery.

4.5. PURCHASING PROCEDURES

4.5.1. Collection of items from the supplier

- the items are packed and received in sealed containers and the carter cannot check the contents, the recipient only signs for the number of containers received and the delivery note is to be endorsed 'Contents not checked'
- If the acknowledgement of receipt is likewise endorsed, the supplier can be held responsible for any shortages that may come to light when the items are unpacked;
- If receipt is acknowledged without the said endorsement, the supplier cannot be held liable for any shortage at a later stage;
- Irrespective of the stipulations regarding delivery conditions, responsibility is passed to the buyer as soon as receipt of items has been acknowledged.
- Therefore, the official, whatever the post he/she may hold accepts full responsibility of the quantity of containers/volume/mass as soon as he/she signs for (the)delivered items

4.5.2. General

- All items received should pass through the Receiving Officer for checking before being taken into stock; the verification is extremely important;
- Items are to be verified as soon as possible after receipt;
- The inspection of incoming items is a specialized function and should be carried out by trained personnel, if necessary, an expert in the particular product can be approached to assist in the verification process;
- When items are received it is to be established whether the order is expected by checking the relevant number reflected on the delivery note against the outstanding orders;
- Items may not be received unless an order form or similar document is available;

- Delivered items are to be verified against the order and other relevant documents as follows:
 - Firstly, the correctness - that the items received are in fact the items that were ordered, e.g. specification;
 - Secondly, the quantity received;
 - Lastly, the quality - items are to be checked for defects and/or inferior quality;
 - Any evidence of tampering, damage or short delivery is to be investigated immediately and particulars are to be endorsed on the delivery note;
 - Discrepancies with regard to the correctness, quantity or the quality must be indicated and the receipt voucher reflecting "rejected and reasons for rejection must be indicated also;
 - Items may not be left in the TMS longer than forty-eight hours.
 - When items are received in holders, the external condition of such holders are to be checked for damage or tampering before the delivery note may be signed;
 - If the holder is damaged, the package must be returned to the supplier;
 - If the contents are not unpacked and checked on receipt the delivery note is to be endorsed 'contents not checked';
 - Where items or services are not delivered to the warehouse, the person (e.g. Section Manager) receiving the items/service to forthwith furnish the TMS with the receipt voucher with regard to the correctness, quantity, quality and condition of such items / service; Receipt and distribution of inventory items where an IMS is in operation

4.5.3. Full delivery

The Receiving staff must update the following documents

- Update the receipt voucher by entering the 'quantity received' and sign in the 'distribution in' space;
- Where applicable completes the certificate on the payment copy of the order form or certifies the invoices.
- (He / She) declares that the item/s was/were received in good order and that payment can be made for the item/s. Where applicable the official who authorized the purchase may only acknowledge receipt of goods. The certificate and the settlement certificate on the official order may only be signed by the TMS for payment
- The TMS must forward the items received and the receipt voucher to IMS

The warehouse personnel must then:

- Verify that the quantity received corresponds to (with)the quantity indicated on the receipt voucher if necessary, mark the items with the provincial mark or barcode and place the received items in the relevant bin(s),
- Update(s) that the balance on the Bin Record must be increased
- Update the receipt voucher by entering the bin allocation number and signing on the Warehouse in' space
- Return the receipt voucher to the TMS who is to forward all the relevant documents to TMS

The Receiving Officer official must then:

- Forward the payment copy of the order, invoice, and delivery note to accounts for payment;
- Update the Stock register Record
- Files the document in the voucher file for specific asset group and updates the control sheet

4.5.4. Partial delivery of inventory items

- Partial deliveries emanate from orders stipulating that the items ordered be delivered in specified quantities and on specific date
- On receipt of partial delivery the Receiving Officer completes the relevant register by entering the actual 'quantity received'
- Sign in the 'Distribution in' space
- After every partial delivery, registers the expected next delivery, in accordance with the delivery information on the order

4.5.5. Faulty deliveries

• Late deliveries

- If effective delivery does not take place on the desired (expected) delivery date, the Procurement Officer must notify the Receiving Officer immediately by means of a memo, indicating the order number, the supplier, the approved quantity and the expected delivery date
- The Procurement Officer must then query the supplier by means of a registered letter. A copy of the query together with the original memo

must be filed. Another copy is sent to the Receiving Officer where the query is attached to the relevant order.

