

# INVENTORY STOCKTAKE PROCEDURE (FMPM)



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## 1 PURPOSE

1.1 This procedure outlines the process for conducting physical stocktakes of CQUniversity inventory.

## 2 SCOPE

2.1 This procedure applies to the physical stocktake of inventory at the following CQUniversity facilities:

- CQUniversity Bookshop
- Bird Cage Bar and Bird Cage Cafés (Bird Cage Venues), and
- CQUniversity Sports Centre.

2.2 This procedure does not apply to inventory held at CQUniversity training restaurants (currently Willby's Training Restaurant and the 5<sup>th</sup> Floor Training Restaurant). Refer to the [Hospitality Conducting Sessions, Control and Reconciliation Procedure \(VET\)](#) for management of this inventory.

## 3 PROCEDURE

3.1 Physical stocktakes for the CQUniversity Bookshop and Bird Cage Venues will be conducted at least annually. Guidelines for carrying out the stocktakes for the Bird Cage Venues are in [Appendix 3](#).

- 3.2 CQUniversity Sports Centre does not require annual stocktakes. The Sports Centre has a small amount of stock, however the total value is not material. Should the value of this stock substantially change, this decision will be reviewed.
- 3.3 The physical count will be conducted in compliance with this procedure. Independent 'spot-checks' of inventory will be undertaken on the request of managers throughout the year.
- 3.4 The CQUniversity Bookshop will use the scanner method of stocktake. This will have no impact on the basic controls and disciplines over basic controls.

## **Inventory count process**

### **Pre-inventory count**

- 3.5 Planning is the most important stage in conducting a successful inventory count. This stage involves
  - establishing priorities
  - assigning responsibilities
  - setting up a problem resolving mechanism (e.g. a chain of command)
  - determining the inventory method
  - coordinating all activities, and
  - determining an inventory count date and time and communicating to all involved.
- 3.6 The Operations and Purchasing Officer (Stocktake Manager) is responsible for co-ordination and completion of the inventory stocktake. The Stocktake Manager should refer to the Stocktake Checklist during the planning stage to ensure all aspects of this procedure are complied with.
- 3.7 The Stocktake Manager will organise employees to participate in the stocktake. The Stocktake Manager will ensure that a member of the Financial Accounting Team, or their representative, is available to supervise the physical inventory and the follow up of variances.
- 3.8 All stock to be counted should be identified prior to the commencement of the physical count. This may include:
  - cleaning up the store area to ensure redundant stock and damaged stock returned to the store, is disposed of and taken out of the inventory system
  - rearranging stock so that all like items are grouped together and any excess storage locations noted
  - ensuring all employees are familiar with the inventory to be counted, particularly stock that may provide counting problems (i.e. stock stored on shelves above head level, heavy or hazardous material)
  - determining the source of, and obtaining, as much unit cost information on items expected to be in the inventory. This will minimise the amount of pricing work needed after the physical count
  - ensuring that the receiving dock/area is isolated from the store area and that any goods received prior to the count is identified and excluded from the count
  - identifying obsolete stock and making arrangements to dispose of or exclude it from the physical count. Goods that are to be excluded should be clearly marked and located away from other inventory
  - identifying all locations in which stock is located and assigning these areas to counting teams, and
  - excluding stationery that has been issued out for the administration of the store. Refer to the [Administrative office supplies and equipment](#) section.
- 3.9 Estimate inventory levels should be developed for comparison with the actual count in order to test the reasonableness of the count. This will assist in exposing counting mistakes and avails counters the opportunity to take corrective action.
- 3.10 On the day before the physical inventory count, all stock will be checked to ensure that goods received are entered into the inventory system prior to the commencement of the count.

## Instructions

- 3.11 Detailed inventory stocktaking instructions will be prepared and distributed. These instructions will clearly outline the roles and responsibilities of all involved in the count. A practice inventory counting session may be helpful to those who have not previously participated in a physical count.
- 3.12 Counters will be provided both verbal and written instructions of stocktaking procedures before the inventory count commences.

