***[HOSPITAL NAME]***

**ADMINISTRATIVE POLICY**

CATEGORY: Finance **CODE: B-13**

SUBJECT: Inventory Management Process **EFFECTIVE:**

**COORDINATOR: Business Manager**

Maintaining accurate records of inventory in-stock is a vital part of the financial health of any organization. Inventory is a large expense and an area where misappropriation can easily happen. It is important to have *separation of duties* between the employees involved in Purchasing, Inventory, and Accounting.

The Business Manager and Accountant will ensure that persons are assigned the following activities related to purchasing and Inventory Management:

Role of Purchasing Officer

1. Requisition verifications (see Policy B-11)
2. Collecting quotations if needed
3. Order writing and sending through fax, email, driver’s delivery or other means
4. Coordinating and/or accompanying a hospital vehicle to collect orders
5. In collaboration with other departments or officers assess factors such as nature of demand, lead times, stock outs, service levels, prioritizations related to various stock items and setting economic order quantities.
6. Sending goods received notes to vendors

Role of Warehouse/Stores Supervisor

1. Maintaining inventory records based on distribution (electronic or stock cards)
2. Ensuring stocks are in good condition and acceptable levels/quantities
3. Inspecting incoming goods for quality
4. Inventory count done at least annually, preferably every 6 months.
5. Maintaining orderly, clean storerooms
6. Providing supplies to the departments as requested

Role of Accountant

1. Verifying received quantities with delivery notes
2. Receiving invoices from suppliers
3. Entering accurate journal entries reflecting the purchases and increase in inventory as well as expensing when the items are used/sold
4. Payment of suppliers and receiving and filing/attaching receipts from suppliers to vouchers (vouching)
5. Participate in regular inventory counts and make related journal entries if necessary

APPROVED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_