- If the order still remains undelivered after extended period, the process as above is to be repeated. If after the second query, there is still no reaction from the supplier the matter is to be reported to the CEO Office in order that further steps may be taken

- **Short delivery**

- If short delivery occurs, the delivery note is to be endorsed accordingly
- The quantity actually received is to be taken on charge,
- If the ordered quantity has been invoiced, but not delivered in full the supplier is to be requested to:
 - Effect delivery of the balance; or
 - Provide a credit note in respect: of the items not delivered;
 - Provide an amended invoice reflecting the quantity actually received
- The account cannot be settled until such time as the shortfall have been adjusted by one of the methods described
- The supplier's account is to be submitted without delay, for settlement of the full amount.
- If sealed containers are opened and it is found that there is shortage, but no sign of tampering or damage is visible, it is probable that the supplier has made an error.
- Sound and careful judgment by the Finance Manager/CEO is to be used when determining liability
- If considered necessary, statements are to be obtained from the officials and attached
- On receipt of statements and it is apparent that the shortage is the responsibility of the supplier, the TMS is to take the matter up with the supplier or caterer immediately in writing advising that the container was received sealed and undamaged, and that it is unlikely that the shortage could have occurred in transit.
- To keep authorities concerned, e.g. Cost Centre Manager, informed copies of all correspondence to be made available to them until such time the matter is finalized.
- If the finalizing of discrepancies does not progress satisfactorily, Head Office is to be notified.

- **Surplus delivery**
 - Only the quantity that was ordered is to be taken on charge.
 - Delivery in excess of the ordered quantity can be accepted by workshops, in the case of materials, if provision for over-supply has specifically been made in the contract.
 - Where no authority exists for the acceptance of such over-delivery, the supplier is to be immediately notified in writing/by mail in respect of the quantity delivered in excess of the ordered quantity

- **"Incorrect items" refers to:**
 - The items delivered are not the items ordered;
 - Damaged items; and
 - Items of inferior quality.
 - The quantity of the incorrect items are to be entered in the "quantity rejected" and reasons for rejection is indicated (e.g. wrong, damaged or poor quality)
 - The TMS notifies the F&B Head immediately by means of a memo indicating the document number, the supplier, the approved quantity, the order number, the quantity of the incorrect items, number of holders, external appearance of holder, and if goods were unpacked and checked immediately, reasons for the delay.
 - The TMS must then query the supplier by means of a registered letter; copy of the said query must be filed,
 - If considered necessary, statements are to be obtained from the officials concerned and attached. The account cannot be settled until such time as the supplier has amended the invoice or provided credit.
 - If replacement of the incorrect items is (are) requested but these cannot immediately be replaced by the correct items, the "quantity to follow" fields are populated with the quantity of the incorrect items and the procedure for short delivery is followed.
 - Incorrect items are not to be taken into stock or marked, but are to be returned to the supplier under cover within 24 hours and the same procedure of returning the over-delivered items is followed.
 - With regard to damaged items, the necessary investigation, if applicable is to be lodged and accountability established.
 - Receipt and distribution of non-inventory items/inventory items where an IMS is not in operation

- All items are regarded as "D - items" that have to be purchased on demand, received and issued.
- The responsibility of TMS remains the same as when an institution has an IMS in operation, i.e. verification of items, signing of delivery note, updating the documents, filing, and completing the payment processes.

4.6. ROLE PLAYERS AND THEIR RESPONSIBILITIES

All role players must be appointed in writing.

4.6.1. Chief Finance Officer/Finance Manager

- Ensures that all directives, regulations, delegations, legislation and policy are adhered to
- Authorizes requisitions (external and internal)
- Stocktaking
 - Is to be full acquainted with the stocktaking procedures and is to ensure that all instructions in respect of stocktaking are complied with
 - Is responsible for stocktaking in respect of inventory and assets
 - Compile a stocktaking programme for the forthcoming financial year, cycle or phase of a cycle and submits to the CEO office.
 - Ensures that regular stocktaking spot-checks are carried out on inventory as well as all assets
 - Appoints in writing stocktaking teams
 - Issues a certificate, confirming that all receipts and issues transactions have been correctly posted, and that the balances of items as reflected on the originals and copies of the asset records, corresponds
 - Ensures that the discrepancies that are identified are not the result of receipts and issues that have not been recorded, or calculations and other administrative errors
 - Investigates and finalizes all deficiencies and surpluses
 - Submits a consolidated stocktaking report
 - Handles surpluses and shortages
 - Handles disposals reports to the Local Head of Supply Chain Management Unit on the status , quality and progress of the general administration of Supply Chain Management

