# **Inventory Management**

**Core Business**

FC Platinum Inventory management (IM) is primarily about specifying the size and placement of stocked goods. It is necessary at different locations within the FC Platinum supply chain, to ensure continuity in the production cycle ensuring that there are no stock outs at any point. Inventory Management particularly ensures that FC Platinum has buffer stocks at all times.

. Inventory management can be defined as the management of stored materials and materials in transit the purpose of this procedure is to articulate the inventory control and management cycle at FC Platinum from start to end.

The following activities all fall within the range of inventory management:

1. demand forecasting
2. control of lead times,
3. carrying costs of inventory and cost containment for inventory acquisition,
4. inventory forecasting,
5. inventory valuation,
6. inventory visibility, what does this entail?
7. future inventory price forecasting,
8. physical inventory counts,
9. available physical space for inventory,
10. quality management,
11. stocks replenishment, and
12. returns of defective goods.
13. Issuing of stock

Inventory management basically serves two main goals.

1. Ensures the availability of goods to meet envisaged demand. It is important for the smooth-running operations, as effective and efficient IM ensures that required materials are present in the right quantities, quality and at the right time in order to deliver a specified service.
2. Ensuring that the specified service level at attainable, pre-determined optimal costs.

## **Prerequisites**

1. **Sites**

FC Platinum currently has one main site configured namely: FCP main site.

1. **Warehouse**

FC Platinum currently has the following warehouses configured

1. Central Stores
2. Chivasa
3. Gazebo
4. Mine Canteen
5. Mine Canteen Kiosk
6. Amenities
7. Roland Golf Club Kitchen
8. Roland Golf Club Bar
9. Brickyard
10. Cleaning
11. Diverse Kitchen
12. Diverse Bar
13. Engineering
14. PPE
15. Regalia Main Stores
16. Regalia Shop
17. Stationery
18. U19
19. **Locations.**

FC Platinum currently has the following locations specified.

1. Central Stores
2. Chivasa
3. Gazebo
4. Mine Canteen
5. Mine Canteen Kiosk
6. Amenities
7. Roland Golf Club Kitchen
8. Roland Golf Club Bar
9. Brickyard
10. Cleaning
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12. Diverse Bar
13. Engineering
14. PPE
15. Regalia Main Stores
16. Regalia Shop
17. Stationery
18. U19
19. **Products**

Inventory relates to the perishable and non- perishable materials held by FC Platinum for resale and for production of goods or services

(or use and grouped in item Groups for Posting setup.)

## **Receiving from Purchasing**

### **Pre-condition**

1. **Confirmed Purchase Order**

Production of a fully approved and confirmed Purchase order due for receiving.

Availability of security for the receiving to proceed

### **Process Description**

The Accounting Assistant - Procurement receives products from the delivering vendors, inspects them and then arranges products in their respective classes. In this respect goods are received in line with the respective Warehouses i.e. Cleaning for cleaning materials, PPE for protective clothing and Stationery for Stationery items

Goods can either be serialized or non-serialised. (how about serialised stock)

For serialised goods the Accounting Assistant- Procurement uploads & attach serial numbers to products and then receive the available quantity into the respective site, warehouse and location.

For non-serialised goods the Accounting Assistant - Procurement will receive the delivered goods straight into the respective site, warehouse and location.

All receipts of goods must have the following information recorded and must be done in the presence of security personnel at all times:

* Receipt Date
* Delivery Note Number / Invoice Number/
* Quantity Received.
* Expiry Date (For goods that have a shelf life)

Defective and goods that do not conform to FC platinum quality standards will be rejected at the point of receipt and returned to supplier

Once the inspection, verification and receiving processes have been completed the Accounting Assistant -Procurement will produce and append signature to a Goods Received Voucher (GRV) and the same will be verified and signed by the security personnel and supplier representative.



### **Actors**

* Accounting Assistant -Procurement
* Vendor /Supplier
* Security personnel

### **Workflow & Notification**

* None Required.

### **Audit Trail**

* Goods Received Voucher (GRV)
* Supplier Delivery Note / Invoice
* Purchase Order Copy

## **Stock Issuing - Hospitality**

### **Precondition**

1. **Fully approved Inventory Requisition**
2. **Stock availability**

For stock to be issued, the Inventory Clerk need to be in possession of a fully approved stock requisition and checks to ensure the requested items of stock are available in the warehouse.

