KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL

INVENTORY MANAGEMENT POLICY AND PROCEDURE

YEAR 2018
Table Contents

LIST OF ACRONYMS ................................................................................................. 3
FOREWORD ............................................................................................................... 4
CHAIRMAN’S STATEMENT ....................................................................................... 5
1.0 BACKGROUND .................................................................................................... 6
   Vision ..................................................................................................................... 6
   Mission .................................................................................................................. 7
   Mandate ............................................................................................................... 7
1.1 Policy Statement .................................................................................................. 7
1.2 General Objective ............................................................................................... 7
1.3 Scope .................................................................................................................. 8
1.4 Legislative and Administrative Requirements .................................................... 8
1.5 Responsibility ...................................................................................................... 8
2.0 Principles of Inventory management ................................................................... 9
3.0 Procedure ............................................................................................................ 9
   3.1 Receipt of New Equipment ................................................................................ 11
   3.2 Annual Verification of Inventory ...................................................................... 11
   3.3 Reporting Changes in Status of Equipment ..................................................... 12
   3.4 Equipment Utilization ..................................................................................... 12
   3.5 Obsolete Inventory Disposal .......................................................................... 13
   3.6 Issuing of Inventory ......................................................................................... 14
   3.7 Inventory Counting ......................................................................................... 14
4.0 Inventory Records .............................................................................................. 14
5.0 Loss of Assets .................................................................................................... 15
6.0 Procurement records ......................................................................................... 15
LIST OF ACRONYMS

HoD– Head of Department

SC- Supply Chain

SCO-Supply Chain Officer

HSC-Head Supply Chain

CEO-Chief Executive Officer

MR-Management Representative

RO-Receiving Office

BSS-Board of Survey on Stores
FOREWORD
The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) is a state corporation whose overall mandate is to coordinate the eradication of Tsetse Flies and Trypanosomiasis. The Council is thus in a continuous process of assets acquisition.

Inventory management is crucial in the delivery of public services. The Council is cognisant of the requirements of the Public Procurement and Asset Disposal Act 2015. Effective inventory management is a key enabler in any organizations ability to design processes, effective service delivery and reduction of overall costs.

The Council will support the establishment and maintenance of a transparent, efficient and accountable system of assets management.

This policy guides in establishing a process for the recording, identification, and accountability of all Council owned furnishings and movable equipment items.

DR. PAMELA OLET- PHD, MBS
CHIEF EXECUTIVE OFFICER
CHAIRMAN’S STATEMENT

The council has over the years acquired various assets which are applied in its routine office and field activities. These assets must be managed well for them to serve the council appropriately. The procurement division is charged with the mandate of maintaining an inventory of its assets. This is aimed at preventing losses, wastages and damages of assets under the Council’s custody.

The Council shall employ an inventory management and control system that will ensure sound supply chain management as outlined in the Public Procurement and Asset Disposal Act 2015.

This policy spells out how the inventory will be managed so that the acquired assets are appropriately and effectively utilized.

The Board of the Council is committed in supporting the management in the implementation of this policy.

Dr. David Wamamili Wanyonyi
CHAIRMAN – KENTTEC BOARD
1.0 BACKGROUND
The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) was established by the government of Kenya through a gazette legal notice no. 77 of July 2012. It is the successor of the pan African tsetse and Trypanosomiasis Eradication Campaign (PATTEC) in Kenya. PATTEC was formed following a Heads of states and government declaration in Lome, Togo in July 2000, AHG/Dec.156 (XXXVI) to free the African continent from the devastating effects of tsetse flies and Trypanosomiasis.

In Africa, thirty eight (38) countries including Kenya are infested with tsetse flies. Tsetse flies transmit a parasite which causes Trypanosomiasis to human and animals. These flies spread Nagana to animals & Sleeping Sickness to humans, both of which are fatal diseases.

In Kenya, tsetse flies infest approximately 138,000 Km2 of land affecting 38 out of the 47 Counties with approximately 11 million people at risk of infection. The T&T problem directly affects Agriculture, Public Health and Tourism. The economic loss attributed to tsetse flies and the diseases is estimated at over Kshs. 20 billion annually according to the strategy for T and T eradication in Kenya, 2011-2021.

