Asset and Stock management policy

2021

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Update History

No	History	Date	Major Changes	Remarks
1	Policy Initiated	June 2021		**The policy was developed by ACBAR Twinning Program and STARS**
2	Next update	June 2022		

Acknowledgment

All performances in relation to Asset / Stok Management are carried out as per the provision of this policy from the time the policy was developed. The policy was developed as part of the organization operation manual in 2010 and later on it was developed further to an independent policy because of the needs. The policy was reviewed and improved further by ACBAR Twinning Program in 2021.

The next update date is August 2022; this policy is reviewed every year.

The policy has been reviewed and updated internally by the STARS program team and changes or modifications brought to the policy have been brought to the attention of STARS board of directors for approval.

In the development of the policy materials available in the internet was used with taking in view the copy right requirements and other ethical and professionalism behavior. The material obstructed from the internet sources were adopted to STARS context and performances.

The Procurement department manager is responsible to ensure that all the relevant activities are as per the provisions of this policy. Also he has the responsibility to keep reviewing and updating the policy regularly. Also he is responsible to ensure that all relevant staff have information and access to the policy by providing orientation, awareness and if required regular training. The performances in relation to this policy is documented and recorded within the project and after completion they are kept with STARS administration for the next three years.

Purpose:

The purpose of this policy is to develop a system for allowing us to track important details about each asset in real time. And keep the assets with desired standard of quality, amount of quantity at the right place and time. And keep the flow of supply as per the demand and tackling supply route and chain problem at an earlier stage.

This policy will discuss

1. How to manage the organization Fixed Assets
2. How to store and manage the store
3. How to keep stocking

Plus

4. Some foundation discussion

Fixed Assets

Fixed Assets Donated (In Kind)

Fixed assets received as donation (in kind) are reflected in Fixed Asset Register only. It is not recognized in financial statements.

Stocks and Stores

Stocks and stores are charged to Income and Expenditure Account at the time of purchase. However stock registers are maintained to have control over the stock. Stock register include quantitative record of stocks receipts, issue and balance.

Fixed Asset and Store

Definitions

Fixed Assets are long-term (more than three months and valued above US$50), non-expendable asset held by an organisation for:

- Administrative purpose
- Rental to others
- Use in productions and supply of goods and services

Store includes assets held by an organisation in the form of:

- Raw material to be used for production
- Goods in process of production
- Supplies to be distributed to beneficiaries

Fixed asset register

To achieve control over fixed assets, **Fixed Assets Register** is maintained. Assets having value of more than US$ 50 and life expectancy is more than 3 months are registered in Fixed Assets Register. Administration Department shall be responsible for maintaining fixed asset register. Fixed asset register is maintained in the Head Office for recording assets of Head office as well as Regional Offices.

Fixed Asset Codes /Tagging

A unique code is assigned to each individual asset at the time of receipt. These codes shows the fixed assets item number, year of purchase, donor source, project title (in abbreviation), and its location etc. The code is then pasted on asset for easy identification and references. Fixed assets codes include the following information:

- Serial number / code
- Donor Source
- Project Title (in abbreviation)
- Year of purchase
- Location

These information are tagged on all fixed assets of STARS

Receiving of assets

Administration Department shall receive asset purchased. The requisitioning person inspects the asset received for quality, specification and condition. If it meets the required criteria, Administration Department assigns code to the asset. The Administration Department updates fixed assets register accordingly.

The Administration Department sends a written intimation to Finance Department to be attached with Payment Voucher.

It should not be recorded until and unless the Finance Department receives the written intimation from Administration Department.

Any documentation of Donor requirements or special conditions should be filed together with asset information

After preparation of GRN, the Logistics Officer shall keep the following documents for its records:

- Goods Received Note (GRN)
- Supplier's delivery note, if applicable
- Supplier and/or carrier's invoice
- Import documents in case of imports

Original Supplier and/or carrier's invoice shall be handed over to finance section for payment.

