**COMMODITY AND SUPPLIES MANAGEMENT**

**DEFINITIONS**

**Logistics**

The management of the flow of **goods, information** and other resources between the point of origin and the point of consumption in order to meet the requirements of consumers

**Inventory:**

Raw materials, work in process, finished goods and supplies required for creation of an organization goods and services

The number of units or the stock of goods held by an organization.

**Inventory Management**: Inventory management is the process of receiving, storing, issuing, ordering and distribution of commodities to various sites.

* **Components of Inventory Management Cycle**

1. Determining order quantities

2. Receiving commodities

3. Storage

4. Issuing commodities

5. Records

**Order:**

Request for goods or services

**Lead Time:**

The total time that elapses between an order's placement and its receipt. It includes the time required for order transmittal, order processing, order preparation, and transit.

**Stores:**

A facility for storage and issuing of items that are frequently used. Also frequently seen as an alternative term for warehouse.

**Procurement**

The acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination and includes advisory, planning and processing in the supply chain system.

**Disposal**

The process of getting rid of organizational assets

DOCUMENTS USED IN INVENTORY MANAGEMENT

**Bin Card (S5):**

Is a card attached to each site or bin in which individual items of stock are stored. It records the receipts, issues and the balances of items.

**Counter Requisition and Issue Voucher (S11):**

Is the document used to request items from the store and it is also used to issue items requested from the store.

**Counter Reciept Voucher (S13):**

These are documents used to record items delivered in the Stores.

**Request For Quotation Form (S10):**

These are form sent out to potential bidders to quote what they can supply, the quantity and at an affordable price

**Purchase Order (PO):**

The purchaser’s authorization used to formalize a purchase transaction with a supplier.

Includes the Local purchase order and the Local Service order

* **Local Purchase Order (S20):**

Local Purchase order is raised after the Procurement Committee has awarded contract to a Supplier to supply goods. This is done through Minutes of the meeting.

* **Local Service Order (S21):**

LSO is raised for services delivery after the Procurement Committee has awarded contract to a service provider to provide the approved service. This is done through Minutes of the meeting

**Purchase requisition**

Document filled and submitted to the procurement department by the user department when a need is realized.

**Delivery Note**

Accompanies delivered goods and should be signed by the delivering and the receiving officer.

**Disposal Requisition**

For use by User Department when initiating disposal process

**Request for Approval of Disposal**

For use by Disposal Committee when requesting for approval of a recommended disposal method

**Importance of maintaining inventory documents**

1. For auditing purposes
2. Accounts department relies on them when paying/ preparing the accounts report
3. Assists in stock taking
4. For accountability purposes
5. Indicates performance of the employees

**Upon receipt of commodity:**

* Check to make sure you have received the right order (quantity and specifications)
* Make sure the commodity is not damaged, or expired
* Store commodity according to expiration dates (FEFO) – drugs that expire first are placed in the front of those that expire later (cycling) or FIFO (First In First Out Basis)
  + Return items that do not pass inspection on receipt for example:
  + Refrigerated items that are not in a cold pack or maintained at proper temperature
  + Items with any physical damage or deterioration
  + Items with short expiry dates
  + Incorrect orders (short or over-issued, wrong)
* Document all order discrepancies on a report form

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**The six Rights Of Procurement**

1. Right quantity
2. Right quality
3. Right place
4. Right price
5. Right time
6. Right source

PROCUREMENT METHODS

There are seven (7) different methods of procurement, each with different conditions of use.

There are certain factors which help determine which procurement method to use.

These factors include:-

1. The estimated value of the goods, works or services,
2. The urgency of the requirement,
3. Number of providers.

Procurement should be planned in order to avoid emergency.