4.6.2. Official Verifier (appointed in writing)

- Supervises the Stores Section

- Verifies and countersigns all requirement forms.
- Ensures the correct application of the applied inventory levels management technique and all other prescribed policy procedures
- Ensures that all directives, legislation regulations, delegations and policy are adhered to
- Conducts spot-checks on documentation and stock
- Ensures that all purchasing is done according to delegations and directives
- Ensures that all purchases are made in accordance with existing contracts
- Ensures that all purchases are made in accordance with the institution's exemptions/emergency policies
- Ensures that the General Conditions Contract(GCC) are strictly adhered to
- Ensures that the sale of State property complies with prescribed bid procedures
- Ensures that the bidding process is properly managed
- Ensures that contracts are regularly updated and maintained
- Verifies and approves internal and external requisitions
- Checks order form book
- Manages the safekeeping of face value forms
- Manages corn bating of corruption
- Verifies the accuracy of: transaction information on receipt and issue vouchers as well as voucher files
- Approves official orders to suppliers
- Serves on the bid adjudication committee/team
- Advises Section managers on planning schedules for materials estimates
- Compile the annual financial statement
- Ensures that payments are authorized according to applicable delegations
- Ensures the finalization of all outstanding transactions
- Co-ordinates, aligns and monitors office procedures such as procedure flows, voucher administration, filing, etc.
- Verifies, signs and dates item records, and registers the item records in the item index to be kept under his/her direct control
- Periodically checks lists, maintains item records, registers, files etc
- Verifies all assets records
- Does spot-checks on and sign the reverse side of asset records
- Ensures closing of documents/records at the end of the financial year
- Manages loss control
- Manages supply chain performance

4.6.3. Stock-Issue Official (distribution in/ distribution out)

- Keeps a filing system for all documentation
- Keeps a diary of receipts and periodically follows up on outstanding deliveries and generally communicates with the purchasing section
- Certifies delivery notes
- Verifies correctness, quality and quantity of all delivered stock and items issued
- Fills in/signs/forwards documentation related to the receipt of items
- Forwards received items and documentation to IMS
- Dispatches items and undertakes packaging of stock for transportation
- Keeps record of vendor performance

4.6.4. Inventory Management Official

- Performs general warehouse management (e.g. safekeeping of stock and warehouse keys, marking of assets, adherence to regulations. certain inventory and handing over as well as fire prevention prescripts
- Performs the administration and maintenance of bin allocations (e.g. bin numbering system) and keeps the Transaction Management Section posted
- Receives inventory, checks for correctness, quality and quantity and fills in /signs the appropriate documentation; stores inventory according to the prescribed warehouse management principles
- Issues approved quantities of inventory items; fills in /signs /forwards the appropriate documentation and items to distribution management section
- Assist stocktaking team with the stocktaking
- Report stock discrepancies to the relevant role players
- Reports inventory items to be disposed of to the local head of CSC by means of a memo/service letter.

4.6.5. Section Head

- Is responsible for the Section Head Manager operational budget
- Exercises physical and financial control over all requisitions (Approves/amend/rejects request memos received from functionaries, and authorizes requisitions for inventory, assets and services before they are submitted to the Supply Chain Management Unit)
- Investigates deficiencies discovered in respect of Organization property (consumable and non-consumable items)

- Investigates losses (avoidable expenditure)
- Chairs a stocktaking team
- Is responsible for asset management at their Section

5. WAREHOUSE OPERATION

Mission Statement

The warehouse is our strongest assets. Dedication, accountability and reliability are at the heart of our business philosophy. Focused on our business units needs, we provide integrated logistics of outstanding product quality, product quantity and delivered on time.