Rejection of the consignment

In the case of rejection of the goods by the procurement team, the logistics Assistant/Assistant will indicate this on the delivery note, if any and will prepare a rejection/damage report clearly stating the following:

- The reasons for rejection
- Particulars of damage/shortfall
- Name of carrier and supplier invoice number
- Date of inspection

The Rejection Report shall immediately be handed over to the logistics officer for necessary action as mentioned in the Regional Procedures (Refer to Procurement chapter)

Assigning and transfer of assets

The Administration Department assigns assets to projects / persons. The person receiving the asset signs the standard **Asset Assignment Form**. The Administration Department then files the form. The Administration Department updates the fixed asset register to record assignment of asset.

Any harm done to the asset should always be explained by the responsible in a report to the Administration Department. If the harm is rising from gross neglect or misconduct on the part of the employee responsible, the value should be claimed.

At the time the assignment of the asset ends, a qualified person inspects quality of the asset and the signs of the original Assignment Form for cancellation.

An asset shall not be transferred directly from one employee to another. Transfer should be made through Administration Department. When an asset is transferred from one employee to another, the Administration Department updates the Fixed Asset Register to change the name of responsible personnel.

A STARS asset (not used on daily basis) must not be kept in personal custody by any employee.

Disposal of assets

When an asset is no longer useable for any reason, it will be disposed of (subject to any restriction imposed by donor or some other authority).

Administrator can dispose off an asset but prior approval of Managing Director must be sought in writing.

Prior to actually disposing any the Ministry of Finance will be informed for follow-up process. As per the NGO law all NGOs have to report the list of their Fixed Assets to Ministry Finance annually.

Modes of disposal

Asset will be disposed off in following modes

- Private sale
- Open/closed bidding
- Scraping
- Donation

Private sales

Asset with a purchase value of up to USD 500 can be sold to any one including STARS employees.

Open / closed bidding

An asset with a value of more than USD 500 will be sold by open or closed bidding whichever is appropriate. The auction may be publicised externally through newspaper or any other appropriate media keeping in view cost and benefit. Purchase and auction committee shall be responsible for conduct of a transparent auction. After bidding, Purchase and Auction Committee will prepare **Comparative Statement** (see Appendix 23) and decide the successful bid.

Scraping

Administrator can approve scarping of an asset up to original cost of 100 USD. In case of scraping an asset having original cost of more than USD 100, prior approval of Managing Director must be sought in writing. All scraped items should be registered as such.

All assets with original cost of above than USD 500 must be sold, even if their condition is ruined.

When an asset is disposed off, Administration Department shall update Fixed Asset Register accordingly.

Stock storage and safety

All stocks should be kept in a room that is locked 24 hours and under the custody of a person assigned by the Administration Department i.e. Storekeeper.

The Storekeeper must make sure that the humidity, heat etc. in the room is appropriate for the stored items.

The Storekeeper is furthermore responsible to arrange the store in a practical manner ensuring access to stock that is most frequently realised from the store but also ensuring a logical system.

Physical Verification of Fixed assets and stocks

1. Periodical physical verification of store and fixed asset shall be performed. However, donor specific requirements should be kept in mind. Proper cut off procedures should be adopted to ensure that relevant assets and stock are subjected to verification.

   The purpose is to the performances of the asset as per the specified standard.

2. At least two persons, one from Finance Department and one from Administration Department, can be authorised by Managing Director to perform physical verification.

3. Physical verification report will be made and any discrepancy will be investigated and resolved accordingly. Final report will be forwarded to Managing Director for approval. It will mention the results of physical verification including the discrepancies found.

4. The registers should be updated after the Managing Director approves the report.

Sporadic verification shall be performed if requested by any Regional Head / Administration Department / Managing Director. Person(s) authorised by them can randomly inspect the registers and store.

Stock Register

Regional offices maintain **Stock Registers**. Stock register include quantitative data of stocks receipts, issue and balance in hand.