## Inventory count day

- 3.13 On the morning of the inventory stocktake, the receiving dock/area will be quarantined to ensure that any stock received is excluded from the count.
- 3.14 Employees conducting the physical stocktake will:
- be assigned areas to the count
  - if the manual method of stocktake is used, be issued with stock count sheets that do not include stock on hand numbers but identify details of the unit of measurement to be used e.g. sheets, cartons, reams etc. If the scanner method of stocktake is used, issued with scanners
  - count/scan stock within the areas assigned. If the manual method of stocktake is used, care should be taken to correctly identify stock, carefully count and record stock ensuring that the quantities recorded is in the correct unit of measurement, e.g. sheets, cartons, reams etc. If the scanner method of stocktake is used, after a predetermined number of entries (to be determined by the capacity of the scanner) have been scanned, the scanner is to be taken to the designated person to be downloaded and recorded. A sheet will be printed of items recorded by scanner to be placed next to the last time scanned (for audit checks).
  - sign the stocktake sheets
  - assist the Financial Accounting Team or their representatives to supervise the count and verify that quantities recorded are correct
  - mark stock once it has been counted to ensure it is only counted once
  - investigate discrepancies as directed by the manager and recount stock as requested
  - ensure that all items within their assigned area are included in the count, and
  - bring to the attention of the Stocktake Manager if they believe stock is damaged or obsolete. The Stocktake Manager will determine if the stock is to be included in the count.
- 3.15 The Stocktake Manager will ensure that:
- employees conducting the count are properly instructed in the procedure
  - ensure all stock has been marked as counted
  - quantities recorded are in the correct units
  - variances are investigated
  - independent observers and supervisors have adequate opportunity to participate in, supervise and conduct test checks on the physical inventory
  - ensure that any proposed adjustments to stock are approved by the Manager Commercial Services and the Vice-President (Student and Corporate Services) or delegate
  - ensure that all steps of the stocktake process, including counts, investigations of variances, valuations and write offs are adequately documented.
- 3.16 The Stocktake Manager will release storage areas to production/sales after they are satisfied that all stock has been counted, test counts have been completed and variances properly investigated from that particular area. A final tour should be made before the release of an area to ensure that all stock has been included in the count.

## **Post-inventory count**

- 3.17 Once the count is completed all stock numbers will be compared to the perpetual inventory from the stock system.
- 3.18 Variances will be investigated by the re-counting of stock on the ground, and verification of records of receipts and deliveries to ensure that no counting or cut-off errors have occurred.
- 3.19 Sample comparisons will be made of the completed stock count sheet with the stock on hand. Errors will be corrected and evaluated as a basis for possible expanded sampling. If a master inventory listing is available, the count sheet information should be compared to this record. Any discrepancies should be investigated and resolved.
- 3.20 After all stock has been counted and discrepancies checked, on the Stocktake Manager's authorisation, the stocktake will be closed and records updated to reflect the levels of the count. A further inventory valuation report should be printed to compare with the pre-stocktake valuation. The difference should match the total variance report.
- 3.21 Evaluate the count procedures applied and determine how these procedures may be modified to improve the next count. The best time to make adjustments to the following year's inventory instructions is immediately after the current year's count is completed.

## **Observation tools and supplies**

### **Manual method**

- 3.22 If the manual method of stocktake is used:
  - print stocktake count sheets
  - issue measuring instruments, clipboards and other items necessary to conduct the count
  - determine how the inventory will be listed and extended in the inventory summary i.e. by department using a standard spreadsheet software package, alphabetic by part name using a customised inventory summarisation program on an in-house computer, numeric by part using data base software, etc.

### **Scanner method**

- 3.23 If the scanner method of stocktake is used, scanner/s will be made available to conduct the count. Staff involved in scanning stock should be trained in how to use the scanner/s. Additional barcode labels will be available for difficulties in reading labels.
- 3.24 The Stocktake Manager will ensure that prior to the commencement of the count all necessary preparation for the production of variances reports has been finalised.

## **Operations**

- 3.25 During a physical inventory, arrangements should be made for operations to be halted or at least conducted at a minimal level to reduce the movement of inventory. Prepare a log to document all movements of materials during the counting.
- 3.26 The Stocktake Manager will ensure that the receiving dock/area is quarantined during the period of the stocktake. Deliveries of stock should take place the day prior to counting, to ensure that only essential deliveries take place on the day of the count. All such deliveries should be documented and care taken to ensure that they are correctly recorded for the stocktake.

## **Administrative office supplies and equipment**

- 3.27 Office supplies not used in production or not held for resale such as pencils, paper, boxes of tissues etc. should be expensed when purchased and excluded from the physical count.

