

جامعة الشرقية  
A'SHARQIYAH UNIVERSITY



# Inventory Manual

## 2022 / 23

AD0003

### Approvals

This document has been approved by

Name	Date
1. University Academic Board	May 22, 2022
2. University Academic Committee	June 8, 2022
3. Board of Trustees	June 23, 2022
4. Board of Directors	June 18, 2023

### Implementation and Responsibility

Document owner	Contact Person	Date of implementation
Deputy Vice Chancellor for Resources & Institutional Support	Director of Asset Management Department	June 18, 2023

### General provisions

- Any form of non-compliance with this policy/procedure makes those responsible open to University disciplinary measures.
- Any exception from this policy/procedure upon application shall have no effect against the University or others unless it has been approved by the Vice Chancellor or the Board of Directors and/or the Board of Trustees as the case may be.

### Revision history

Version	Author/ Reviewer	Revision(s) made	Date
1	KPMG/Asset Management Department		June 5, 2017
2	Asset Management Department	Modifications to the fixed asset section have been made because the policies and procedures in the Fixed Asset section were very minimal in the existing manual. Therefore, we have added roles and responsibilities of this section, policies, and procedures for maintaining a Fixed asset register, Fixed Asset Tagging, Fixed Asset Verification, Disposal of Fixed Assets etc.	May 15, 2022

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## 1 Introduction

### 1.1 Purpose

The purpose of this manual is to define both policies and procedures related to the inventory and fixed assets.

### 1.2 Scope

This manual is applicable for all ASU employees, as well as external parties such as Suppliers, Organizations etc. who are dealing with the University regarding deliveries of materials.

The scope of this manual covers the following areas;

- Receipt and inspection of goods
- Shortage or Damage/ Replacement/ Rejection
- Storage
- Issuance of Goods
- New items registration
- Inventory levels (maximum and minimum)
- Physical verification
- Obsolete and slow-moving goods
- Sale of effects
- Maintaining a Fixed Asset Register
- Fixed Asset Movement

### 1.3 Glossary of terms & abbreviations

Term / Abbreviation	Definition
ASU / the University	A'Sharqiyah University
BOD	Board of Directors
VC	Vice Chancellor
-DVCRIS	- Deputy Vice Chancellor – Resources & Institutional Support
DOD	Director of Department



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AM	Authority Manual
GRN	Goods Receipt Note
DO	Delivery Order
DN	Delivery Note
RN	Rejection Note
PO	Purchase Order
PR	Purchase Requisition

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## **2 Stores**

### **2.1 Description**

**2.1.1** This section explains the policies and procedures related to the Stores and inventory management.

### **2.2 Roles and responsibilities**

**2.2.1** Asset & Store Section will be accountable for the following:

- Material requisition
- Keep records related to inventory.
- Entering the receiving and issuing data in ERP
- Storage, distribution, and movement of all materials
- Ensuring enough inventories are available to avoid any shortage
- Verification on regular intervals and reconciliation with the ERP report
- Finding slow moving, damaged and obsolete goods.
- Disposal of scrap
- Receiving of all goods of the University
- Issuance of Goods Receipt note (GRN) for all PO
- Co-ordinate with the end-user for receiving the material

**2.2.2** Write off & Disposal Committee, formed by the Vice Chancellor, and comprise of Procurement, Asset Management, Internal Audit and Finance, shall be responsible for the following:

- Verifying the items to sale/write off.
- Estimating the value of the selling items
- Specifying the method of sale; and
- Recommending items for write off.

## **2.3 Policies**

### **General**

- 2.3.1** Access to Stores shall be limited to the Storekeeper. In cases where this is not possible, the Director of Asset management can authorize any staff from Asset Management department to take this responsibility, or a committee shall be formed by DVCRIS to undertake this responsibility; a report shall be written to document such cases.

### **Receipt and inspection**

- 2.3.2** All Items from the Suppliers shall be received by the storekeeper only at the Stores / sub stores or at the allocated site.
- 2.3.3** Only items connected to the University shall be received and kept in the Stores or handed over to the end user. Any damaged items related to stores shall be highlighted by the Storekeeper.
- 2.3.4** Responsibility for ensuring that goods are of required specifications and standards rests with the end user Department with expert support if required.
- 2.3.5** Stores shall verify all receipt of goods with the delivery documents and record in Goods Receipt Note (GRN) mentioning the relevant details.

