

CAPRICORN TVET COLLEGE



INVENTORY MANAGEMENT POLICY

**CAMPUSES:
POLOKWANE
SESHEGO
SENWABARWANA
RAMOKGOPA**

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**Approved by
Management:** 03/12/2021

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Nonkholo Mole
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VISION OF CAPRICORN TVET COLLEGE



“A dynamic Technical Vocational Education and Training Institution of Excellence”

MISSION STATEMENT OF CAPRICORN TVET COLLEGE

Capricorn College is to offer responsive, flexible and quality programmes that are accessible to all learners through formal learning, skills development and learnerships. This is achieved by adhering to policies and procedures, making use of committed human capital and employing appropriate physical and fiscal resources.

Values

- **Respect:** We treat others as we would like to be treated ourselves. Abusive or disrespectful treatment is not tolerated. We will strive for fairness and equity.
- **Integrity:** We are committed to transparency, honesty and sincerity.
- **Communication:** We are committed to effective communication. We believe information is meant to move and that information moves people.
- **Excellence:** We are satisfied with nothing less than the best quality in everything we do.

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1. Legislative framework and best practice regulations

Key principles contained in the following legislation and best practices were applied to develop this policy:

- a) CET Colleges Act No.16 of 2006, as amended;
- b) Public Finance Management Act, 1999, (Act No 1 of 1999, as amended by Act 29 of 1999) (PFMA);
- c) National Treasury Regulations, March 2005;
- d) National Treasury Instruction 03 of 2013/2014: Month-end closure procedures for 2014/15.

Further, the following Departmental recommended policies are integral to this policy:

- a) Accounting Records Policy; and
- b) Bank Reconciliation Policy.

2. Purpose

The purpose of this policy is to:

- 2.1 establish roles and responsibilities of Financial staff with respect to the monthly and yearly closing of general ledger accounts and the processes required to ensure the accuracy, completeness and validity of information captured in the accounting system of the college during a specific period;
- 2.2 provide direction on the month and year end closing procedures to comply with GRAP and to meet the reporting requirements of the College as determined by the Department; and
- 2.3 ensure that the College month end closing process meets the minimum timetable requirements of National Treasury Instructions as issued from time to time, and thus complying with any notifications of month end reporting dates issued by the Department.
- 2.4 The policy assumes that the daily processing of information has been attended to during the month and provides guidance to the finance staff to ensure the completeness of such processing at month and year end.

3. Definitions, acronyms and abbreviations

For the purpose of this policy, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

- 3.1 "Accounting Officer" – is the College Principal.
- 3.2 "Act" – is the CET Colleges Act No.16 of 2006, as amended.
- 3.3 "Cost centre" – is any organisational segment or unit for which it is relevant to accumulate and track costs, e.g. a campus or a central office unit.
- 3.4 "Council" – is the governing body of the College.
- 3.5 "Department"; "DHET" – is the Department of Higher Education, Training Science and Innovation.
- 3.6 "GRAP" – is Standards of Generally Recognised Accounting Practice.

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3.7 "PFMA" – is the Public Finance Management Act, 1999, (Act No 1 of 1999, as amended by Act 29 of 1999).

3.8 "TVET" – is Technical and Vocational Education and Training.

3.10 "VCET" – Vocational and Continuing Education and Training.

4. Scope

This policy covers all transactions, which has an impact on the inventory management of the college.

5. Recording inventory transactions

- a) It is necessary to provide source documentation. Therefore, manual records must be completed in duplicate. Signatures of authorized officials must be affixed as appropriate and copies must be filed by the involved sections i.e. stores, supply chain management, end-user etc.
- b) The signed copy of an order should serve as reference for the stores official to reconcile the ordered inventory/ purchase order against the delivery note and supplier invoice.
- c) Upon receipt of goods; the stores clerk should ensure that no obsolete and damaged goods are delivered and also that the goods are received without discrepancy. If any is detected, it should be addressed immediately.
- d) To ensure accurate accounting records, the store clerk must immediately capture inventory on the system, before it can be distributed.
- e) The Inventory method used is weighted average cost method.

