

## SYSTEM/CYCLE: Inventory & Production Cycle

<b>FUNCTIONS:</b>	<b>Material Requisitions &amp; Ordering</b>	<b>Receiving of raw materials</b>	<b>Storage of raw materials</b>	<b>Manufacturing/production</b>	<b>Storage of finished goods</b>	<b>Delivery of finished goods</b>
<b>People/Division</b>	<ul style="list-style-type: none"> <li>- Warehouse department: Purchases Dep.</li> <li>- Warehouse clerks; Warehouse manager</li> <li>- Purchases Clerk</li> </ul>	<ul style="list-style-type: none"> <li>- Receiving area/department; Warehouse clerks, receiving clerk</li> <li>- Security guard</li> <li>- Driver</li> </ul>	<ul style="list-style-type: none"> <li>- Warehouse clerks; warehouse manager</li> <li>- Security guard</li> </ul>	<ul style="list-style-type: none"> <li>- Production department</li> <li>- Production Manager</li> <li>- Factory foreman</li> <li>- Manufacturing employees.</li> </ul>	<ul style="list-style-type: none"> <li>- Warehouse clerks, Warehouse manager</li> </ul>	<ul style="list-style-type: none"> <li>- Sales Department</li> <li>- Sales rep</li> <li>- Driver</li> <li>- Customer</li> </ul>
<b>Docs and Records</b>	<ul style="list-style-type: none"> <li>- Material requisition form</li> <li>- Ordering form</li> </ul>	<ul style="list-style-type: none"> <li>- Delivery Notes</li> <li>- Copy of the order form</li> <li>- GRNs (Good receive note)</li> </ul>	<ul style="list-style-type: none"> <li>- Transfer slips</li> <li>- Production schedules</li> </ul>	<ul style="list-style-type: none"> <li>- Production schedule</li> <li>- Production plan</li> <li>- Production Budget</li> <li>- Transfer slips</li> <li>- Production order</li> <li>- Shift report</li> </ul>	<ul style="list-style-type: none"> <li>- Inventory count sheets, Inventory count register</li> </ul>	<ul style="list-style-type: none"> <li>- Receipts</li> <li>- Delivery note</li> <li>- Customer order form</li> </ul>

<b>Risks</b>	<ul style="list-style-type: none"> <li>- Unauthorised ordering of raw materials.</li> <li>- Ordering of unnecessary raw materials.</li> <li>- Raw materials may not be ordered.</li> <li>- Delays in placement of orders for raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>- Theft</li> <li>- Late delivery of raw materials.</li> <li>- Raw material may not be received at all.</li> <li>- Receiving inferior quality goods/goods that are damaged.</li> <li>- Accepting short deliveries.</li> </ul>	<ul style="list-style-type: none"> <li>- Theft</li> <li>- Unauthorised transfer to production.</li> <li>- Raw materials may become obsolete.</li> </ul>	<ul style="list-style-type: none"> <li>- Manufacturing faulty goods.</li> <li>- Goods may not be manufactured at all resulting in loss of sales.</li> <li>- Late manufacturing resulting in failure to meet customer demands on a timely basis.</li> <li>- Failure to meet production targets.</li> </ul>	<ul style="list-style-type: none"> <li>- Finished goods maybe destroyed due to a natural disaster occurrence.</li> <li>- Theft</li> <li>- Deterioration in quality of finished goods.</li> </ul>	<ul style="list-style-type: none"> <li>- Delivery for finished goods may not be performed.</li> <li>- Theft</li> <li>- Short deliveries to customers.</li> <li>- Goods maybe damaged in transit.</li> </ul>
<b>Controls</b>	<ul style="list-style-type: none"> <li>- No raw material should be ordered without appropriate authorisation from senior personnel (warehouse manager).</li> <li>- Inventory systems such as the EOQ models, JIT systems, should be implemented to determine when raw materials is</li> </ul>	<ul style="list-style-type: none"> <li>- There should be a security personnel when receiving order for materials.</li> <li>- Make use of just-in-time systems.</li> <li>- Constant follow ups should be performed.</li> <li>- Use reputable suppliers. Or perform inspection of goods to check for damages.</li> </ul>	<ul style="list-style-type: none"> <li>- Install cameras control systems at the warehouse.</li> <li>- Enhance security in form of biometric access systems.</li> <li>- Process of transfer to production must be properly authorised by a warehouse manager.</li> <li>- Proper</li> </ul>	<ul style="list-style-type: none"> <li>- Proper training and development of production staff should be performed.</li> <li>- Production schedules should be put in place.</li> <li>- A proper production documented production plan must be put in place.</li> <li>- Production budgets should be put in place.</li> </ul>	<ul style="list-style-type: none"> <li>- Insurance cover for inventory goods should be put in place.</li> <li>- Proper location and constructing of the warehouse area in a disaster free zone.</li> <li>- Have a security personnel present at the entry and exit point of the warehouse</li> </ul>	<ul style="list-style-type: none"> <li>- A delivery schedule for customers order must be put in place.</li> <li>- Security.</li> <li>- Make use of the order form and picking slip to package customer order for delivery.</li> <li>- Proper packaging and handling of finished goods should be done before performing the delivery.</li> </ul>

	required or when ordering of raw materials should be placed.	-	packing, storage, and handling of raw materials should be done in the warehouse			- area. Produce goods on order-basis/ when required by the customers.	
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