Stocktaking Policy - Trading Enterprises

Section 1 - Purpose

(1) The purpose of the Stocktaking Policy and Procedure for Charles Sturt University (the University) Trading Enterprises is to:

a. ensure that financial and audit control standards are in place in maintaining a complete inventory mapping system and conducting stocktaking procedures;
b. formalise the process for the coordination of trading enterprise stock takes;
c. define the responsibility of Budget Centre Managers involved with inventory control systems, stock takes, and reporting requirements; and
d. establish a set of procedures to assist stocktaking procedures for the trading enterprises.

Scope

(2) This Policy and Procedure applies to all Charles Sturt University trading enterprises and controlled entity(s) that operate and maintain a stores/stock inventory.

Roles and Responsibilities of Officers Administering this Policy and Procedure

(3) The Assets Manager, Division of Finance is responsible for coordinating and oversight of all the trading enterprise stock takes. This is to be consistent, compatible and complementary with existing University asset stock takes.

(4) The Assets Manager, Division of Finance is to provide relevant information to stakeholders so as to allow appropriate forward planning in relation to the conduct of stock takes.

(5) The Assets Manager, Division of Finance must ensure that stock takes for trading enterprises are conducted at least twice each year i.e. 30 June and 31 December. The 31 December stock take being the most critical to assist with the University annual financial statements.

(6) The Assets Manager, Division of Finance is to provide the Management Accountant, Division of Finance with the stock count sheets and analyses provided by the Budget Centre Managers to support the University's end of financial year statements.

(7) The Assets Manager, Division of Finance must ensure that in accordance with instructions, two members of staff conduct the stock take, one member must be independent and in no way responsible for the stock.

Section 2 - Glossary

(8) Nil.

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Section 3 - Policy

(9) Budget Centre Managers of trading enterprises are to operate and maintain a perpetual inventory control system of acceptable control standard that provide a range of data that qualifies and quantifies the current state of the store's inventory.

(10) Budget Centre Managers are to provide an analysis of variances between stock counts and the inventory system. Losses due to suspected fraud or theft must be referred to the Internal Auditor via the Management Accountant, Division of Finance.

(11) An officer of the Division of Finance must be in attendance at all stock takes conducted. Representatives from internal and external audit will attend those stock takes as deemed appropriate.

(12) Stock is to be valued at "cost" price.

(13) Stock take sheets should include the minimum of the stocked item's name, size, inventory number (if applicable), cost price, and quantity on hand.

(14) Budget Centre Managers are to sign-off that an analysis of stock take results has been conducted, and that the following stock taking procedures (at clause 18 to 23) have been complied with.

Section 4 - Procedures

Coordinating the Stock Takes

(15) The Assets Manager, Division of Finance is to coordinate the stock takes by liaising with the Budget Centre Managers that are responsible for an inventory, giving consideration to:

a. the final trading dates at year end;
b. ability for Division of Finance and Internal Audit staff to attend the stock takes;
c. the conduct of stock takes as close to 30 June and 31 December each year; and
d. provide Budget Centre Managers with sufficient time to allow for appropriate planning.

(16) Stock take dates can only be changed by liaising with the Assets Manager, Division of Finance. (Counts at the Orange and Wagga Wagga farms may be completed as at the last muster.)

Preparing for the Stock Take

(17) In association with the stock taking procedures, the Budget Centre Manager should consider the following prior to conducting the physical count:

a. establishing cut-off points for receiving and dispatching stock, inter-store transfers, and loaning merchandise. These cut-off points and store closures should be communicated with staff and the University community;
b. recruiting and training sufficient staff for the stock take;
c. preparing a list of stock in the order that the stock take is likely to be conducted, including the stocked item's name, size, inventory number (if applicable), and cost price; and
d. tidying and arranging (or grouping) stock to minimise or make counting easier.

Conducting the Count

(18) The following is a suggested procedure for conducting the stock count:

a. prepare an inventory list to compare to the physical count;
b. count the stock in a logical order, normally left to right, top to bottom;
c. work from the stock to the stock sheet otherwise you may overlook an item;
d. when counting is finished, collect all the stock sheets;
e. check that all sheets are accounted for and signed by the person who conducted the count; and
f. do not alter stock for a few days should you need to recount the area.

(19) Things to consider on the day of the stock take include:

a. storing goods received on the day;
b. storing goods previously received and have not been inputted on the inventory system;
c. accounting for customer credits not processed;
d. accounting for stock on loan; and
e. accounting for stock transfers.

Analysing Stock Take Results

(20) The results of the stock take are to be analysed in respect to:

a. fast and slow moving stock;
b. low levels of stock;
c. abnormal stock movement;
d. stock losses;
e. damaged stock; and
f. dead stock and the cost of dead stock.

(21) Budget Centre Managers are to analyse material variances between stock counts and the inventory system. They should:

a. identify and explain the likely causes of the variance or stock losses. An examination of the physical layout of the store and current inventory procedures is suggested;
b. implement a plan to minimise or eliminate these problems such as reviewing the adequacy of the inventory control system, separation of duties, handling of stock, and security;
c. communicate the revised security procedure to staff; and
d. monitor and maintain the new security procedures.

Signing-off

(22) A sign-off letter should include:

a. stock take analysis results;
b. inventory system improvements;
c. report on stock losses and how they occurred;
d. requests to write-off stock;
e. the value of stock on hand at "cost" price; and
f. certification as follows:

> "I certify that, as at (enter date here), inventories, stores and materials, in possession of (enter name of Trading Enterprise here), charged to the inventory, is in existence, in good order and condition and are

> suitable for use. Valuation is based on cost/net realisable value. All statutory reporting requirements have been completed".

The sign-off letter is to be sent to the Asset Office, Division of Finance.

Trading Statement Summary

The sign-off letters and a summary of closing stock values is to be sent to the Assets Manager, Division of Finance to support the University's end of financial year statements.

Section 5 - Guidelines

Nil.

Status and Details

Status	Historic
Effective Date	22nd May 2014
Review Date	28th February 2020
Approval Authority	Chief Financial Officer
Approval Date	2nd May 2014
Expiry Date	26th September 2021
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