- 3.28 Assets and portable attractive items are recorded on a separate master listing and is the subject of a separate physical count in accordance with [Assets and Portable and Attractive Items Stocktake Policy and Procedure](#).

### **Quality control procedures throughout the year**

- 3.29 The Stocktake Manager will undertake sample physical count of inventory throughout the year. The sample will focus on areas of high risk e.g. where there is a high level of shrinkage in the past and high value items.
- 3.30 Performance reports relating to random physical verification will be made to the Vice-President (Student and Corporate Services).

### **Change of responsible officer**

- 3.31 When the manager/officer responsible for inventory changes, a full stocktake of all inventories will be conducted. The new appointee will sign acceptance of the inventory from the outgoing incumbent upon completion of the stocktake and all remedial action as required.

### **Variance reporting**

- 3.32 The Annual Stocktake Report (which is a summary of the variances) will be forwarded to the Vice-President (Global Development) for approval. The Vice-President (Global Development) may accept the adjustments or reject the stocktake or part thereof and appoint an independent person to enquire into the deficiency or result.
- 3.33 Once approved, the Annual Stocktake Report, stock valuation report and Stocktake Check List will be forwarded to the Financial Accounting Team.

### **Potential risk of non-compliance**

- 3.34 Non-compliance of these procedures may result in:
- stock shrinkage, breakage or theft could be left undetected
  - stock, and thus cost of sales could be misstated in the financial statements
  - if the stocktake is not properly conducted, count results could be incorrect and consequently adjustments could distort perpetual stock records
  - cut-off errors could result
  - stock could be double counted or excluded from the count
  - stocktake quantities could be manipulated
  - stock already sold/issued for production could be included in the count.

## **4 RESPONSIBILITIES**

### **Compliance, monitoring and review**

- 4.1 The Vice-President (Student and Corporate Services) is responsible for monitoring, reviewing and ensuring compliance with this procedure.
- 4.2 Management of the relevant areas are responsible and accountable for all stock items in the custody of their respective responsibility area and for ensuring compliance with this procedure.
- 4.3 The Vice-President (Student and Corporate Services) is responsible for final sign-off of the Annual Stocktake Report which must be completed by the 31st December each year. A journal will be completed in the Financial Management System (by the Financial Accounting Team) to recognise this amount.

## Reporting

- 4.4 No additional reporting is required.

## Records management

- 4.5 All communication and documentation pertaining to the stocktake (including all variance analysis, manual verifications, extension requests and sign-off forms) will be maintained by the Financial Accounting Team in a relevant file for audit review.
- 4.6 Employees must maintain all records relevant to administering this procedure in a recognised University recordkeeping system.

## 5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University [glossary](#).

## 6 RELATED LEGISLATION AND DOCUMENTS

[Financial Accountability Act 2009](#) (Qld)

[Financial and Performance Management Standard 2019](#) (Qld)

## 7 FEEDBACK

- 7.1 Feedback about this document can be emailed to [policy@cqu.edu.au](mailto:policy@cqu.edu.au).

## 8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Advisory Committee	Audit, Risk and Finance Committee
Administrator	Vice-President (Student and Corporate Services)
Next Review Date	19/11/2021

Approval and Amendment History	Details
Original Approval Authority and Date	Council 16/08/2002
Amendment Authority and Date	Council 07/10/2005; Updated titles and template – Deputy Vice-Chancellor (Finance and Planning) 15/03/2017; Audit, Risk and Finance Committee 19/11/2018; Editorial amendment 03/09/2020.
Notes	This document was formerly known as the Physical Stocktake for all University Inventory Procedure (FMPM) (15/03/2017).

## 9 APPENDICES

### Appendix 1: Instructions for conducting and physical stocktake on University Inventory (Bookshop)

#### Example written instructions

Memo To: All [insert Department] Staff.

From: Operations and Purchasing Officer (Stocktake Manager)

Date:

Re: [Insert store name] Stocktake Instructions for [Insert Date].

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Please be advised the annual stocktake for [Insert store name] will be conducted on [Insert Date] to [Insert Date] inclusive. Remember the key to a smooth stocktake is planning and organisation. The more effort in to cleaning and getting ready for the stocktake now will ensure the smooth running of it on the day.

