

ST. AUGUSTINE UNIVERSITY OF TANZANIA

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PROCUREMENT AND STORES POLICY

2016

PART ONE

PROCUREMENT POLICY AND PROCEDURES

1.1 Introduction

Effective and efficient procurement activities are a must for the university, thus the overall purpose of procurement policy is to ensure that, St Augustine university of Tanzania gets value for money for its purchased goods and services. The policy aimed at streamlining the process of procurement while maintaining adequate controls.

1.2 General statement

The university recognizes the need that procurement should provide the best goods and services to all user departments in the most effective and efficient manner. Therefore it has been regarded necessary to introduce the written standardized procedures for proper guidance.

1.3 Purpose of Procurement and Stores Policy

Established and observed procurement policy shall assist the organization in particular the procurement personnel;

- i. To provide general and specific guidelines for managing the buying of goods and services
- ii. To encourage and enhance internal control measures for goods and services
- iii. To act as a management tool for better decision-making and better stewardship of the resources entrusted to Saint Augustine university of Tanzania by its donors.
- iv. Provide guideline on how items are received, stored and issued to and from store.

1.4 The scope

This procurement and stores policy document applies specifically to the procurement and stores operations for goods, works and services and it does not nullify the financial regulations and any other university regulations.

1.5 Responsibility

The procurement and stores policy manual defines the limits within the purchasing and stores procedures operates and conveys authority to procurement function/stores to act

within these limits. It should be indispensable by the top management and in particular the property and purchasing officer if the policy is to be effectively enforce.

There shall be proper separation of duties between members of the department:

- i) The person who orders a particular purchase from a vendor.
- ii) The person who satisfies that the goods supplied are satisfactory.
- iii) The person who accepts goods into store, and take custody of the store.
- iv) The person who reviews and authorize payments.

2.0 PROCUREMENT PLANNING AND PURCHASE PROCEDURES

2.1 PROCUREMENT PLANNING

There shall be planning for all procurement done by the university. Procurement planning is part of the annual budgeting process. Each departmental head shall be responsible for planning his/her department's requirements, estimated procurement needs on an annual basis through the use of the annual procurement plan template (APP), which indicates the items to be bought in the various semester of the year.

The procurement office shall use the user department's proposed procurement plans to prepare annual procurement plan. It is the responsibility of procurement department to consolidate Annual Procurement Plans (APP) two months (by 30th June) before the beginning of each financial year and as need may arise within the year.

The APP will also require the tender board review and management board review and approval. Implementation of APP will be subject to fund availability and budget allocation.

2.2 PURCHASE PROCEDURES

Procurement being a function in an organization that is responsible for acquisition of goods, services, and works shall need effective and well set procedures in place to guide internal operations of an organization.

The normal purchasing procedures for purchase order are as follows;

2.2.1 Purchase Requisition (PR)

Each specific procurement process shall be initiated by purchase requisitions and each purchase requisition must be approved by the Head of Department

/vote holder and Bursar ,thereafter submitted to procurement department for further procurement proceeding.

The Purchase Requisition allows the departments flexibility within the overall annual plans regarding specifications, exact quantities, delivery dates, etc. They are also used to cater for un-planned or emergency procurement. Requirements for the item(s) being requested should also indicate that the item is budgeted for.

The purchase requisition should contain detailed specifications as follows;

- i) Items required.
- ii) Quantities.
- iii) Delivery dates and locations.
- iv) Accounting information/Grant charged.
- v) Whether procurement is within APP/budget or emergency or unplanned.
- vi) Signature of the preparing person and approval signatures from HOD.

Clear specifications must be developed and attached to the Purchase Requisition.

2.2.2 Authorization

Purchasing office shall review the purchase requisition details.

Upon receipt of requisitions, the procurement officer will first verify if the requisition is properly approved according to the signing authority.

After this, he/she will begin the process of sourcing for the goods, works and services. This process includes application of various sourcing techniques and procurement methods, as per regulations.