### **Shortage or Damage/ Replacement/ Rejection**

- 2.3.6** Goods purchased may be returned/ rejected at the time of inspection if:
- Found damaged, before being put to use;
  - Found to be in excess of requirement; and
  - Rendered defective during inspection.
- 2.3.7** Goods rejected will be dealt according to the Procurement Manual:
- 2.3.8** A copy of the rejection note along with delivery documents shall be forwarded to the Procurement and Contracts department, who shall liaise with the supplier.
- 2.3.9** On receipt of instructions from the Procurement and Contracts department, the said goods shall be returned to the supplier and noted in the delivery document retained for records.
- 2.3.10** Replacement goods shall be subject to inspection.

### Storage

- 2.3.11** The Stores shall be divided into locations and organized in a manner ensuring items are not lost, destroyed, or damaged due to exposure.
- 2.3.12** All stationery and tonners shall be numbered and stored in their designated locations. according to their receipt date, new items shall be kept separate from old items.
- 2.3.13** - Locations shall be demarcated with a card comprising items at store should have the following information:
- Name of item stored.
  - Item number
  - Location number.

### Issuance of materials

- 2.3.14** Requisitions approved by the Deans/Directors shall form the basis for all issues from Stores and shall specify the goods and quantity required.
- 2.3.15** Stores shall issue items on a First-In-First-Out (FIFO) basis considering item validity/expiry, if applicable.
- 2.3.16** Goods issued shall be accompanied by approved Goods Issued Notes (GIN) duly acknowledged by the recipient.
- 2.3.17** Storekeeper shall place a purchase requisition only when inventory reaches the reorder level, such as 40 to 50% of the previous order, average usage, past experience, proximity of the supplier, and lead-time from the date of ordering to delivery.

### New items' registration before PR is issued.

- 2.3.18** For each new inventory item, the storekeeper should create a new code in the system.
- 2.3.19** A systems check shall be carried out to ensure that no duplicate code is created in this process.

### Inventory Levels (Maximum and Minimum)

- 2.3.20** Maximum and minimum stock levels of inventory items shall be defined based on the following criteria:
- Average quantity consumption during a month.
  - Number of available vendors for the stock item; and
  - Average lead time for delivery.
  - Slow, medium, and fast-moving goods annually



- 2.3.21** The Storekeeper shall ensure that inventory levels are maintained at satisfactory level and the defined maximum and minimum level shall act as an 'early warning system'.

**Physical verification**

- 2.3.22** All goods shall be subject to physical verification at regular intervals-
- 2.3.23** Physical stock levels must be tallied against stock report.
- 2.3.24** Complete Physical verification of all goods must be conducted at least once per annum by a committee ("Physical Verification Committee") formed by the Deputy Vice Chancellor – Resources & Institutional Support or his delegate.
- 2.3.25** Missing/ damages goods discovered during physical verification should be reported to the Fixed Assets Committee for corrective action.
- 2.3.26** If any assets identified as not utilized for more than one year, then that item will be shifted to the store, or move it to another department/college if needed or dispose it .

**Obsolete and slow-moving goods**

- 2.3.27** The University shall identify slow, medium, and fast-moving goods annually.
- 2.3.28** All obsolete goods shall be written off and scrapped in the records after verification and fixed asset committee recommendation.
- 2.3.29** The Department of Financial Affairs shall assess the value of material to be written off.
- 2.3.30** Approval for write-offs shall be as per approved Authority Matrix.
- 2.3.31** Hazardous items, if any, shall be kept in a desolate area until they may be suitably disposed of in accordance with the HSE Policy.

## 2.4 Procedures

### 2.4.1 Preliminary receipt of goods

Responsibility	Activity	Document
	Receive the following documents along with the goods: <ul style="list-style-type: none"> <li>- Delivery Note (DN) from the-Supplier and</li> <li>- Copy of Purchase Order (PO);</li> </ul>	Delivery Note
Storekeeper	Compare the PO with the DN and ensure that the description and quantity match/tally.	Purchase Order
	Carry out a preliminary check of the goods to verify physical conditions and identify damages, if any.	Goods Received Note
	Inform the respective user department if the goods are found to be in order after preliminary check	
	Inspect the goods as per the required technical specifications.	
User department staff	If the goods are found in order, sign the DN, stamp with University seal, date and time and inform the Stores for further action.	
	If goods are rejected, intimate the Stores accordingly	
Storekeeper	If the goods are accepted, move the goods to receiving area and prepare goods received note (GRN)  <i>If goods are rejected, follow procedures set out in "rejected goods"</i>	