5.1 Warehouse Function

1. Unloading
2. Receiving and checking the material
3. Internal product movement
5. storing
6. order - picking
7. stock sorting
8. stock rotation
9. packing
10. loading and shipping
11. cycle counting
12. Handling Returns

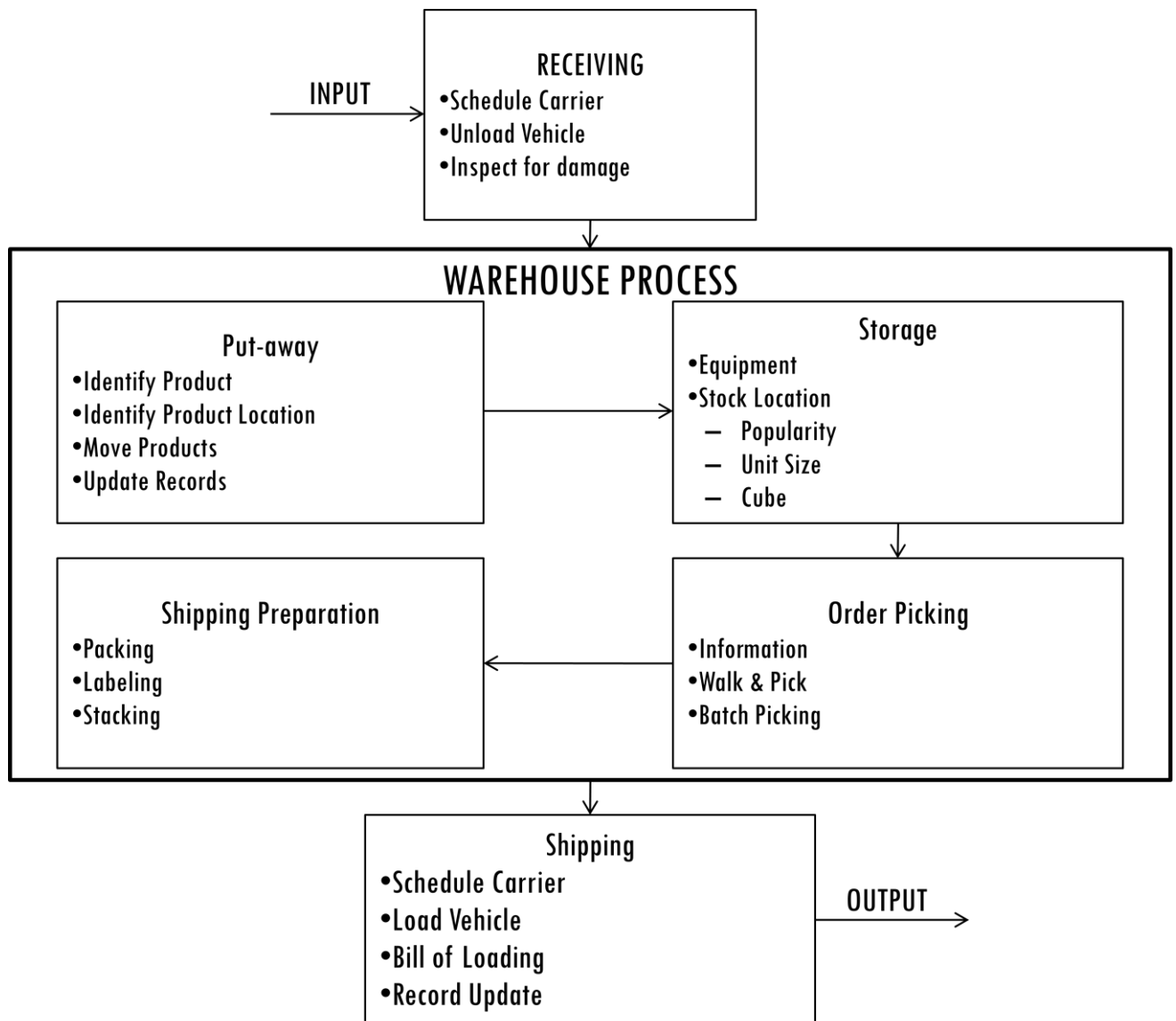
5.2 Operational Process

1. Receiving
2. Put- way
3. Storage
4. Picking
5. Packing
6. Shipping

5.3 Activities Ware House

5.3.1 Inbound Activity

1. Unloading
2. Counting
3. Identifying
4. Marking
5. Quality Control
6. Registering Goods



5.3.2 Process Activities

1. Put Away - Stocking
2. Product Category - Cycle Course
3. Palletise - Stock Rotation
4. Space Planning

5.3.4 Outbound Activities

1. Routing
2. Directing
3. Confirmation
4. Invoicing

- 5. Sealing
- 6. Staging
- 7. Loading

5.4 Receiving Objectives

Right Product
Right Quality
Right Quantity
Right Weight
Right Standards
Right Condition
Right Time