All requisitions must be signed by the departmental heads or designated, who should ensure that the item(s) are in APP or should seek authority to procure as per policy.

2.2.3 Placing Order

Final responsibility for placing order is under procurement officer. Procurement officer shall ensure that competitive quotes have been obtained as per prescribed procurement methods. A minimum of three quotations

must be obtained from reputable suppliers if competitive quotation is to be in use.

Agree on appropriate terms and conditions of purchase with suppliers.

Obtain further authorization as required then place an order.

2.2.4 Receiving Goods

This shall involve receiving deliveries, checking for quality and quantities as per purchase specifications. Then the received goods will be stocked or issued/ passed to requisitioned (as per consignee detailed on order).

3.0 CONTROLS ON PROCUREMENT

Goods and services will only be procured within approved budgets except in case of emergencies, which have to be approved by the Vice chancellor (VC). Thus, in addition to being responsible for preparing the APP/budget,

- i. The departmental heads shall ensure that actual procurement throughout the year remains within the budget.
- ii. Each requisition shall have the reference of APP line bearing the item or requisition and if need, be attached to the page of the APP where such line is contained.
- iii. The deputy vice chancellor for Administration and Finance (DVCAF) shall ensure that procurement officer conducts periodic checks on procurement activities for ensuring that they conform to the APPs, internal SAUT annual budgets and financial procedures.
- iv. It is the responsibility of the Procurement department/Unit that initiated and signed the purchase order after receipt and order completion to liaise with requisitioners to verify that the following have been, completed and accurately verify all paper work for the goods, or service concerned.
 - That the correct quantity has been received and signed.
 - That the quality and price of goods is as agreed.
 - That all goods delivered have been securely kept and entered in inventory records appropriately updated.

- That the delivery note is checked, signed, verified and attached to all the paperwork in the package of documents, including invoice and VAT exemption certificate if applicable.

3.1 Declaration of Interest

Procurement staff and all members of the tender board shall be required to sign a 'conflict of interest' document stating that they shall not purchase goods or services from a company they have vested interest.

4.0 SUPPLIER SELECTION

Careful selection of supplier shall be done to ensure that best possible price, quality and delivery time available within the markets is obtained. A list of suitable suppliers (the list of pre-qualified suppliers) for each type of goods and services based on letters of introduction and past performance shall be maintained. This will make the process of supplier identification much faster.

The supplier list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the Tender Board, procurement of goods and services can be effected. Supplier selection for inclusion on the list of pre-qualified suppliers will take place once per year and will be done by the Tender Board.

4.1 Supplier Selection Criteria

The following set of criteria is essential for deciding on choice of supplier

- i) Price
- ii) Quality of goods/services. Such a justification must be verifiable.
- iii) Availability of goods/services within the required delivery time.
- iv) After sale services, including availability of parts/supplies.
- v) Bidder's previous records of performance and service.
- vi) Ability of bidder to render satisfactory service in this instance.
- vii) Financial stability of the vendor.
- viii) Availability of bidder's representatives to call upon and consult with
- ix) Payment terms
- x) Warranty offered.
- xi) Ability to provide samples

It is the responsibility of procurement department and tender board to conduct vendor evaluation process according to established selection criteria for both goods and services approved by SAUT authorities.

5.0 TENDERING

Tendering as a method of procurement shall apply in procurement of goods, works and services for the value that exceeding Tshs. 25,000,000/= . Both open and restricted tender will be applied according to nature of purchase and requirements. The procurement office and the heads of the various departments may recommend potential suppliers but the selection of those invited shall be left to the discretion of the Tender board.

5.1 The Tender Board

SAUT shall, form tender board for procurement of goods, work, and services in accordance with volume, nature of procurement proceedings or procurement thresholds. The tender board shall be appointed by DVCAF and shall compose selected heads of departments and or Central technical Team.

5.1.1 Appointment and Membership

There shall be a Tender Board which shall comprise seven members of staff.

