



Statement of Policy and Procedure			
Department:	Financial Services	Policy No.	111
Section:	Financial Services	Issued:	November 29, 2021
Subject:	Central Stores Policy	Effective:	November 29, 2021
Council Resolution # and Date:	Council Resolution No. 0444 of November 29, 2021		
		Replaces:	
Issued by:	Director of Financial Services	Dated:	
Approved by:	Director of Financial Services		

1 POLICY

- 1.01 The City of Prince Albert shall replenish its repetitive requirements through Stores, in preference to repeated direct purchases when more economical to do so.
- 1.02 With due regard to suitability for purpose, the City shall standardize on common-use materials for the reasons of economy and safety.
- 1.03 Violation of this policy constitutes grounds for disciplinary action up to and including termination of employment.

2 PURPOSE

- 2.01 The policy aims to achieve the following objectives which are to:
 - a) Provide guidelines that employees of the City of Prince Albert must follow in the management and control of inventory, including safeguarding and disposal of inventory.
 - b) Procure inventory in line with the established procurement principles contained in the Purchasing Policy.
 - c) Eliminate any potential misuse of inventory and possible theft.

3 SCOPE

- 3.01 This policy applies to inventory received by the Storekeepers and issued to users.

3.02 Adequate segregation of duties between the requisition, receipt, recording, storage and safekeeping of inventory and the management and control thereof must be maintained to avoid the potential occurrence of errors and fraud.

3.03 This policy specifically excludes:

- a) Equipment;
- b) Non Stock Inventory.

4 RESPONSIBILITY

4.01 The Purchasing Manager is responsible to:

- a) provide overall direction of what inventory is kept in store;
- b) coordinate with departments to meet their needs;
- c) approve inventory write offs, including missing and obsolete inventory;
- d) approve monthly, quarterly and annual stock counts;
- e) on-going review of the item activity to ensure the efficiency and effectiveness of the Centralized Inventory System.

4.02 The Storekeepers are responsible to:

- a) ensure stock levels are maintained;
- b) cycle counts completed;
- c) transaction entry, included item receiving and charge outs.

4.03 Key holders are responsible to:

- a) ensure access keys are kept secured;
- b) ensure access keys are not shared;
- c) ensure that in the absence of the storekeeper, proper inventory records are communicated when inventory is utilized;
- d) ensure no un-authorized personnel shall obtain entry to stores, buildings or where inventory is kept, unless approved.

4.04 Keys to access the stores area are assigned based on employee position and maintained by the facility manager.

5 DEFINITIONS

5.01 The following definitions pertain throughout this policy.

- a) Stock Inventory – an item approved to be stocked in stores for operation use and tracked through the City's accounting software. Inventory is held until used by a department work group and charged out to their expense account when taken.
- b) Non Stock Inventory – an item that is stored and maintained by the department work group. Cost is expensed directly when received. These are not tracking in the City's accounting software.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

6.01 Purchasing Policy 17.6

6.02 Disposal Policy 112

6.03 Progressive Discipline Policy 33

7 PROCEDURE

7.01 The Stores section of Purchasing shall gather and classify the historical data necessary toward the identification for stock items and the development of the appropriate information base for replacement.

7.02 Materials secured from Stores will be charged back to the using Departments by an internal charge back.

7.03 Non Stock items will be requested through the Purchasing Manager and ordered as required by the department and expensed to the department on receipt of order.

7.04 A non stock item that meet the stocking parameters will have an item number created in the accounting software and be maintained by Stores as a stocked item.

7.05 Stock parameters are based on a departments request to have stores stock an item for repetitive requirements and must have a minimum of three turns a year. Regular reporting will be conducted and if the usage is not enough the item will be discontinued and charged back to the requesting department.

7.06 Items required for emergency purposes by local companies may be purchased from Stores operations with prior approval by a Department Manager. The department manager must verify stock levels and expected

use to ensure the Cities planned work will not be affected. The invoiced cost shall be our net cost plus a 50% mark-up on net cost.

