



University of
St Andrews

Inventory Management Policy

Document type	Policy
Scope (applies to)	All staff
Applicability date	19/02/2024
Review / Expiry date	17/02/2025
Approved date	04/03/2024
Approver	Deputy Director of Finance
Document owner	Head of Financial Reporting
School / unit	Finance
Document status	Published
Information classification	Public
EDI review/Equality impact assessment	None
Key terms	Financial matters/Asset management
Purpose	To set out the University's policy and approach to effective management of inventory stock within schools and units

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
2024.0.3	New policy for Governance Zone	Approved	Head of Financial Reporting	19/02/2024

Contents

1.	Introduction (policy statement).....	3
2.	Purpose and background.....	3
3.	Definition of inventory.....	4
4.	Inventory requests and new items.....	4
5.	Stock control and stock checks	4
6.	Stock Count.....	5
7.	Safeguarding and accounting for stock	6
8.	Stock write offs and disposals.....	6

1. Introduction (policy statement)

This policy provides guidance on the University's policy on Inventory management within Schools and Units. The policy applies to all Schools and Units who have a stores function. Stores are typically managed by a Stores Assistant, Stores Manager or similar role within the school or unit.

This policy provides guidance on:

- Examples of inventory
- Who typically requests inventory
- Handling new inventory requests
- Inventory control and stock checks
- Stock counts
- Safeguarding inventory
- Write offs and disposals

This policy is mandatory to all University staff. Failure to comply with this policy may result in disciplinary action. All Heads of School/Unit are responsible for ensuring that their staff read the policies and that they are adhered to. If you suspect any theft, misconduct, or inaccuracies regarding stock, please follow the steps set out in the [Fraud response policy](#).

2. Purpose and background

This document sets out the policy to be implemented by those responsible for inventory within schools and units.

The purpose of this policy is to maintain precise stock records, safeguard the responsible use of the University's financial resources, and prevent overestimation or inaccuracies in valuations. This practice ensures the accuracy of financial statements and compliance with accounting policies and reporting requirements.

The University holds a significant amount of inventory and each individual inventory holding department has a responsibility to manage risk and economic benefit by ensuring optimal holdings are held to support operations.

3. Definition of inventory

Inventory may be described as *"any item held in a central departmental store with the express intention of being issued to be consumed."*

This definition excludes items that have previously been issued from stores to, for example, laboratories (which become expensed at the point of issue).

The intention upon issue is that the item will be consumed, therefore it should exclude for example, laboratory hardware stored at a central point for convenience or economy (this would be capital if it met certain criteria or expenses) or consumables held in similar circumstances.

Stock characteristics typically include items that are required to be on hand, items where there is no space to store in the labs, or not appropriate to store in labs and large or heavy items.

Stock does not include stationery supplies and printer toner cartridges. While they can be stored centrally, they should not be included in inventory as they should be expensed at the point of purchase.

4. Inventory requests and new items

All inventory issues from stock are to be submitted and authorised by email or other electronic communication that provides an audit trail.

Store Managers can receive requests for new types of stock items. These may be from new research projects which may require new items to be added to the existing stocks or from suppliers seeking new business where they may offer better deals for similar/alternative products resulting in new stock types.

5. Stock control and stock checks

Stock includes assets:

- a. held for distribution in the ordinary course of business.
- b. materials or supplies used in a production process or for rendering of services.

Heads of Schools/Units are responsible for establishing adequate arrangements for the custody and control of inventory in the stores of their respective School/Unit in line with this policy.

Accounting for inventory related to the following approved stores should be conducted using Oracle Fusion:

- Biology
- Chemistry
- Physics
- Medicine

Other approved inventory stores (that do not use Oracle Fusion) encompass Print & Design, Sports and various locations within Residences, Hospitality and Catering within Residential and Business Services.