5.1.1.1 A chair person, who shall be one of the heads of the department/unit or a person of similar standing and who shall be appointed by the deputy vice chancellor for administration and finance.

5.1.1.2 Six Members who are heads of departments shall be appointed by DVCAF on the basis of their technical competence required for the discharge of functions of the tender board.

5.1.1.3 Purchasing officer shall be the secretary to the tender board. Chair person and members of the tender board shall be appointed for a period of three years and shall be eligible for re-appointment for a further period of three years.

5.1.2 Functions of Tender Board

5.1.2.1 To deliberate on the recommendations from the procurement department and approve award of contract.

5.1.2.2 To review all application for variations, or amendments to the ongoing contracts.

5.1.2.3 To approve tender and contract documents.

5.1.2.4 To Consider and recommend to the Management Board of the University all applications for different tenders advertised, that is tender for catering services, Surroundings and Environmental up keep, security, major repairs and constructions, and tender for general supplies per university threshold.

5.1.3 Duties/Responsibilities of Tender Board

5.1.3.1 Attendance; all appointed members of the tender board shall attend all meetings unless incapacitated by illness or on vacation or out on duty, where their alternative member shall attend.

5.1.3.2 In the circumstances where a tender board member's immediate family has submitted a tender for the company contract, he/she will then have to declare his/her interest by not attending that particular tender meeting.

5.2 Tender Procedures/Stages

5.2.1 Determination of requirements

This involves determination of whether a buy shall be affected through tendering or direct purchasing. This stage shall also involve detailed description of requirements of what is needed and how it be used. User departments are expected to provide clear information which comply with prescribed standards. Basing on specifications provided, procurement office shall prepare tender documents.

5.2.2 Drawing tender documents

This process shall involve listing of goods and their detailed specifications. Shall also involve setting conditions that shall apply e.g

- i. Sealed envelopes for technical and financial proposal and place of depositing them
- ii. Submission of bid and performance bonds where required

- iii. Deadline for submission
- iv. Presence of bidders at opening ceremony
- v. Award of contract and the factors governing/selection criteria
- vi. Preparation of the tender advertisement
- vii. Preparation of draft of tender contract

5.2.3 Working out tender estimates

This shall involve preparation of tender estimates/budget prices i.e by using market prices/survey, estimates/predictions and budget set, the procurement department shall estimate the price for the goods/services. At this stage it is considered reasonable to request a general statement of the approximate running costs of the equipment over its expected life.

5.2.4 Issue invitation to tender

The procurement officer shall issue invitation to tender along with tender documentation, including specification of requirement and will include a date for receipt of tenders which should not be less than 14 days from the dispatch of the invitation.

Invitation to tender should be advertised to new papers with wide circulation and websites. For the products/services that cannot be easily obtained from local market global sourcing of suppliers shall apply.

The supplier will pick up tender documents at SAUT-procurement function by registering details of the company, specifying the goods and details or any relevant information needed to get accurate bids. All suppliers must receive the same information.

5.2.3 Receive and review offers

After 14 days, tender can be received on specified date; official opening ceremony must be organized where suppliers/bidders or their representatives shall be allowed to attend.

Chairperson of the tender board in presence of all tender board members shall open the tender documents announcing the name of the bidder and

the amount tendered, while the tender board secretary shall record the details in the tender register.

Members of the tender board shall sign on the bids submitted as well as on the tender register and the tender form shall be in duplicates.

Any bid received after the closing time shall be returned unopened. After official opening will be followed by review and evaluation of received tenders according to selection criteria prepared.

5.2.4 Tender Analysis/Evaluation

The bid shall be analyzed by the appointed committee (user department/specialist/procurement department depending on the type of purchase and the value of money involved.

The analysis shall be based on the SAUT laid down criteria and conditions set for bidding.

A bid can be disqualified on the basis of eg failure to comply with the required tender submission format, failure to include the required documents like company registration, TBS/TFDA/ISO certification etc.