### **Process Description**

Accounting Assistant-Inventory receives requisitions from the requesting department that is fully authorised by the respective Head of Section. Stock cannot be issued without an authorized stock requisition. Accounting Assistant-Inventory reviews and checks for the availability of goods requested for in the warehouse.

If the requested goods are not in stock the Accounting Assistant-Inventory will forward the requisition to procurement for replenishment into the main warehouse against this request’s reservation.

If the requested goods are in stock, Accounting Assistant-Inventory will send the requisition to the Accounting Officer-Inventory for Final Approval. Once approved the Accounting Assistant-Inventory instructs the Accounting Clerk-Inventory to physically issue stock to the Requesting Department.

The Accounting Clerk Inventory generates a Goods Issue Voucher (GIV) upon issuing the stock physically. On issuing Accounting Clerk-Inventory signs, the GIV to indicate that the products have been issued in the presence of security personnel who also. The requisitioning department representative also append signature as acknowledgment of receipt of goods.

The table below shows the User roles that Requisition and Approve for the respective warehouses where stock is transferred to for consumption.

|  |  |  |
| --- | --- | --- |
|  | **Requisitioner** | **Head of section** |
| **Diverse** | Head Chef | Lodges Supervisor |
| **Gazebo** | Bar man | Hospitality Supervisor |
| **Roland** | Bar man | Food & beverage supervisor |
| **Chivasa** | Head Chef | Hospitality Supervisor |
| **Platinum Lounge** | Bar man | Lodges Supervisor |
| **Mine Canteen** | Head Chef | Hospitality Supervisor |



### **Actors**

* Requisitioner
* Head of Section Requesting Department
* Head of Department Requesting Department
* Accounting Assistant Inventory
* Accounting Officer Inventory
* Accounting Clerk Inventory
* Security personnel

### **Workflow & Notification**

* Approval of requisition by the Head of Section and Head of Department
* Review of requisition by Accounting Assistant Inventory.
* Approval of requisition by the Accounting Officer Inventory

### **Audit Trail**

* Requisition
* Goods Issue Voucher. (GIV)

## **Issue to PPE**

### **Precondition**

1. **Fully approved Inventory Requisition**
2. **Stock availability**
3. **Conformance to the PPE Matrix**

PPE has to be physically available in the Main warehouse.

### **Process Description**

Accounting Assistant-Inventory receives a PPE requisition authorised by the respective Head of Section. PPE cannot be issued without an authorized stock requisition. Accounting Assistant- Inventory reviews and checks for the availability of the PPE requested for in the warehouse.

If the requested PPE is not in stock the Accounting Assistant-Inventory will forward the requisition to procurement for replenishment into the main warehouse against this request’s reservation.

If the requested PPE is in stock, Accounting Assistant- Inventory sends the requisition to the Accounting Officer Inventory for Approval. Once the Accounting Assistant Inventory approves the issue, the requisition is forwarded to the Accounting Clerk Inventory for the issuance of the requested inventory items. After issuing, the Accounting Clerk Inventory generates a Goods Issue Voucher (GIV) then issues the products physically.

After issuing the Accounting Clerk Inventory signs, the GIV to indicate that the PPE items have been issued in the presence of security who also append their signature, the requesting department’s representative also signs the GIV as acknowledgment of receipt. The GIV copies are printed in quadruplicate and distributed as follows

* Issuing Clerk
* Accounting Assistant Inventory
* Security
* HR



### **Actors**

* Requisitioner
* Head of Section
* Accounting Assistant Inventory
* Accounting Officer Inventory
* Accounting Clerk Inventory
* Security personnel
* HR Officer

### **Workflow & Notification**

* Review of requisition by the Accounting Assistant - Inventory
* Approval of requisition by the Accounting Officer Inventory

### **Audit Trail**

* Requisition
* Goods Issue Voucher (GIV)

## **Issue internal consumption**

### **Precondition**

1. **Stock availability**

The stock has to be physically available in main warehouse.

### **Process Description**

Accounting Assistant Inventory receive requisitions from the requisitioner authorised by the respective Head of Section. Stock cannot be issues without an authorized stock requisition. Accounting Assistant Inventory reviews and checks for the availability of goods requested for in the warehouse.

If the requested goods are not in stock the Accounting Assistant-Inventory will forward the requisition to procurement for replenishment into the main warehouse against this request’s reservation.