When items are received in store, **Goods Received Note (GRN)** is prepared. A corresponding entry is made in stock register.

When items are issued from stores, **Goods Issued Note (GIN)** is prepared and entered in respective stock register.

Head Office maintains the same manual record of the stores as maintained in regions. Stock register is maintained to include quantitative record of stores.

When items are received in store, **Goods Received Note (GRN)** (see Appendix 6) is prepared. A corresponding entry is made in stock register.

When items are issued from stores, **Goods Issued Note (GIN)** is prepared and entered in respective stock register.

Stock Register

To achieve control over stores, **Stock Register** is maintained. Storekeeper is responsible for maintaining store register.

Goods Received

When goods are received into stores, Storekeeper inspects these for specification and condition and quantity is confirmed with bill. If these meet required criteria and quantity matches with bill, Storekeeper prepares Goods Received Note (GRN). GRN is source document for recording store receipts.

Issues

Goods Issue Note (GIN) is used to record store issues. Goods are issued only after requisition is approved by the authorise personnel

Any stock remaining unconsumed with requesting person shall be returned to the store. GRN will be prepared and marked as “Returned”.

Store reports

Monthly Store Summary shall be prepared and sent to Finance Department and other relevant entities. Monthly Store Summary is prepared at the end of each month.

Store Layout

The layout of a store should provide easy access to all items in the store at short notice. There are several general rules which should be followed when designing the layout of a store:

- The layout should allow for easy loading and unloading of supplies.
- Stacks - different stacking patterns can be used. If the numbers in the basic unit are small, the stack height will be limited. For example, a two unit stack should be no more than six layers high. For accounting and checking purposes, it is better if the number of sacks per layer is easily divisible; for example, ten or twenty 50 kg sacks per layer if stock is accounted for in metric tons. For all stacks, the number of sacks should be kept the same on each layer for stock checking purposes.

In all stacks, the pattern of each layer should be alternated. Stack should:

Be built clear of walls, buttresses and roof supports in order to allow access all round and to permit free circulation of air; this is important in reducing the risk of condensation and mould damage.

Be clear of roof trusses and the roof itself, providing enough space for a person to pass all around and over the stack. This is essential for inspection and fumigation purposes.

Stacking of paper, plastic, polythene and woven polypropylene can be difficult due to the lack of friction between the sacks. Care should be taken to ensure the stack is stable. To do this, the sides of the stack should not be vertical unless supported, but should slope inwards from the base up.

- Heavier items should be stored closest to doorways when depending on manual labour.

Goods should not be stacked directly on the floor. They should either be stored on pallets, loose timbers or plastic sheeting. The pallets should be the same size as the stacks, so as to avoid sagging at the edges. If gaps are unavoidable they should be left in the centre. The pallets should be treated for insect damage where possible but care is required before using treated pallets for bagged food commodities. Pallets

treated with creosote or burnt engine oil should not be used as the food could be contaminated. Other treatments would need to be checked for possible contamination before usage. If using plastic sheeting and pallets the slots in the pallets must not be covered to avoid injury.

- Food and non-food items should be stored separately.
- Small individual items such as nails, pipe fittings etc. should be stored either in boxes or on shelves.
- Shelving should be well constructed and never overloaded.
- Heavy items should be stored on pallets or in crates on the floor.

Bulk non-food items such as building timbers, buckets and rolls of plastic sheeting, should be stored in easily countable units, either25, 50 or 100 pieces. Each unit should be separated from the others by some form of physical divide; for example, buckets can be stacked in piles of 50, building timbers and rolls of plastic sheeting in units of 100 can be separated by stakes in the ground. This facilitates easy checking; otherwise, the accurate checking of stock levels is very difficult.

New stocks entering the store should not be placed on top of old stocks.

To ensure stocks are correctly rotated and do not become obsolete, a system of first in first out (FIFO) must be adopted. The expiry dates of goods must be monitored.