- 1) Ensure the shop is completely ready for the stocktake. All stock is to be in its correct area for ease of counting.
- 2) Stocktake will be conducted as per the [Inventory Stocktake Procedure \(FMPM\)](#). Please familiarise yourself with this procedure. If you have any questions in relation to the stocktake, do not hesitate to ask.
- 3) Your role in this stocktake is to ensure that all stock has been counted and marked off on the count sheets provided or scanned.
- 4) Please put aside any damaged or obsolete stock and mark accordingly, this is not to be counted as part of the stocktake. Make a list of this stock with quantities.
- 5) All in-transit stock must be bought up to date by the end of close of business on [insert date].
- 6) All negative stock must be investigated prior to commencement of stocktake.
- 7) Any stock arriving during the stocktake must be left in boxes until stock file is updated.
- 8) The stocktake will be conducted as individual.
- 9) You will be issued a (select one) scanner/manual count sheets on the day of stocktake.

**Example pre-stocktake planning checklist (to be completed by Stocktake Manager)**

**Store:** \_\_\_\_\_

**Date counted:** \_\_\_\_\_

I have read and understood the <a href="#">Inventory Stocktake Procedure (FMPM)</a>	
I have identified all stock to be counted is in its correct area for counting on the day.	
I have prepared the shop area to ensure all redundant stock and damaged stock has been located in a sectioned off area. Count and list all redundant and damaged stock.	
I will ensure that all stock not yet received into Booknet is isolated and excluded from the count.	
I have checked all non-displayed stock (including unopened boxes) against Booknet i.e. it shows as "in stock" on Booknet.	
I have displayed signs (in prominent areas) to advice of Stocktake Closure.	
I have alerted the stocktake counters to any stock discrepancies. i.e. negative/in transit or differences in quantities – since last stock check.	
I have provided stocktake counters with the map layout of the shop.	
I have identified/pre-counted/tagged/bagged items of large quantities (i.e. floor stacks, pens etc.)	
I have followed up all outstanding transfers with the shop concerned.	
I have notified the Senior Deputy Vice-Chancellor (International and Services) of any concerns I have with the Stocktake.	

Stocktake manager: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Please read the Instructions for conducting a physical stocktake on University Inventory.

When you have read all the pages please sign and pass onto another person on the list.



## Example report by independent observer

Memo To: Vice-President (Student and Corporate Services)  
From: [insert independent observer's name and position title]  
Re: Stocktake at \_\_\_\_\_  
Date:

The [Inventory Stocktake Procedure \(FMPM\)](#) requires the attendance of an independent third party to be involved in overseeing the annual stocktake and to perform sample checks. In accordance with this procedure, I attended the stocktake at \_\_\_\_\_, on DD / MM / YY.

The body of the memo should contain details as to whether, in your opinion:

- employees involved in the stocktake received adequate instructions and guidance. (Were employees briefed and provided with adequate instructions prior to the count? Did employees appear to be confident in performing their duties? etc.),
- was there evidence of preparation prior to the stocktake – for example were store rooms clean and tidy, was stock organised and labelled to assist with the counting process, were floor plans issued, was obsolete stock separated from other stock etc.,
- the stock was counted and recorded by stock counters in a systematic manner. (Was stock marked once counted to prevent double counting?), and
- variances were appropriately investigated and resolved.

Include details of the results of your sample of audit checks of approximately 10 stock items. (Refer also to Appendix 2(ii) Example Format for Recording Independent Observer's Audit Test Results. *Hint: When selecting your items to test count – pick half from the stock report and trace to storeroom floor, and pick half from storeroom floor and trace to stock report – this provides assurance as to completeness from two different perspectives.*)

The conclusion of the memo should contain a brief statement of your opinion, based on your observations and audit test results, as to the completeness, accuracy and validity of the physical count.

**Independent Observer's Signature** \_\_\_\_\_  
**Independent Observer's Name** \_\_\_\_\_  
**Independent Observer's Title** \_\_\_\_\_  
**Independent Observer's Contact Details** \_\_\_\_\_

### Example Format for Recording Independent Observer's Audit Test Results

Store Location (A)	Stock Code (B)	Stock Description (C)	Quantity counted by Independent Observe (D)	Quantity recorded by Stock Counters during stocktake (E)	Variance (D – E) (F)	Quantity as per Master Inventory System records (if available) (G)	Variance (D – G) (H)	Explanation of variances and other comments (I)

**Additional Notes:** Items marked with (1) were selected from the stock report and traced to the storeroom floor, whilst items marked with a (2) were selected from the storeroom floor and traced to the stock report.