Regardless of where stores are maintained, Heads of Schools/Units will undertake at least an annual stock take in line with the Chief Financial Officer's instructions (distributed in July each year ahead of our 31 July year-end), ensuring the accurate recording of these stocks in the University's Annual Financial Statements.

Heads of Schools/Units or Stores Managers are responsible for ensuring that regular inspections and stock checks are carried out.

Stocks and stores of a hazardous nature should be subject to appropriate security checks and managed in line with methods of storage and disposal that are set out by the University Health and Safety Department. Schools and Units must also ensure hazardous materials are recorded and maintained on the University ChemInventory database as required. Any queries should be referred to Health and Safety Manager, Chemistry.

6. Stock Count

The process of valuation will rely upon accurate records of physical quantities as well as price. This may be achieved by a number of means:

6.1 Periodic Physical Stock Count

This will generally involve a full count of all stock items at a date as close to the end of the accounting year as possible. The count should be carried out by two people and signed as evidence of such.

6.2 Inventories held on Oracle Fusion Inventory Management

Where records are maintained of stock quantities on an on-going basis, these records can be used to establish the stock quantities at a given point in time.

Emphasis should be placed on checking the higher value items more regularly, and controls should ensure that all items are checked at least once in each financial year.

On 31 July (or the last business day of July), Oracle Fusion Inventory stock take reports should be run and populated with the physical stock levels held. Any adjustments for differing stock levels (i.e., lost/misplaced stock, unrecorded stock transactions, errors in stock journals and damaged or perished stock) or valuation changes will be automatically recorded on the system. This will ensure that the stock valuation on Oracle Fusion will match the actual valuation of stock held in the department.

Detailed guidance notes on managing Oracle fusion inventory valuation can be accessed here – [Manage Cost Accounting Process](#).

6.3 Inventories not held on Oracle Fusion Inventory Management

Heads of Schools/Units are still required to provide the Finance Department with a Stock Certificate and detailed stock sheets following the year end stock count, certifying the value of stock as of 31 July in that year (in line with the Chief Financial Officer's instructions)

7. Safeguarding and accounting for stock

Staff responsible for stock locations must ensure that:

- adequate stock-taking procedures are in place in line with the Chief Financial Officer's instructions required as part of the University's year-end procedures,
- stock is ordered only in appropriate quantities, of suitable quality, at the best terms available, within the University's [Procurement Policies](#), and purchased after appropriate requisition and approval,
- stock is adequately protected against loss, misuse, or obsolescence,
- procedures are in place to account for all stock movements and the correct allocation to the appropriate user,
- the last used date of stock holdings are to be reviewed on a regular basis to identify any obsolete items, with appropriate action to be taken,
- stockholdings are regularly reviewed for obsolete, damaged, or perished stock and in such cases identified stock should be disposed of at an appropriate time so as to obtain the best value (normally expected to be market value) possible for the University and in line with authorisation limits in Section 8,
- Waste regulations and Waste Electrical and Electronic Equipment (WEEE) directives are applied to disposal:
 1. best value is obtained for the competitive sale of any goods to external bodies or to staff and proper records are kept of the sales procedures.
 2. stocks are valued during the year and the stock valuation (as reported to the Finance Department) should be at the lower of cost or net realisable value.

8. Stock write offs and disposals

- The policy for authorisation of stock write off is:

➤ Up to £ 500	Stores Manager
➤ Over £500 and up to £2,000	Head of School or Budget Holder
➤ Over £2,000	Director or Deputy Director of Finance
- All requests for stock to be written off should be requested in writing (electronic format is accepted)

Should you require assistance with this policy please contact the Finance department - finaudit@st-andrews.ac.uk.

Version Number	Purpose / Changes	Document status	Author, role & School / Unit	Date
2024.0.3	New policy for Governance Zone	Draft	FIP lead	16/02/2024
2024.0.2	Initial draft pre wider consultation	Draft	FIP lead	06/02/2024
2024.0.1	Initial draft	Draft	FIP lead	01/11/2023

1.