According to the World Bank (2008) per capita indicator, Africa has 20 of the world’s poorest countries, which are heavily infested with tsetse flies and a high prevalence of Trypanosomiasis, this is why a Tsetse fly is called a poverty insect.

It is for the above reasons that His Excellency the President after a decision by the Cabinet created the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through a gazette legal notice no. 77 of July 2012 to sustain the gains and expand the work of PATTEC.

The Inventory Management Policy and Procedure establishes a process for the recording, identification, and accountability of all Council owned furnishings and movable equipment items.

Vision
An institution of excellence in creating a healthy, wealthy nation free of Tsetse and Trypanosomiasis (T&T).
Mission
To eradicate T&T in Kenya through efficient, effective, sustainable and environmentally sound technologies in collaboration with stakeholders.

Mandate
To coordinate Tsetse and Trypanosomiasis eradication activities in Kenya.

1.1 Policy Statement
The Council shall maintain a system of equipment control to provide a safeguard against loss and to facilitate effective utilization.

This policy and procedure requires:
a) The responsibility for equipment accountability be assigned to the appropriate division/unit head.
b) Equipment control records shall be maintained for each item of equipment identified by a serial number.
c) Periodic physical inventories, at least once annually, shall be taken of all items of equipment placed under serial number control.
d) Equipment utilization controls shall be maintained for significant items, whether they are in the form of daily usage records or simple periodic observations to provide a safeguard against loss and to facilitate effective utilization.
e) No item of equipment should be permitted to leave the premises without a pass signed by the proper authority.
f) Unit heads shall be administratively responsible for the equipment assigned to the unit. The equipment assigned should not be permanently transferred without written approval of this individual and the HSC.

1.2 General Objective
The general objective of the Inventory Management Policy and Procedure is to describe the procedures undertaken by the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) in management of its inventory of assets.

The specific objectives of this policy are to:-
a) Provide guidelines that employees of the Council 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 Government’s Public Procurement and Disposal Act.

c) Eliminate any potential misuse of inventory and possible theft.

1.3 Scope
The Kenya Tsetse and Trypanosomiasis Eradication Council’s Procurement department has the responsibility of providing procurement services to its staff as well as delivering some operational activities that contributes to the Council’s overall mandate. This Policy is applicable to all the procurement processes on the department.

1.4 Legislative and Administrative Requirements
The Inventory Management Policy and Procedure shall be guided by the following values and principles of the constitution and relevant legislation-

   (i) Procurement Manuals
   (ii) Audit Act 2005
   (iii) Quality Manual
   (iv) Public Procurement and Disposal Act 2005
   (v) Public Procurement Disposal Regulations 2006.
   (vi) Printed Government Estimates
   (vii) Public Procurement and Asset Disposal Act 2015
   (viii) Treasury Circulars

1.5 Responsibility
The HoD and staff members with the Procurement department are responsible for ensuring that these procedures are effectively implemented. The HSC department will educate other
Procurement staff on these procedures and any amendments raised by staff members should be raised to MR through the departmental head.

2.0 Principles of Inventory management

2.1. Demand Forecasting
In the council, inventory is considered as the one of the top most priorities.
As a result, care shall be taken so as to ensure appropriate supply of the required inventory. This will avoid both over supply and under supply of the inventory.
The council recognizes that idle inventory inflates the running cost of an organization due to handling and storage costs.
Therefore establishing the optimum inventory level ensures that you get what is required at the opportune time.

2.2 Tracking
The movement of inventory from one point of an organization to the other is dependent on the proper sorting, setting and ordering of inventories as there will be no unprecedented loss.
Each process, from receipt to disposal needs a formal and standardized process to enhance consistency for appropriate results.

2.3 Inventory Turns/Stock Rotation
This involves arranging inventory from the oldest to the newest so that oldest can be used first before newest.
This will ensure items of chemical nature are effectively used to minimize costs.