## Example of Annual Stocktake Report by Stocktake Manager to Vice-President (Global Development)

Memo To: [insert Director of area completing stocktakes name]  
 From: [insert Area completing stocktake]  
 Date:  
 Re: Annual Stocktake Report [Insert Date]

The CQUniversity [insert area] annual stocktake was conducted between [insert date] and [insert date]. The stocktake was conducted in accordance with CQUniversity's [Inventory Stocktake Procedure \(FMPM\)](#) and all employees received appropriate instructions for the stocktake.

The scanning/manual [select one] method was used for this year's stocktake.

The conduct was pleasing with the employees involved performing their duties diligently. The time it took to complete the count was \_\_\_\_\_.

The following table shows the final variances for all campuses over the past 5 years.

Campus	Dollar Value Current Year Y1	Dollar Value Year 2	Dollar Value Year 3	Dollar Value Year 4	Dollar Value Year 5
<b>Mackay</b>					
<b>Rockhampton</b>					
<b>TOTALS</b>					

### Explanation of variances

We again took the opportunity to remove damaged and obsolete items from our inventory. This includes \_\_\_\_\_ . A breakdown of the amounts is as follows:

*Examples of this include:*

### Overall result

The overall result is pleasing, considering \_\_\_\_\_

A post stocktake meeting was held with all staff to receive feedback and suggestions for this and future stocktakes. All employees commented on the smooth running of the stocktake, especially because the count took even less time.

Stocktake Manager

## Appendix 2: Inventory stocktake checklist

The Stocktake Manager is to complete and attach this with the Stock Valuation Report and Stock Variance Report. Copies of these three documents are to be forwarded to the Financial Accounting Team. This checklist has been designed to help ensure compliance with the [Inventory Stocktake Procedure \(FMPM\)](#).

Section of <i>Inventory Stocktake Procedure</i>	Status
<b>1. Planning</b>	
Have you read, and are you familiar with <i>the Inventory Stocktake Procedure</i> ?	Y / N
Have all staff who will be involved in the stocktake been notified of the date and time the stocktake is to take place?	Y / N
Have all staff who will be involved in the stocktake been made aware of their responsibilities? (This includes the communication of a 'chain of command' so that if any problems or issues are encountered, staff know the appropriate person to advise and/or seek guidance from.)	Y / N
Have you been able to secure a member of the Financial Accounting Team (or some other independent person) to observe the physical stocktake and act as an independent observer?	Y / N
Have all location specific procedural differences been taken into consideration in planning for the stocktake? (For example – are staff who will be performing the stocktake: (i) made aware of the locations of all the stock; and (ii) familiar with how to use the equipment required to complete the stocktake (such as scanners etc. – if applicable.)	Y / N
Have staff who will be counting the stock been allocated specific areas to ensure that a systematic approach is taken to ensure a full count?	Y / N
If performing a manual stocktake, have stock count sheets been prepared to be given to the counters prior to commencing the stocktake?	Y / N / NA
On the day prior to the stocktake, was a check performed to ensure that all goods received are entered into the inventory system prior to the commencement of the count? (For perpetual stock systems only.)	Y / N / NA
Were estimates of inventory levels in each area made and documented prior to counting stock by the Stocktake Manager? (For comparison with the actual count made in order to assess the reasonableness of the count.) (For non-perpetual stock systems only.)	Y / N / NA
Prior to the stocktake, was due care taken to ensure that all stock to be counted is identified? (This may involve: (i) cleaning up the store to ensure redundant / damaged stock is disposed of and taken out of the inventory system; (ii) ensuring that the receiving dock/area is isolated from the store area and that any goods received prior to the count are identified and excluded from the count; and (iii) identifying all locations where stock is located and assigning these to specific counting teams.)	Y / N
<b>2. Instructions</b>	
Have a set of written instructions been prepared and distributed to all staff involved in the stocktake? (These instructions should clearly define and distinguish the roles and responsibilities of all staff involved in the count.)	Y / N
<b>3. Conducting the inventory count</b>	
On the morning of the stocktake, was the receiving dock/area quarantined to ensure that any stock received was excluded from the count?	Y / N
Were verbal instructions given by the Stocktake Manager to staff involved in counting the stock to <b>reinforce</b> the written instructions and ensure that staff know what is required, including follow up procedures for resolving variances?	Y / N
Were staff counting the stock assigned specific areas to count or scan, and was each area systematically counted or scanned?	Y / N
Was stock marked once it had been counted or scanned to ensure that it was only recorded once?	Y / N