Evaluation committee shall rank the bidders according to their observations and shall give recommendations to the tender board then management board for the final decision.

Fairness and transparency shall be exercised in deciding the winner.

5.2.5 Notice of selection

There is an obligation of informing all successful and unsuccessful suppliers on the decisions made, and give details of how the final decision was reached including their scores.

5.2.6 Tender clarification

There shall be a room for clarification of any issue which shall be considered unclear, or if minor changes to the requirement occurs. Final

confirmation of requirement is required with the requisitioner before the award of contract.

5.2.7 Award and Contract Agreement

When terms and conditions are finally agreed with supplier, the procurement officer shall confirm funding and issue contract document or purchase order to the selected supplier.

It should be noted that, SAUT procurement Function shall abide and respect all tender procedures according to SAUT financial and procurement regulations

6.0 PROCUREMENT METHODS AND FINANCIAL THRESHOLD

The schedule below shows the methods of procurement and limit of application under procurement of goods, works and services that SAUT shall follow in procurement process.

Table no 1; procurement methods and financial thresholds

Procurement Method	Limit of operation-financial threshold (in TShs.	
Petty cash	Below 100,000	No need for quotation
Competitive quotation (shopping)	100,000- 500,000	1quotation
	500,000-2,500,000	2 written quotations
	2,500,000-25,000,000	3 written quotations
Single source procurement	No limit but must be justified	
Tendering	Above 25,000,000/=	

7.0 USE OF DEALERS AND SOLE SUPPLIERS

In the interest of ensuring quality, reliability and timeliness, the procurement officer may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the procurement officer in collaboration with appointed tender board will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts)

shall be reviewed annually to ensure that they are competitive. Also for vendors who are exclusive dealers of certain products in Tanzania, a letter from manufacturer must be presented to the office along with their company profiles

8.0 ORDERS FOR RECURRING REQUISITION

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year (eg. stationaries), one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be referenced every time those goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, suppliers can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

9.0 CERTIFYING DELIVERED GOODS AND SERVICES

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to SAUT offices or premises

The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations and this assignment shall be done by storekeeper in collaboration with the requisitioner.

Once SAUT procurement department, has certified that goods and services have been received to their satisfaction, and the Good Received Note (GRN) has been filled it has little further resources to complain about a vendor's performance; and payment can then be done to vendor.

In all cases, the certification of receipts of goods and services is pre-requisite to SAUT and the following guidelines are essential for that purpose.

- i) The procurement office shall ensure that goods and services are checked against contracts, Airway bills, invoices, or delivery notes.
- ii) User department at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.

- iii) For technical items, physical checking shall be done by the requisitioning department and not by the stores office alone, and both of them should counter sign the delivery note.
- iv) In some cases, receiving of goods and physical checking of goods or services may be delegated to other user department or SAUT staff at CENTREs to be identified officers who are so authorized by the procurement officer, shall keep the receiving documents and shall send all the paper work. Such might include cases where goods of services are delivered directly to a project field location; or where specialist's technical certification is required.
- v) Any discrepancies between documents and physical checks shall be noted and reported to the procurement officer for action.

10.0 PAYMENT-PROCESSING PROCEDURE

All payments must be made in accordance to the contractual terms and conditions between the vendor and SAUT and in reference to the financial regulations and policies. The following must be checked by the Procurement department before asking approval to pay;

- i) That the correct quantity has been received, signed and stamped by date.
- ii) That the quality and price of goods is as agreed.
- iii) That all goods delivered have been securely and inventory records appropriately updated.
- iv) That the delivery note is checked, signed, and attached in the Package
- v) Service to the office have been rendered in accordance to the agreement and proof for service rendered to be attached
- vi) Goods received Note (GRN) has been prepared and properly signed as an evidence of receipt and support of payment.