2.4 Cycle Counting
A cycle count is an inventory auditing procedure which helps maintain inventory accuracy throughout the year by maintaining accurate inventory.
It involves counting certain items in inventory every few days in such a way that all the items in inventory get counted at least once every twelve weeks.

2.5 Process Auditing
Proactive error source identification starts with process audits. One of the cornerstone principles of inventory management is to audit early and often. Process audits should occur at each transactional step, from receiving to disposing inventory with all activities in between factored in.

3.0 Procedure
The procedures for inventory shall be followed to ensure that:
Inventory is safeguarded at all times;
There are accurate records of quantities on hand at all times;
Optimum inventory levels are maintained to meet the needs of users;
Only authorised issues of inventory are made to users
Items placed in store are secured and only used for the purpose for which they were purchased

**Procedures define the following:**

1) Items to be included in the property and equipment inventory:
   a) Council’s property, including gifts to the Council.
   b) Furniture, electronic equipment, machinery, vehicles and apparatus which may be used repeatedly without any material impairment of physical condition and which have a probable life of more than two years.
   c) Items the Council is leasing or renting, if the lease is applied towards the purchase of the item and is determined to be a capital lease.
   d) ICT materials and hazardous substances to be included

2) Items to be excluded from the property and equipment inventory.
   a) Items furnished by a grant or contract for which the Council does not hold title.
   b) Personally owned items.
   c) Draperies and other expendable items.
   d) Items permanently attached to buildings-Examples of items would be laboratory benches with service connections, fume hoods, light fixtures, built-in cabinets, permanently installed heating and cooling apparatus and carpeting.

Generally, all equipment purchased must be placed under control. However, different levels of equipment control can be established. For the larger, more cumbersome equipment, such as desks and file cabinets, the item should be identified with a tag showing that it belongs to the facility. The records may show the total number of items in particular units. For the more sensitive items, such as those susceptible to theft, tags with individual serial numbers should be affixed to the equipment and detailed records should be maintained.
3.1 Receipt of New Equipment

a) Receipt of any equipment will be done in accordance with the procedure outlined in the Public Procurement and Disposal Act 2015.

b) The RO shall contact the requesting unit to verify that the item meets the specification of the purchase order issued to the supplier before taking of charge the item. Once verified by the requesting unit, the RO will tag the equipment and arrange for the equipment to be delivered to the location.

c) The following information must be entered in the S 13 form:
   - Item Code No
   - Item Description
   - Ministry
   - Dept./Branch
   - Unit
   - Source of the item
   - Acquisition date
   - Order Number
   - Invoice Number
   - Issuing/Receiving Officer Details and signature

3.2 Annual Verification of Inventory

The HSC will furnish each unit with a detailed listing of equipment assigned to that area at the beginning of the first quarter of every financial. The list should be verified by the unit and any corrections reported to the HSC.

The HSC shall ensure that:

a) Annually, the HSC, or his/her designated representative will complete a physical inventory of the equipment assigned to each unit.

b) The inventory for each unit is reconciled by the HSC and unit head with the prior physical Inventory of equipment. All material difference will be reconciled.

c) A record of lost or unaccounted for items will be submitted by the HSC to the CEO for approval to remove such items from the equipment records.
d) Those items which are authorized by the CEO to be removed from the records should be entered in inventory records by the HSC.

3.3 Reporting Changes in Status of Equipment

Status changes are to be reported by the accountable unit as they occur. The HSC will update the inventory to reflect the change.

Whenever an equipment item is temporarily (within 6 months) transferred between locations, the unit initiating the transfer must keep a record of its new location.

Whenever an item of equipment is to be permanently transferred to another location, a Transfer amendment form is sent to the HSC.

Whenever an item of equipment is found missing or believed to be stolen, this must be reported immediately to the Security Office and the HSC. Lost report is to be used for this purpose.

Equipment owned by the Council shall not be removed from Council’s Premises without the permission of the unit head and the HSC.