7.07 The procedures for inventory must be followed to ensure that:

- a) Inventory is safeguarded at all times;
- b) There are accurate records of quantities on hand at all times;
- c) Optimum inventory levels are maintained to meet the needs of users;
- d) Only authorized issues of inventory are made to users; and
- e) Items placed in stores are secured and only used for the purpose for which they were purchased.

7.08 Receipt of Inventory

- a) The quantity and quality of the inventory received from suppliers must be according to specifications and information on the purchase order.
- b) The Storekeeper must compare the packing slip to the purchase order before accepting the goods.
- c) The invoice or packing slip must match the supplier name and order number.
- d) The Storekeeper must prepare the goods receipt to record all the inventory items ordered.
- e) The Storekeeper must ensure that:
 - i) All delivery receipts are signed and receipt number recorded;
 - ii) All incorrect delivery items are rejected and clearly identified on the packing slip; and
 - iii) The supplier is notified for replacement or credit.
- f) The inventories must be stored in their respective sections once they have been received.
- g) The inventory system must be updated on the day the goods are received.

7.09 Storage of Inventory

- a) Inventory must be stored in a secured, exclusive use area, under lock and key, furthermore the inventory must be insured.
- b) The area must be used exclusively for the storage of inventory, with limited authorised access only.
- c) Inventory must be positioned to facilitate efficient handling and checking.
- d) Inventory must be clearly labelled for easy identification.
- e) Where possible, all items of the same type and reference should be stored together as per the description on the inventory records. The exception would be where the safety data sheet does not allow for a product to be stored in close proximity with another product.
- f) Items with limited shelf life must be rotated on a first in first out basis, to reduce the occurrence of expired or obsolete stocks.
- g) Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.
- h) Due regard must be given to any safety standards which may apply to the storage of certain inventories.
- i) Steps must be taken to ensure safe custody of items, including precautions against loss or theft.
- j) The following fire protection precautions must be adhered to:
 - i) Inventories of flammable or dangerous nature shall be stored and handled in such a manner that persons and property are not endangered and in compliance with the requirements of any local authority;
 - ii) Fire extinguishing equipment must be placed in the area where inventories are held and must be serviced regularly

7.10 Issuance of Inventory

- a) Only the Storekeeper is authorized to issue inventory from the storeroom during regular business hours.
 - i) After hours the Duty Foreman is authorized to issue inventory on an emergency basis and must notify the Storekeeper of what inventory was used with account number to be charged.

- b) The Storekeeper must prepare the Stock Issue form once stock items to be issued have been picked up.
- c) The employee receiving the inventory must acknowledge the receipt of stock items requested, by signing the Stock Issue form prepared by the Storekeeper and identifying the account number to be charged.
- d) Inventories must be issued and used for City of Prince Albert business only.
- e) Postings are completed to remove inventory for the inventory management system and charge out to the account number provided.

7.11 Obsolete inventory

- a) The preparatory work for the disposal of obsolete inventory must be undertaken by the Storekeeper, Department Manager and Purchasing Manager.
- b) The Purchasing Manager or delegate may approve the write-off of inventory, if satisfied that:
 - i) The inventory has expired and is redundant;
 - ii) The inventory is of a specialized nature and has become outdated due to the introduction of upgraded and more effective products;
 - iii) The inventory cannot be used for the purpose for which it was originally intended; or
 - iv) The inventory has been damaged and is rendered useless.
- c) All disposed of items must be updated in the inventory management system for the purposes of proper management and control.

7.12 Inventory count

- a) Items may be subject to an inventory count on an quarterly basis.
- b) Where the quantity of inventory is too large for the count to be completed on a single occasion, inventory counts may be carried out on a rotational basis with a full inventory count at the end of each financial year.
- c) The Storekeeper must document and report to the Purchasing Manager after investigating any discrepancies between the inventory management system and the physical inventory.
- d) The inventory management system must be updated accordingly.

7.13 Inventory Records

1. An inventory management system must be maintained for all inventory items.
2. All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:
 - i) Item description;
 - ii) Quantity and value of stock on hand;
 - iii) Quantity and value of stock received;
 - iv) Quantity and value of stock issued;
 - v) Optimum inventory level;
 - vi) Quantity and value of obsolete stock; and
 - vii) Opening/closing balance.