Stocking:

Stocks are made as per the individual on-going project's needs, other than that is not applicable for STARS because all funding are project based. Considering the Lead Time in some instances STARS will make the Stock a head of actual distribution.

The following data are necessary to determine the stock per article:

- estimated monthly consumption of the article
- frequency of orders to replenish the stock
- standard delivery time of the order

The stock in the warehouse acts as a regulating buffer between supplies (stock entries) that are normally intermittent and needs (stock deliveries) that are normally regular or unexpected.

Re-order level:

The level at which a new order is normally placed to replenish stock to allow ample time for normal procurement procedures to be followed.

Maximum level:

The maximum stock level for individual items to prevent the procurement of an unnecessarily excessive amount of goods

Stock Control:

Stock control is used to show how much stock you have at any time, and how you keep track of it. The warehouse/inventory manager is responsible for monitoring the movement of goods as they are transported from a supplier and for the control of stock movement in the warehouse facility. Where possible, stores items should be received and inspected by two officers against the order specifications

The stock control measurements include the followings:

- Establish levels of operating stocks based on distribution rate of usage. The stock levels shall be reviewed from time to time depending on current needs.
- Ensure that weekly and monthly stock balances reports of each stock item
- Maintain monthly stock usage report of each item kept in the store
- Review and report of the statues of stock to the relevant manager
- Establish quantity, lead-time and availability of each item distributed
- Determine storage space requirements based on the level of stock required.
- Select a warehouse that meets adequate design requirements including security, access, size, ventilation, location and utilities.

In addition the followings are also to be considered

- Ensure all goods are received by the storekeeper and inspected on delivery.
- Ensure the warehouse space is organized to facilitate effective storekeeping and comply with safety standards, and allow sufficient space for delivery and packing.
- Implement good piling/stacking practices.
- Implement an appropriate rotary system for the order of stock coming in and out, considering expiry dates.
- Ensure food storage complies with a food safety checklist.
- If good quality warehouse options are not available, consider emergency storage solutions such as containers and Rub Halls.
- Put in place adequate warehouse staffing including storekeeper and loaders.
- Supply the warehouse with adequate levels of materials and equipment.
- Ensure safety measures are in place including safety equipment and practices.
- Put controls in place to minimize security risks to warehouse and stock.

Warranty/Guarantee

In most cases fixed assets have some sort of warranty/guarantee associated with them. The Logistics Officer with maintain the information and related documents for these warranties/guarantees. He will ensure that maximum benefit is taken from these warranties/guarantees. The minimum record to be maintained will be:

- Fixed asset code

- Supplier name
- Number of warranty/guarantee
- Terms of warranty/guarantee
- Period of warranty/guarantee
- Date of expiry of warranty/guarantee.

Recording for Disposals

After the decision on a particular fixed asset, the sale of the fixed asset will be notified to logistics and finance section with the following information:

- Fixed asset identification code and description
- Copy of the decision of the deputy director to sell the asset
- Carrying value of the asset
- Rate of depreciation
- Accumulated depreciation

The logistics officer will also write off the fixed asset in the fixed assets management system the finance section will co- ordinate with the logistics section for the sale of the fixed asset.

Monitoring

Record Reconciliation

The logistic officer will co-ordinate with the finance section for any matter relating to fixed assets. These matters include the valuation of assets, depreciation, and maintenance of fixed asset records etc.

The information available from the two sections must be reconciled with each other on quarterly basis and a summarized schedule of fixed assets should be signed off by finance manager/officer and logistics officer/officer.

END

Names and signatures of people including STARS's Board of Trustees membership:

Dear Mahmooda Taqwa (Chief of Board)
Signature
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Ms. Maliha Safi (Board Member)
Signature
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Dear Tuba Azami (Board Member)
Signature
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Ms. Palwasha Zarifi (Board Member)
Signature
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Ms. Latifa Majidi (Board Member)
Signature
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This policy reviewed and approved by board of Trustees membership