If the requested for goods are in stock, Accounting Assistant Inventory send the requisition to the Accounting Officer-Inventory for Approval. Upon approval the Accounting Assistant-Inventory instructs the Accounting Clerk-Inventory to issue the products. The Accounting Clerk-Inventory generates a Goods Issue Voucher (GIV) then issues the products physically. Upon issuing Accounting Clerk Inventory signs, the GIV to indicate that the products have been issued in the presence of a security guard, he/she also signs and the requisitioner signs to acknowledge receipt of goods in good order.



### **Actors**

* Requisitioner
* Head of Section
* Accounting Assistant-Inventory
* Accounting Officer-Inventory
* Accounting Clerk-Inventory
* Security Guard

### **Workflow**

* Approval of requisition by the Head of Section (HOS)
* Approval of requisition by the Accounting Officer -Inventory

### **Audit Trail**

* Goods Issue Voucher (GIV)

## **Stock take**

### **Precondition**

1. **Stock**

Stock must be available in the warehouse for it to be counted.

Prenumbered Stock count sheets

1. **Requisition of Audit**

FC Platinum regularly verifies quantities and condition of the stock held in inventory or warehouses.

### **Process Description**

Stock counts should be performed at Warehouses:

1. **Every Monday** - to update bin cards and to check re-order levels- Hospitality stocks
2. **Every month ends**
3. – This is carried out to compare on hand inventory in the accounting system and physically counted quantities. The count is particularly important to guard against stock redundancy, unnecessary write offs due to expired goods. The ultimate goal is to report on the correct inventory quantity valued at the correct process on the financial statements. Any identified variances are investigated through a variance report and journalised to the accounts.

Before count, the Accounting Assistant Inventory ensures all stocks are grouped according to their nature for easy of identification and count. It is the responsibility of the Accounting Officer- Inventory to generate an inventory count sheet and create a count sheet register for use when issuing out the stock count sheets. Accounting Officer- Inventory identifies and sets up stock count teams. Each team must consist of one person from stores and one person from another department.

Accounting Officer - Inventory must

1. conduct the training of the stocktaking teams a day before the count is done
2. run a before count inventory valuation and print report for variance analysis.
3. In conjunction with the Procurement Officer generate the following cut off documents;

* Last GRV.
* Last Issue Requisition
* Last Purchase Order Number
* Last Inspection Number

On the day of the count, the Accounting Officer Inventory issues out the stock count sheets to team leaders and ensures they sign for them. Stock take teams count items in the respective bins and record the count result in ink on the stock count sheet. The counted items should be marked to ensure no count duplications occur. Any cancellations should be neatly done and signed off by two team members including the team leader.

The Accounting Officer -Inventory evaluates the progress of the count, ensuring that all stock items have been counted. Once the count is completed, the Accounting Assistant-Inventory captures the stock count figures into a downloaded variance report and compare the system totals with the physical count. If any variances arise, the Accounting Clerk -Inventory initiates investigations on the identified variances and report on them. All stock variances should be cleared in the same reporting month. The stock custodian at all the FCP Locations shall be held accountable for the variances.

All stock count exercises shall be carried out in the presence of security.

The Accounting Officer-Inventory then

1. processes the approved variances through journals
2. generates and files the final inventory valuation.
3. File completed and signed stock count sheets, variance report and stock take confirmations for future reference after confirmation.



### **Actors**

* Accounting Officer-Inventory
* Accounting Assistant Inventory
* Accounting Clerk Inventory
* Stock take teams
* Security Personnel

### **Workflow & Notification**

* None Required

### **Audit Trail**

* Stock Count Sheets
* Variance reports if there are identified variances

## **Month end Closure**

### **Preconditions**

* Ensure that all variances have been posted
* Check cost price variances
* Ensure open quantities are cleared
* Ensure that the most recent month end closure was conducted successfully

### **Process Description**

At the end of each month the accounting officer closes the month and the system calculates the average cost of the product. The difference between the average cost of the products and the l the posted costs is then processed to costs. This procedure ensures that the inventory is valued in line with the FCP Inventory valuation Policy which is average cost



### **Actors**

* Accounting Officer

### **Work floor**

* None

### **Audit Trail**

* None

## **Inventory Aging**

### **Precondition**

1. **Date**

The date the item was capture in inventory has to be captured.

1. **Stock**

Stock should be readily available in inventory for inventory aging to be performed.

### **Process Description**

The accounting officer- Inventory runs an aging analysis report on demand. He checks the items/products on the periods. The more a product stays in inventory the bad the item it is i.e. items which is of a period of over 120 days is no longer usable therefore requires to be disposed depending on the type of product.



### **Actors**

* Accounting officer

### **Work floor**

* None

### **Audit Trail**

* None