5.5 Receiving Procedure

- Prepare to receive goods and materials
- Check The condition
- Unload the product (manual)
- Count the product
- Check the product (Quality, Quantity and expiry)
- Identify the product
- Mark the product
- Enter the product on the receipt register
- Transfer the product to stage area
- Enter the product in stock

5.6 Put Away And Stacking

- Stack according to First in First out
- Stack according to standards
- Method of stacking
 - Manual Stacking
- Keep stacked goods neat
- Boxes should be stacked evenly
- keep identity sticker visible
- stack goods in a safe place

5.7 Shipping

- Invoicing
 - Staging
 - Categorizing
 - Checking
- The right product
 - In the correct quantity
 - In going condition
 - And a schedule time
- Confirming
 - Loading

5.8 Storage Standards

Dry storage from (55⁰ to 70⁰ F) (13⁰ -21⁰ C).

Refrigerator from (34⁰ to 38⁰ F) (1 - 4⁰ C)

Freezers From (0 to -22⁰ F) (-18⁰ - -30⁰ c)

Good ventilation provides clean air at the required temperature and humidity.

5.9 Key Inventory Terms

Lead Time - Time interval between ordering and receiving the order.

Ordering Cost - costs of ordering and receiving inventory

Storage Cost - costs when demand exceeds supply

5.10 Components of carrying cost

Capital costs. Cost of Money Storage costs .

Is the cost of space, personnel, and equipment.

Risk Costs. It is the cost of Damage, pilferage, insurance etc.

Records and Handling costs

5.11 Warehouse Opportunities

5.11.1 To be improved

- Inventory Accuracy
- Picking Accuracy
- Control of production
- Space utilization
- stock rotation

- Resource planning and Scheduling
- Labour & Equipment Productivity
- Performance Mgmt

5.11.2 Reduced

Inventory

workforce

Damage/Lost stock and safety stock

Search Times

Paperwork/Human Error

Physical Inventory Tracking

Labour, equipment and utility cost

Driver / Delivery cost

Warehousing cost

5.11.3 Warehouse Controls

Fire prevention and Protection

Smoking permitted in the warehouse

Theft and Pilferage

Product Damage and Contamination

Storing Hazardous Material

6. PROCESS FOR FOOD FLOW

- Purchasing
- Storing
- Preparing
- Cooking
- Holding
- Serving

6.1 Purchasing/Receiving:

- Buy only from Reputed suppliers
- Schedule delivers for off-peak hours
- Inspect deliveries carefully
- Test temperatures for received food items
- Make sure products are refrigerated as soon as possible
- Check that all food packages are intact
- Select fresh products

6.2 Storing:

- Label food
- FIFO
- Stored product needs depleted regularly
- Check expiration dates
- Keep out of temperature danger zone
- Store food in designated storage areas
- Keep all storages clean and dry

6.3 Preparing:

-Proper thawing

- Refrigerate at 41°F or lower
- Under running water at 70°F or lower
- In a microwave if the food will be cooked immediately
- Use clean and sanitized work areas and equipment
- Wash hands properly

6.4 Cooking:

- Fruits, vegetables, commercially processed, ready to eat food are cooked at 135⁰F
- Roasts are prepared at 145⁰F.

6.5 Holding:

- Check the temperature of food at least for four hours
- Establish a policy to determine how long food will be held
- Cover food
- Prepare food in small batches
- Cold food must be held at 41⁰F or lower temperature and cannot exceed 70⁰F
- Hot food must be held at 135⁰F or higher or it is served and discarded within four hours

6.6 Serving:

- Use clean and sanitized utensils for serving
- Use serving utensils with long handles
- Store serving utensils properly
- Use gloves when handling ready to eat foods
- Practice good personal hygiene
- Identify all food items
- Maintain Proper food temperatures
- Replenish food on a timely basis
- Do not refill soiled plates or use soiled silverware