6. Transaction and distribution.

- a) It serves as the warehouse outgoing goods pass for correctness, quality control must be done before any inventory dispatches the warehouse.
- b) All college officials from different sites must bring a requisition approved by the Deputy Principal or Campus Manager of the section when requesting goods from the warehouse. Inventory issued should be signed for by both parties; the store clerk and the official receiving the goods.
- c) The store clerk should immediately update the system with the inventory issued against the signed requisition with the goods issued.

7. Physical protection of inventory

- a) The warehouse should be kept secured at all times to protect inventory from loss due to such things as damage, spoilage and theft. The store clerk should ensure that the security alarm is activated at all times when he/she leaves the warehouse.
- b) Inventory in the warehouse should be grouped or packed according to the class of inventory items in terms of the level of physical location and verification of inventory.

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- c) A large enough space should be made available to ensure all required items can be received, stored and issued efficiently. The layout should support efficient storage and issuing, including moving items closer to access points.
- d) Shelving and other storage facilities should be of such a nature that there is sufficient space for the moving and lifting of goods.
- e) Where inventory in the warehouse is damaged, spoiled or obsolete the store clerk should report the matter to the head of the section and a written report must be submitted to the Principal for approval.
- f) Only authorized staff members will have access to inventory records with unique login credentials to access inventory module.

8. Stock taking and reporting

- a) Physical inventory present in the warehouse should be counted and compared with manual or computer records. Adjustments should be made where necessary. This will verify that inventory records support the value in the financial accounts and it will reduce the possibility of theft and fraud and will reveal any weaknesses in the inventory management.
- b) The college should ensure that it performs a perpetual stock take on a quarterly basis, to ensure that it keeps the level of inventory accurate in their accounting records.
- c) Stock taken at the end of the year should be performed by staff, those who usually work in the warehouse and an external audit team may be present. It is important to have independent verification. It is also important for counters to be familiar with the method of counting to avoid problems such as miscounts and incorrect adjustments.
- d) Monthly reconciliations of inventory movements must be compiled and Submitted to the Deputy Manager SCM by the stores clerks at campuses and the central office. Reconciliation between inventory and general ledger and trial balance will be done at year end.

9. Teaching and Training material

9.1 Composition

The college teaching and training material comprise of library books and books held for issue to student for furtherance of their modules.

9.2 Library books

Library books are considered assets of the college with useful life of 3-5 years and forms part of property plant and equipment and therefore are regulated by Asset management policy.

9.3 Text books

Text books purchased and held for issue to student for furthering their modules.

Text books purchased and held for issue to students for furthering their modules are considered consumables and therefore are treated and accounted the same way as other inventories.

Selection of the textbooks to be procured depend on the curriculum for the period. Only textbooks and training materials that are required for training purposes shall be procured. Depending on the consumables (books) re-order levels at the inventory store rooms, inventories will be ordered guided by the projected number of intakes and the stock on hand.

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9.3.1 Distribution of textbooks and training material

The College shall distribute textbooks to students for the duration of their courses. (Trimester, Semester or Year). In order to save costs, the college encourage students to return textbooks, voluntarily. Training materials such as calculators are only issued to student at their first level (NCV) of registration.

9.3.2 Books held for sales

The college does not purchase any books for purpose of being sold.

9.3.3 Returning of textbooks

Previously, students were required to sign a declaration that they will return the books in good condition. This requirement is deleted retrospectively and no longer compulsory.

Students are not compelled to return the textbooks issued to them after use however can volunteer to return the textbooks.

10. Adoption of policy

This policy is effective from the date on which it is adopted by the Council.

11. Availability of the inventory management policy

A copy of this policy and other relevant documentation should be made available on the College website.

12. Review of policy

This policy will be reviewed after 3 years after the date of College Council approval by College management to ensure its relevance.

13. Non-adherence of policy

Non-adherence to this policy will result in disciplinary processes.

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