Did staff counting or scanning the stock ensure that all stock items within their assigned area were included in the stocktake?	Y / N
If manual method of counting stock was used, were staff counting the stock issued with stock count sheets that included the unit of measurement (e.g. sheets, cartons, reams etc.), <b>but not</b> the stock on hand numbers?	Y / N / NA
If scanner method of counting stock was used, was the scanner taken to a designated person to be downloaded and recorded on a plan (after a predetermined number of entries as determined by the capacity of the scanner) as each bay/stand was systematically scanned?	Y / N / NA
If scanner method of counting stock was used, were print outs of recorded items taken and kept for independent verification by a Financial Accounting Team member? (or delegate)	Y / N / NA
Did staff performing the stocktake sign and date the stocktake sheets?	Y / N
Was a staff member from the Financial Accounting Team (or delegate) present to count and verify that quantities recorded were correct?	Y / N
Did staff performing the stocktake investigate discrepancies as directed by the Stocktake Manager and recount stock as requested?	Y / N
Did staff performing the stocktake bring to the attention of the Stocktake Manager any stock they believed to be damaged or obsolete?	Y / N
Did the Stocktake Manager ensure that:  (i) Staff conducting the count were properly instructed in procedures; (ii) Quantities recorded were in the correct units; (iii) Variances between stock on hand counted and the stock level as per the stock system were investigated and resolved; (iv) Independent observers had adequate opportunity to participate in, supervise and conduct test checks on the physical inventory; (v) Any proposed adjustments to stock are approved by the Manager Commercial Operations and the Vice-President (Student and Corporate Services) (or delegate), who has the appropriate financial delegation to approve such an adjustment; (vi) All steps of the stocktake process, including counts, investigations of variances, valuations and write offs were adequately documented.	  Y / N Y / N Y / N Y / N Y / N Y / N
<b>4. Observation tools and supplies</b>	
If manual method of stocktake is used, in the planning stage, have all tools and supplies been organised? (i.e. stocktake count sheets, measuring instruments, clipboards, pens etc.)	Y / N / NA
If the scanner method of stocktake is used, in the planning stage, have (i) scanners been organised to conduct the count; (ii) staff who will be using the scanners received training; and (iii) additional bar code labels been obtained if difficulties in reading labels are encountered?	Y / N / NA
Has the Stocktake Manager ensured that prior to the stocktake, all necessary preparations for the production of variance reports have been finalised.	Y / N
<b>5. Operations</b>	
In the planning stage, have arrangements been made for operations to be preferably halted, or at least conducted at a minimal level to reduce the movement of inventory for the duration of the stocktake? (Such arrangements should include maintaining a log to document all movements of materials while counting stock and wherever possible, minimising receiving and shipping operations.)	Y / N

<b>6. Organise and clean</b>	
Prior to counting stock, was appropriate action taken to organise and clean storerooms to help ensure efficient counting during the stocktake? (For instance like items should be grouped together; obsolete and damaged stock should be identified; and all items of stock which are to be included in the count should be identified.)	Y / N
Prior to counting stock, have items of stock that should not be included in the stocktake been identified and was this communicated to staff involved in counting the stock? (For example stationery that has been issued out for the administration of the store should be excluded.)	Y / N
<b>7. Preliminary stock estimates</b>	
If not using a perpetual stock system, were estimates of inventory levels in each area made prior to counting stock by the Stocktake Manager? (For comparison with the actual count made in order to assess the reasonableness of the count.)	Y / N / NA
During the count, did those supervising the count observe that all stock was marked once counted, and follow up with count team if stock not marked?	Y / N
If using a perpetual stock system, once the count was completed, were (i) stock numbers from the count compared to stock numbers in the stock system; and (ii) variances investigated by the re-counting of stock, verification of receipts and deliveries records etc.	Y / N / NA Y / N / NA
<b>8. Obsolete stock</b>	
In the planning stage, was obsolete stock identified and arrangements to dispose of or exclude from the physical count made?	Y / N
Were any items to be excluded from the count clearly marked and preferably located away from the other inventory?	Y / N
<b>9. Administrative office supplies and equipment</b>	
Were office supplies not used in production or not held for resale such as pencils, paper, boxes of tissues, etc expensed when purchased and excluded from the physical count?	Y / N
Were assets and portable attractive items recorded on a separate master listing and excluded from the count?	Y / N
<b>10. Identify potential problem areas</b>	
In the planning stage, was action taken to identify and resolve any problems or issues regarding the counting of stock? (For example, if the stock is stored above head level, is heavy or hazardous.) Have staff who will be counting the stock been made aware of these issues and how to overcome them?	Y / N Y / N
<b>11. Unit pricing</b>	
In the planning stage, did the Stocktake Manager determine the source of and obtain as much unit cost information on stock items expected to be in inventory?	Y / N
<b>12. Adequate supervision</b>	
Were all counting activities adequately supervised by the Stocktake Manager during the stocktake? Did the Stocktake Manager document any adjustments to the prearranged procedures?	Y / N Y / N
Was there an independent third party other than the Manager Commercial Operations (for example an officer from the Financial Accounting Team) present to observe the count and perform sample checks?	Y / N