### 2.4.2 Rejected Goods.

Responsibility	Activity	Document
	Obtain photographic evidence.	
	Inform the end-user of any damage or discrepancy with respect to PO specification.	
Storekeeper	Note down reasons for rejection on DN and prepare Rejection Note.	Rejection Note
	Return goods immediately.	
	Notify the Procurement and Contracts department to follow up discrepancies in received goods with the vendor. Intimate user department	
Storekeeper	Follow up with Procurement and Contracts department to find out whether feedback/ clarification received from vendor on rejected goods.	

Responsibility	Activity	Document
	Once feedback/ clarification received from the vendor, communicate the same to end user	
	Once replacement is received, inspect the replaced goods.	
Storekeeper	<i>If goods are acceptable, approve the DN.</i> Issue goods received note (GRN)	GRN
	Intimate user department of receipt	

### 2.4.3 Issuance of goods from stores

Responsibility	Activity	Documents
	Receive approved Purchase Requisition (PR) from user department.	
Storekeeper	<i>If items are available in Stores, issue the material.</i> <i>If items unavailable in Stores, forward the PR to Procurement and Contracts department for initiating purchase of the items</i>	PR
	<b>If items are available in Stores</b>	
	Evaluate the PR.	
Storekeeper	Issue goods as per PR on FIFO basis  Issue goods issue note (GIN) and obtain acknowledgement of End user.  Ensure stock levels updated appropriately	GIN

### 2.4.4 Physical verification

Responsibility	Activity	Document
Director of Asset Management	Prepare inventory list based on the annual stock verification plan and hand over to the Physical Verification Committee	Inventory list
Physical Verification Committee	Perform physical verification of goods mentioned on the inventory list.  Inform the Director Asset Management of any discrepancies	
Director of Asset	Prepare missing report for any missing/excess	

Responsibility	Activity	Document
Management	goods with corrective action plan.  Prepare damage report for any damaged goods.  Prepare final inventory report and hand over to appropriate authority (Fixed Asset Committee) along with missing/damaged report if any	
Appropriate authority  (Fixed Asset Committee)	Verify and approve final inventory report and missing/damaged report (if applicable)	Final inventory report  Missing/damaged report (if applicable)

#### 2.4.5 Obsolete and slow moving

Responsibility	Activity	Documents
	Identify obsolete goods	
User department (end users)	Prepare an obsolete report with the goods identified.  prepare scrap form.  Intimate- end user	Obsolete report  scrap form
-	Inspect the goods to confirm obsolescence.	
Assets & Stores Section Head	Submit to Director/Deputy for approval	
Director/ Director	Verify and approve scrap form.  Forward to Department of Financial Affairs	
Department Financial Affairs	of Evaluate scrap. Approve and forward to designated authority for final approval.	
Designated authority	Approve and return to stores department	
	Make necessary adjustment in records.	
	Move goods to 'obsolete' area.	
Storekeeper	<i>For hazardous items, if any, ensure stock is held in a desolate area until it may be suitably disposed.</i>  Await further instructions regarding disposal from Director of - Asset Management	

## **3 Fixed Assets**

### **3.1 Description**

**3.1.1** This section explains the policies and procedures related to the management of fixed assets of the University.

**3.1.2** Definition of fixed asset, classification/categorization, acquisition, insurance and issuance, asset recognition and measurement model, depreciation method etc., are covered under accounting manual and procurement manual.

### **3.2 Roles and responsibilities**

**3.2.1** Fixed Assets unit shall be responsible for the following:

- Maintaining a fixed asset register
- Tagging all the fixed assets
- Managing the movement of assets
- Disposal of Fixed Assets

**3.2.2** Fixed Assets Committee, formed by the Vice Chancellor, and comprise of DVC-RIS as the Chair of the Committee, Director of Asset Management Department, Director of Procurement & Contracts Department, Finance Director, Director of IT Department are the members of this committee, shall be responsible for the following:

- Oversee that all Assets are well maintained.
- Recommendation for selling/writing off the damaged assets.
- Oversee the annual asset verification.
- Supervise the classification of Assets.
- Review all major complaints relating to fixed assets and to propose appropriate solution.