Equipment taken off Council’s Premises must be under the supervision of an employee of the Council.
Gate Pass must be filled out and approved by the unit head and the HSC prior to taking equipment off Council’s Premises.

The Gate Pass must be updated and signed by the HSC when the equipment is returned.

3.4 Equipment Utilization

One of the most significant aspects of the equipment control system is equipment utilization.

a) It is the responsibility of the HSC and the unit heads to:
   (i) Keep control over stand-by equipment
   (ii) Ensure the continuing need for such stand-by equipment
   (iii) Make arrangements for the disposal of any equipment which exceeds foreseeable future needs.
b) These reviews will not be limited to the equipment items placed under inventory control, but will cover all equipment belonging to the Council including office and classroom furniture.

3.5 Obsolete Inventory Disposal

The preparatory work for the disposal of obsolete inventory must be undertaken by the Store Controller and verified by the HSC.

The Accounting Officer or delegated authority must approve the disposal of obsolete inventory.

The delegated authority may approve the write-off of inventory, if satisfied that:

- a) The inventory has expired and is redundant;
- b) The inventory is of a specialized nature and has become outdated due to the introduction of upgraded and more effective products;
- c) The inventory cannot be used for the purpose for which it was originally intended; or
- d) The inventory has been damaged and is rendered useless.

All disposed of items must be updated in the inventory records/register/database for the purposes of proper management and control.

The following procedure shall be followed:

- a) The accountable unit head identifies item(s) as obsolete
- b) Form 58 shall be completed by the unit head and submitted to the HSC.
- c) The CEO will appoint a Board of Survey on Stores (BSS to evaluate condition of the item(s), and assign condition as obsolete, poor or scrap.
- d) The BSS will determine the method of local disposition (local sale, donated, dumped/recycled).
- e) If local disposition includes selling of scrap, the BSS will assign a required minimal bid value to the item. The BSS will ensure that the proceeds from the sale are received and deposited in the appropriate Council account by the Council Controller.
- f) The BSS will be responsible for the removal of the Council’s Inventory Identification Tag and the final disposition of the surplus item.
- g) The method of disposition will then be noted in the Inventory Control system.
h) HSC shall retire asset(s) from the Inventory Control system.

3.6 Issuing of Inventory

The Officer in Charge of stores is authorised to issue inventory from the storeroom. Inventory must only be issued in terms of the approved requisition form of the Council. All requisition forms must be ruled off immediately below the last item to prevent items being added once the requisition is authorized by the responsibility Officer in Charge of stores. The official receiving the inventory must acknowledge the receipt of stock items requested, by signing on the requisition for goods received.

Inventories must be issued and used for official purposes only.

3.7 Inventory Counting

Items may be subject to an inventory spot count on a quarterly basis. Inventory counts may be carried out on a four monthly basis with a full inventory count at the end of each financial year.

All approved Council’s procedures and processes must be complied with during the inventory count.

The inventory record, register, database or system must be updated accordingly.

4.0 Inventory Records

An inventory record/register/database must be maintained for all inventory items, both manually and/or electronically.

a) the following details shall be included:-Order number/date;
b) Item description;
c) Quantity and value of stock on hand;
d) Quantity and value of stock received;
e) Quantity and value of stock issued;
f) Re-order level;
g) Optimum inventory level;
h) Quantity and value of obsolete stock; and
i) Opening/closing balance.
An inventory register/database shall be printed quarterly and the hard copy filed in a chronological order to maintain a proper audit trail.

5.0 Loss of Assets
In the event of inventory loss, the accountable unit head shall report the matter to the police for the issuance of a police abstract and subsequent investigation. The police investigation report shall be handed to the HSC.
On receiving this report, the HSC shall write a loss report to be approved by the CEO for appropriate action.

6.0 Procurement records
An accounting officer of a procuring entity shall keep records for each procurement for at least six years after the resulting contract has been completed or, if no contract resulted, after the procurement proceedings were terminated.

The records for a procurement shall include:-

a) A brief description of the goods, works or services being procured;
b) If a procedure other than open tendering was used, the reasons for doing so;