11.0 PROCUREMENT OF SERVICES

APPOINTING AND PAYING CONSULTANTS

Consultants' services shall be sought for:

- i) A job for which the required technical expertise does not exist in-house at SAUT
- ii) A job that is not ongoing and hence does not require full time staff.

- iii) A job that does not require more than 6-months continuous engagement.
- iv) A service which has been outsourced according to SAUT regulations and policies

The following procedure shall be observed for engaging the services of a consultant at SAUT

- i) The decision to hire the services of consultants shall be taken by the Vice chancellor/DVCAF in liaison with the heads of the various departments in consultation with the management Board.
- ii) DVCAF send invitation to specific appropriate consultant(s) requesting for proposal for the consultancy by a stated date.
- iii) The proposals received shall be reviewed by a panel composed of the various heads of departments and the ensuing recommended name shall be submitted to DVCAF who shall discuss with the selected Procurement committee.
- iv) The terms of reference for the consultancy shall be mutually agreed upon and the senior financial officer (DVCAF) shall be involved in the negotiation of financial aspects of the terms.
- v) The contract agreement shall be signed by both parties before commencement of the consultancy assignment.
- vi) Payment is conditional on satisfactory completion of the whole job unless the agreement provides for installments at completion of specifically agreed components/tasks.

Part two

1.0 STORES POLICY AND PROCEDURES

This policy applies to all stores operations in the names of st. Augustine university of Tanzania.

1.1 Introduction

Effective and efficient operations of stores are a must for the University, therefore, this policy is intended for establishing and maintaining discipline and uniformity in the operations of stores to realize that goal. All university departments and stores personnel shall adhere to the prescribed rules and procedures.

1.2 General statement

The University recognize the need that stores should provide the best service to all user departments in the cost effective and efficient means. It has been therefore regarded necessary to introduce the written standardized procedures for proper guidance.

1.3 The scope

These stores procedures apply specifically to the stores operations and they do not nullify the purchasing procedures, the tender procedure and any other university procedures. It should be read in conjunction with purchase procedures and any other university procedures.

1.4 Objectives

Established and observed stores procedures shall assist the organization in particular the stores personnel:

- i. To know what they are supposed to do and what is expected from them
- ii. To ensure that satisfactory services are provided and that the arrangement for internal check are adequate.
- iii. To act as a source for top management's performance appraisal instrument.
- iv. To act as the reference manual for other departments that need services from stores.

1.5 Responsibility

The stores manual defines the limits within the stores procedures operates, and conveys authority to the stores department to act within these limits. It should be indispensable by

the top management and in particular the property and supplies manager if the policy is to be effectively enforce

2.0 GENERAL STORES POLICIES

2.1 Stock Investment

The university stores section shall ensure that it holds inventory to provide an optimum level of service to all departments for their operational requirements in balance with the purpose for holding inventories and the costs associated with them.

In order for the university to be cost-effective in inventory investment, due to storage costs and inventory risks, the management policy on total inventory investment value annually shall be kept at minimum.

2.2 Control of Storehouse

The store-keeper in charge shall ensure that safety precautions are in place to minimize the risk of injury to staff or damage to goods, furniture or equipments. Unauthorized member of staff shall not be allowed to enter the store. Adequate supervision shall be made to avoid untidiness, carelessness and loss of property.

2.3 Provisioning and Stock Control

The responsibility for provisioning general stock items shall entirely be with the store-keeper in charge.

- i. He shall prepare all purchase requisitions to be sent to the purchasing office as and when required according to the predetermined reorder levels.
- ii. Non stock items shall be initiated by user department in preparing purchase requisition, giving full details of the material required.
- iii. The purchase requisition shall then pass to the store-keeper in charge who shall check that the items concerned are not in stock, that the description is adequate and that the purchase requisition is dully authorized.

2.4 Stock checking and review of obsolete and redundant stock

It is the responsibility of the store keeper in charge to ensure that he/she participates fully in the stock taking exercise at the end of the financial year the stock taking exercise that shall be fully supervised by the internal auditor. The

store keeper shall be required to conduct frequent stock checking.