**3.2.3** Write-off & Disposal committee formed by the Vice Chancellor and comprise of Deputy Director of Procurement & Contract department as the Chair of the Committee, Internal Audit Director, Accountant, Storekeeper are the members of this committee, shall be responsible for the following.

- Selling effects such as furniture, machinery, and tools
- Specifying the method of sale

- Recommending items to write-off

### **3.3 Policies**

**3.3.1** A Fixed Asset register shall be maintained for all assets owned by the University including the ones that have been completely written off from the books. The Register shall include the details of the Asset, quantity, location, date of purchase/sale, cost, Depreciation, Net Book Value, supplier name and warranty.

**3.3.2** The following can be considered as fixed assets owned by ASU.

- All assets which are directly purchased by ASU.
- All assets which are transferred in leu of any services.
- All assets which are created due to the research conducted by ASU Staff
- All assets which are donated to ASU.
- Fixed assets are those tangible assets which are held for used, services, rental or administrative purposes.
- Items individually costing less than RO 100, or if the useful life of the asset is less than 3 years, it should not be considered as Fixed Asset except the items capitalized as part of a group of assets. However, if this forms part of a group of assets or the useful life of the asset is more than 3 years, it shall be capitalized.

**3.3.3** All fixed assets of the University shall be tagged with a unique number which shall relate to the respective asset in the Fixed Asset Register.

**3.3.4** Asset tags will not be affixed to the Buildings and Intangible assets. Items in this category will be assigned an asset number and will be accounted for in the same manner as tagged items.

**3.3.5** Receiving and movement of the assets of the University shall be the responsibility of the - Asset Management department.

**3.3.6** All assets purchased for employees shall be in the name of the University.

**3.3.7** The estimated useful life of an asset shall be assessed by the Finance Department based on the existing accounting manual.

**3.3.8** Physical verification of fixed assets shall be conducted once every two years by a committee ("Physical Verification Committee") formed by DVCRIS or his delegate. The committee shall have the following functions.

- Physically verify all the fixed assets and tally with the Fixed Asset Register
- Physically verify the inventories/stock and tally with the Inventory List.

- 3.3.9** Spot checks will be carried out by the Asset Management Department, in order to ensure the accuracy of fixed assets tagging.
- 3.3.10** Impairment of assets shall be assessed by the Finance Department based on the existing accounting policy.
- 3.3.11** Disposal of Fixed assets shall primarily be for assets, which are past their estimated useful lives, damaged and/or defective, not further required/no usage.
- 3.3.12** All disposal of assets shall be supported by a fixed asset disposal form listing relevant details and with proper justification.
- 3.3.13** Sale of assets disposed and net of disposal costs, shall be set off to the written down value of the asset to determine gain or loss on sale to be checked by the Finance department and approved by the Fixed Asset Committee.
- 3.3.14** At the time of disposal, the Finance department would ensure that the depreciation is charged on pro rata basis, till the asset is sold, discarded, demolished, or otherwise disposed of.
- 3.3.15** Disposal accounting treatment will be conducted in accordance with IFRS/ IAS by the finance department.
- 3.3.16** Items such as furniture, machineries, and tools may be sold in the following cases:
- If items are not good for use or damaged.
  - If items become redundant; and
  - If the cost of maintenance is high
  - Any other cases as decided by the appropriate authority as per the Authority Matrix
  - Items held for sale shall be stored in a designated area until a customer is identified.
- 3.3.17** All Transfer of fixed assets (New and Existing) from one department/ location to another shall be supported by an asset movement form, duly authorized by the Asset Management Department, and acknowledged by the transferee department / employee. In all such cases the revised location of the fixed asset shall be updated in the Fixed asset register.
- 3.3.18** All assets owned and purchased by the University but utilized exclusively for the employee's personal use, shall be mentioned in the Fixed Asset Register. Subsequent to resignation of the employee, all such assets shall be returned to university. The Fixed Asset register shall be updated accordingly with the revised location.
- 3.3.19** The dorm furniture (related to individual students) is not considered as depreciable asset, but recorded in FAR.
- 3.3.20** Grants Equipment - Equipment related to externally sponsored grants or research is subject to the procedures in the agreement between the Sponsor and the University
- 3.3.21** If any assets are lost or stolen, the concerned College / department should follow the steps as stipulated in the Procedures.