<b>13. Audit function</b>	
Was a member from the Financial Accounting Team present (or some other independent officer) to perform sample comparisons of stock levels on completed stock count sheets with stock on hand, and to investigate any errors or discrepancies?	Y / N
<b>14. Final tour</b>	
Was a final tour of each area made prior to the release of an area to ensure that all stock was included in the count?	Y / N
<b>15. Release areas</b>	
Did the Stocktake Manager release storage areas to production/sales <b>only</b> after he/she was satisfied that (i) all stock was counted, (ii) test counts were completed and (iii) variances were properly investigated?	Y / N
<b>16. Update inventory</b>	
(i) After all stock was counted and discrepancies investigated and resolved, were two copies of the Variance Report produced?	Y / N
(ii) Upon the completion of item (i) above, did the Manager, Commercial Operations give authorisation to close the stocktake and that records be updated to reflect the levels identified in the count?	Y / N
(iii) Upon completion of item (ii) above, was an updated inventory Valuation Report produced and compared with the pre-stocktake valuation? (Any difference between these two reports should agree to the total as contained in the Variance Report.)	Y / N
<b>17. Evaluate count procedures</b>	
Has an evaluation of the count procedures taken place to determine how these procedures may be modified to improve the next count? If no such evaluation has taken place, please nominate a date as to when this evaluation will be completed by.	Y / N N/A Date: / /
<b>18. Variance approval</b>	
(i) As soon as practical upon completion of the stocktake, a copy of the Annual Stocktake Report is to be forwarded to the Vice-President (Global Development) for approval to write off the variation.	Y / N
(ii) A copy of the Vice-President (Global Development) approval along with Annual Stocktake Report, Variance Report, and Stocktake Check List is to be forwarded to the Financial Accounting Team to enable the necessary journals to be processed in the Financial Management System.	Y / N

**Stocktake Manager's Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## **Appendix 3: Instructions for conducting and physical stocktake on University Inventory (Bird Cage Bar and Bird Cage Cafés)**

### **1. Purpose of instructions**

These instructions are provided for general direction in regards to carrying out a physical stocktake of Bird Cage Venue inventories. Stocktakes for these venues are generally conducted on the last business day of each month.

Due to the value of inventory held by the Bird Cage Venues, no inventory management system is currently used. Therefore, there is no variance reporting available.

### **2. Items to be counted**

Items which are to be included in the stocktake count are

- Unopened packets/boxes of coffee beans, coffee pods and tea bags;
- All unopened alcohol, soft drinks, bottled water, confectionary and other food items; and
- Merchandise items for resale (e.g. re-useable coffee cups).

### **3. Items to be excluded from count**

The following items are to be excluded from the count:

- Opened packets/boxes of coffee beans, coffee pods and tea bags;
- Open alcohol (i.e. partially used beer kegs and wine bottles); and
- Milk, cups, lids, napkins, sugars/sweeteners/syrups and condiments.

### **4. Timing of stocktakes**

Stock counts should be completed when the venues are closed.

Employees undertaking inventory counts are to complete the (Excel) worksheet provided by the Finance and Business Development Officer and save on the shared directory.

The Finance and Business Development Officer will then collate the counts, update the inventory unit cost (exclusive of GST) and prepare the closing stock journal for that month. The inventory unit cost is based on the most recent purchase price.

The Manager Commercial Services will then approve the stock counts and closing stock journal. The Finance and Business Development Officer will process the journal in the finance system (FinanceOne) in the current month.