The storekeeper shall make all the required preparations for stock taking exercise by making sure that all stocks are in the right position, loaned stocks are listed, stocktaking requirements are in place, stock ledgers are balanced and closed and all store personnel are available to assist the appointed stock takers. No issue of stocks shall be made during stocktaking exercise unless is for emergency.

The store-keeper in charge shall draw a stock-taking programme and agree with all concerned, including the finance department and the auditors. He shall also prepare stock taking sheets or cards in advance, and supervise all personnel in the section.

The store-keeper in charge shall identify the obsolete and redundant stock items and recommend to the management in liaison with finance department for their beneficial disposal. Review of obsolete and redundant stock shall be carried out every six months.

2.5 Stock records and Stores Accounts

The store-keeper in charge shall ensure that stock records are kept to maintain particulars of receipts, issues and balances remaining in stock for each individual item held in the store house on day to day operations.

The store-keeper in charge shall prepare the stock valuation report to show the value of stock at the beginning and at the end of the accounting period for the purposes of preparing financial statement. This will enable the University to know at all items how much working capital (or capital investment) is represented by stores in stock. For stores accounting purpose, the FIFO (First- In First -Out) policy shall be applied.

2.6 Authorization of issues

All stores personnel concerned with issues shall ensure that the requisition form is signed only by an authorized person. Store-keepers shall keep full details of the name, designations and specimen signature of all persons empowered to approve requisitions.

3.0 STORES PROCEDURES

3.1. Receiving Procedures

When a consignment of goods arrives at the stores area, a number of checks must be performed before the material can be accepted into stores or passed to the user. Stock checking is done by physical examination, weighing, counting etc. of goods received and must be arranged in the most economical way to avoid unnecessary delays or expense.

3.1.1 The following documents must be available when receiving goods.

- Copy of purchase order
- Purchase requisitions.
- Delivery note/Invoice
- Packing note
- Advice note

The purchase order copy received from purchasing department should be compared with the delivery note/invoice to check if the description of items, Quality, quantity, price and the delivery point reflect what was requested from the supplier as per the purchase order. Goods Received Note (GRN) must be completed when goods received meet the university quality standards and specifications.

3.1.2 Distribution of copies of the goods received note documents.

1st copy to finance department for payment

2nd copy to purchasing department for order closure

3rd copy to be retained by stores for records.

3.2 Stock Recording

Stock record cards shall be kept in stores to maintain particulars of receipts, issues and balances remaining in stock for each individual items kept in the stores on daily basis.

Stock record cards shall be kept together in one place usually in the store-keeper in charge's office. Stores staff responsible for the physical processes of receipt and issue shall not be allowed to have access to the stores records without supervision. This precaution minimizes the risks of fraud or theft.

3.2.1 Steps to follow in Recording

- i. All the receipt transactions should be processed or recorded in the stores record cards/stores ledger immediately after receipt procedure and before binning the items into respective bin locations.
- ii. All the issue requisition transaction should be processed or recorded in the stores record cards immediately after issue and no issue requisition should take more than 24 hours before being recorded in the stock records cards to avoid issue requisitions being misplaced or lost before transactions are entered into stock record cards.

3.3 Inspection of Goods

It is the responsibility of store-keepers to ensure that goods are inspected at the time of receipt. The university shall emphasize on right product and quality in order to operate competitively, effectively and efficiently.

3.3.1. Methods of Inspections

- a) Examination of every item, i.e. 100% inspections
- b) Spot checks
- c) Sampling, i.e. Inspection of samples

In order to ensure that the quality of incoming goods is up to required standard or comply with the university specifications, it is advisable to inspect every item of incoming delivery.

3.3.2 Rejection of goods

Goods received which do not meet the specified quality standards or specifications shall be rejected.