PROCUREMENT METHODS

1. **Open Tendering**
2. **Restricted Tendering**
3. **Direct Procurement**
4. **Request for Proposals**
5. **Request for Quotations**
6. **Procedure for Low-Value Procurement**
7. **Specially Permitted Procurement Procedure**

**Health Facility Tender Committee Members**

•The officer in charge of the health centre/ dispensary- Chairperson

•The Nursing Officer/Clinical Officer in charge as appropriate - **Deputy Chairperson**

**Other Members**

•Public Health Technician

•Laboratory Technician

•Two members of the facility management committee (other than

•the chairman) appointed in writing by the officer in charge of the facility

•The officer heading the procurement unit **Secretary**

PROCUREMENT CYCLE

* The complete Procurement Cycle shall include:

1. Preparation of Procurement Plans
2. Preparation of procurement specifications and initiation of the procurement process
3. Preparation of Pre-qualification/Tender/Bid documents
4. Advertisement/initiation/invitation of bids
5. Receiving and Opening Bids
6. Evaluation of Bids
7. Adjudication and Contract Award
8. Notification of Contract Award
9. Negotiations (where applicable)
10. Preparation and Signing of Procurement Contract
11. Contract Administration
12. Receipt Inspection and Acceptance of goods, works, services and consulting services.
13. Storage and Inventory Management.

**HOW TO CONDUCT DISPOSAL OF STORES AND EQUIPMENT**

**Reasons for Disposal**

* Unserviceable equipment
* Obsolescence
* Surplus

A Public Entity must ensure that the Public procurement and disposal Act, the PPD Regulations and any directions of the PPD Authority are complied with in respect to each of its disposal.

The following disposal methods may be recommended by the disposal committee:

* 1. Transfer to another public entity or part of a public entity, with or without financial adjustment.
  2. Sale by public tender
  3. Sale by public auction
  4. Destruction, dumping or burying
  5. Trade-in.

A Procuring Entity may dispose of its unserviceable, obsolete or surplus stores/equipment to its employee, a member of a board or its committee if the time and cost required disposing to any other person would be disproportionate to the value of the stores/equipment to be disposed or the employee is in possession of the stores or equipment to be disposed and may be given the first priority to purchase the same.

STOCK CONTROL

All items must be accounted for. Everything that comes in and goes out of the store must be recorded.

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**Sock Count**

Physically counting each item in the stock

Recommended at the beginning of each month at minimum

**Safety Stock**

The inventory a company holds above normal needs as a buffer against delays in receipt of supply or changes in customer demand.

**Stock Out**

A term used to refer to a situation where no stock was available to fill a request from a customer or production order during a pick operation. Stock outs can be costly, including the profit lost for not having the item available for sale, lost goodwill, substitutions. *Also referred to Out of* *Stock (OOS)*

**Buffer Stock**

Is the stock that stands in for emergencies and is usually ½ of the minimum stock levels at any facility

**Re-Order Levels**

The lowest/minimum stock level of each single item at which you should re-order the item and the amount you should re-order

Item re-order amounts should be the amount likely to be consumed during a specifically established period of time (2 weeks for **Buffer Stock**, 1 month for **minimum Stock Level**) to avoid expiration and waste

**Maximum Stock Level**

The highest amount of stock (in months) that a facility can have at any given time.

**MANAGEMENT AND CARE OF MOTOR VEHICLES AND EQUIPMENT**

The Head of facility is held fully responsible for all the vehicles and machinery used by their Department.

The following documents should be maintained for each Procuring Entity’s vehicle motor and machinery:

1. **Work ticket** recording the route of each vehicle or a machinery recording book,
2. **Monthly cost sheet** that records the fuel, lubricants and maintenance cost
3. **Log book** which shall include catalogue of tools, spare parts and movable equipment.

The above documents must always be up to date and available for review and inspection.

The Heads of the facility or the staff authorized by them, should sign at the end of each month, the work tickets recording the route and the monthly cost sheets.

It is the duty of the Head of facility to ensure that the government vehicles and machinery are:

**i. Properly maintained and repaired,**

**ii. Driven only by authorized employees,**

**iii. Used only for authorized trips and**

**iv. Parked in safe places and protected against theft and loss; and**

**v. Properly licensed and insured at all times if required.**

ABC ANALYSIS IN INVENTORY

It’s a categorization method which consisits of dividing items into 3 categorie i.e. A - Items, B- items and C items

A being the most valuable items, They are items which annual consumption value is the highest, C being the least valuable items, they are items with the lowest annual consumption value

B items are the interclass items with a medium consumption value.

A- items should have a tight inventory control, more secured storage areas and

better forecast. Re order should be frequent and avoiding their stocks out is a priority.

Re ordering C items is made less frequent.