3.4 Storage of goods

It is the responsibility of the storekeeper in charge to ensure that all items in stores are properly stored of either:

- i. By arranging items in code number order

- ii. By grouping items or products from each supplier
- iii. By grouping similar items together
- iv. By locating items according to their size and frequency of issue

Proper storage equipments shall be provided eg. Open type shelves, closed type shelves, multi- tier binning or a stacking, racks etc.

Goods must be stored in a dry and clean place.

3.5 Issuing of stocks

It is the responsibility of the storekeeper in charge to ensure that issues are properly controlled so that actual annual consumption or usage can be determined for each item held in store.

Issues shall not be made from fresh consignment of stores while the any balance of previous consignment still remaining. New stock shall be stored behind the old stock so as to allow the practice of First in First out (FIFO).

3.5.1 Issuing procedures

- i. User department shall present an Authorized issue requisition Note or similar voucher showing the requirements.
- ii. The storekeeper shall issue items against the issue requisition and the person receiving the items shall sign the issue requisition.

The issue requisition should have three copies as follows:

3.5.2 Distribution of Issue Requisition Note

Copy NO.1- the original copy shall be handled to the storekeeper, then passed to the stock records section for entering the quantity records, then to stores accounting section for credit the stock control accounts and debit the code chargeable.

Copy NO 2- shall be retained by the storekeeper as his/her evidence of having made an issue and for stores records

Copy NO 3- Shall be retained by user department as evidence of the demand.

3.6 Control of stock by value

Stock records shall indicate quantity, unit price, value of each transaction and total value of stock balance on hand. The receipts are treated as debit entries and issues as credits, and the value of stock on hand is, therefore, a debit balance.

Stores accounts

These could be arranged in three types

- Stock records for individual items
- Stock control accounts for group of items (category)
- Main stock account for the total stock

The total value of stock on hand is obtained by extracting the balance on the main stock account for the purposes of preparing the profit and loss account and the balance sheet.

3.7 Inventory control and stocktaking

Stocks represent cash and invariable cash is looked after very carefully, in the same manner stocks should be carefully protected, counted and checked if the physical quantity balances in the bin locations agree with the stock records.

3.7.1 Stock take: Is the complete process of verifying the Quantity balances of the entire range of items held in stock. It should be done at the end of accounting period for the purposes of preparing the financial statement of any time when the need arises of determining the stock value.

3.7.2 Stock check: Is the process of physical check on the quantities which is done on a regularly basis for the purposes of verifying internal stock records.

3.7.3 Annual stock taking

There shall be an annual stock taking exercise at the end of every financial year where the University accounting period ends in 30th August of each year. The entire stocktaking exercise shall be supervised by Internal Auditor who shall appoint the stocktaking team and prepare the stocktaking programme and sheets. The head of

department (ie. Procurement officer) shall write an internal notice to all user departments concerning stocktaking.

3.7.3.1 Steps to follow during stock taking

1. The appointed leader shall control the whole operations.
2. Stores shall be closed for normal business
3. When the stock take starts, no more issues shall be made unless is for emergency an approval must sought from management and no receipts to be recorded until stock taking is complete
4. Stock take sheet shall be numbered and under the control of one person, no duplicates should be allowed and, at the end of the job all stock taking sheets must be accounted for;
5. Records for items that are damaged, deteriorated or used items shall be kept.
6. List separately items which have been received but not yet accepted into stores (e.g. still under inspection)
7. All items issued on loan should be returned to stores before the stocktaking starts.
8. On the stock take sheet indicate the unit of issue and unit prices.
9. All items that do not belong to the university but kept in the store should be identified and labeled.

The stock take sheet should have following information:

- Serial number of stock sheet
- Date of stock taking
- Location
- Item code number

- Description
- Unit of issue
- Stock record quantity
- Physical Quantity of stock found
- Variance
- Price per unit of issue
- Value of stock in variance
- Value of stock found
- Remarks column for comments about condition of stock or any other Special notes.
- Name and signature of the stocktaking leader

3.7.3.2 Key responsibilities of a store-keeper to stock taking exercise

3.7.3.2.1 Before the stock taking starts

- The store keeper shall make sure that all records are up to date and all the pending issues must be cleared.
- Shall make sure that all stocks are in their proper location and in the appropriate storage equipment.
- Shall make sure that the store/warehouse is clean and neat
- Shall prepare complete list of all items that are on loan and if possible make sure that they have been returned even those that had been taken for repair.
- Shall notify the users about the closure of the store during stock taking, the notice should be made well in advance to allow them time to request the materials that they may need during the period.
- Shall prepare all the requirements that may be needed by the stock takers e.g. necessary stationeries,

equipment like ladder, weighing machine and protective clothing.

- Shall prepare/provide a space for putting/storing stocks that may be received during stock taking.
- List separately any stock that have been received but not yet taken on charge (still under inspection).

3.7.3.2.2 During stock taking

- The store keeper shall make sure that all store/warehouse staffs are present at stock taking to assist the stock takers in identifying stocks and investigating any discrepancies arising.
- No issues shall be made during stock taking unless is for emergency and special permission should be given from higher authority
- Assisting the stock takers in identifying, locating, weighing and counting of stocks but not recording the findings in the stock taking sheets.
- Providing information to the stock taker concerning the position of stocks, unit of issue used, identifying obsolete stocks that need to be disposed and the obsolescent stocks.
- Shall investigate the discrepancies found/discovered by the stock taker before signing the stock taking sheet.

3.7.3.2.3 Treatment of discrepancies

When the amount of stock found by physical examination fails to agree with the balance on the stock records, a discrepancy exists.

- a. If discrepancies of small proportions appear to be found in stock taking, it is advisable to leave the stock quantity value unaltered unless the amount of money

involved is significant.

- b. Large amounts are more worthwhile investigating than small sums.
- c. Proper authority should be obtained from, the Vice Chancellor of Administrative and finance to write off stock discrepancy values.

3.8 ASSETS MANAGEMENT AND DISPOSAL

SAUT through its procurement unit shall maintain records of all purchased equipments for use in its offices, and any other supported site under operation, and shall appoint a person from the procurement team to effectively manage and update regularly the inventory register. Details of equipments and assets to be kept shall include the following items;

- i) organization vehicles, generators and machines
- ii) Office equipments, all electronics and Information technology equipments
- iii) furniture and fixtures
- iv) Teaching equipments and any other fixed equipments, those has to be pre-numbered before their distribution

3.8.1 ASSETS DISPOSAL

The procurement office shall identify and keep a list of assets that have been proved to be obsolete and expensive for the office to maintain and run, scrap and idle items. The identified assets need to be disposed according to the appropriate and profitable methods as per SAUT financial regulations.

3.8.2 DISPOSITION PROCEDURE

1. Identification of the assets, items to be disposed and recording in the loss register
2. Valuation and verification
3. Determination of disposal methods
4. Seeking approval for disposal

5. Actual disposition
6. Financial report of disposition produced

3.9 GENERAL STORES ADMINISTRATION, SAFETY AND SECURITY

The number of duplicate keys should be carefully controlled and restricted. In the event of keys being lost, mislaid or stolen, the fullest possible inquiries shall be made and if there is any uncertainty, a new lock shall be fitted.

Stores personnel (or store men) shall not be allowed to stay idle inside the storehouse or they should be supervised during their presence in the stores.

It is suggested that to minimize the risk of pilferage, all attractive items shall be marked with the name, logo or any symbol of identification.

To maintain healthy regulations in the storehouse, it is important to train the employees to be aware of major hazards that can be encountered in handling and storage of different materials.

Proper storehouse layout shall be maintained: the aisles shall be marked, and gangways and walkways must be kept clear of obstruction.

Safety signs shall be displayed to signal hazards of particular risks associated with individual items.

The storehouse shall be kept clean and with enough light.