### 3.4 Procedures

#### 3.4.1 Receiving of assets

Responsibility	Activity	Document
Storekeeper	Receive the following documents along with the assets:	Delivery Note
	- Delivery Note (DN) from the transporter; and	Purchase Order
	- Copy of Purchase Order (PO);	
	Compare the PO with the DN and ensure that the description and quantity match/tally.	
	Carry out a preliminary check of the goods to verify physical conditions and identify damages, if any.	
	Inform the respective user department if the goods are found to be in order after preliminary check	
User department staff	Inspect the assets as per the required technical specifications.	
	If the assets are found in order, sign the DN, stamp with University seal, date and time and inform the Stores department for further action	
	If assets are rejected, intimate the Asset Management accordingly	
Storekeeper/ Assets & Stores Section Head	If the assets are accepted, move the assets to the respective department and prepare goods received note (GRN). <i>If assets are rejected, follow procedures set out in "rejected assets"</i>	
	All assets that are accepted should be allocated and tagged accordingly.	

#### 3.4.2 Rejected Assets

Responsibility	Activity	Document
Storekeeper	Obtain photographic evidence.	
	Inform the user department of any damage or discrepancy with respect to PO specification.	Rejection Note
	Note down reasons for rejection on DN and prepare Rejection Note and share it with the Procurement & Contracts Department for necessary action.	



Responsibility	Activity	Document
	Return goods immediately	
Assets & Stores Section Head	Follow up with - Procurement & Contracts department to find out whether feedback/ clarification received from vendor on rejected goods. Once feedback/ clarification received from the vendor, communicate the same to end user	
Storekeeper	Once replacement is received, inspect the replaced goods. <i>If goods are acceptable, approve the DN.</i> Issue goods received note (GRN)	GRN
	Intimate user department of receipt	

### 3.4.3 Movement/ shifting of Assets.

Responsibility	Activity	Documents
Assets & Stores Section Head	Receive approved requisition from the user department for movement/ shifting of assets.	
Assets & Stores Section Head	Carry out an inspection of the asset. Decide on method of movement (manual or automated) depending on the nature of the asset. Organize labour for the movement/ shifting. Invite quotes from contractors if external assistance is required for movement	
Director of Asset management	Intimate Director of Asset Management on the arrangements of the movement/ shifting Review the arrangements of the movement/ shifting. Check the safety measures planned/ adopted. Approve the movement/ shifting of the asset	

### 3.4.4 Issue of assets to staff

Responsibility	Activity	Documents
Director of Asset Management	Receive approved requisition from the staff for assets (Furniture etc.) and forward it to the Assets	

Responsibility	Activity	Documents
	& Stores Section Head	
Assets & Stores Section Head	<p>Carry out an inspection to ensure that the asset is available at the Stores.</p> <p>If the asset is not available, make an intimation to the Procurement and Contracts as per the procedure mentioned in Para 2.4.3</p> <p>Prepare Asset Handover Form and get the signature of the concerned employee. And modify the asset tag (location) accordingly</p>	
Director of-Asset Management	Review the Asset Handover Form and approve	

### 3.4.5 Physical verification of Assets

Responsibility	Activity	Document
Director of Asset Management	The Asset & Stores Head of Section shall generate the list of Fixed Assets to be physically verified from the Fixed Asset Register, and the Director will handover this list to the Physical Verification Committee	Fixed Asset Register
Physical Verification Committee	<p>Physically verify assets at all locations and tally with the Fixed Asset Register</p> <p>Submit the report to the Director of Asset Management</p>	
Assets& Stores Section Head	<p>Reconcile and record difference between physical record and book record.</p> <p>Prepare a report for any missing/excess Assets with corrective action plan.</p> <p>Prepare damage report for any damaged assets.</p> <p>Prepare final Asset Verification report and hand over to the appropriate authority along, with missing/damaged report if any.</p>	
Deputy Vice Chancellor for Resources & Institutional Support	Verify and approve final Asset Verification Report and missing/damaged report (if applicable) and return to the Asset Management Department	<p>Final Asset Verification report</p> <p>Missing/damaged report (if applicable)</p>

Responsibility	Activity	Document
Assets & Stores Section Head	Update the Fixed Asset Register according to the Approval	Final Asset Verification report

### 3.4.6 Disposal of Fixed Assets

Responsibility	Activity	Documents
Assets & Stores Section Head	Prepare the list of fixed assets to be written off and send it to the Finance Department to get the depreciated value of the Asset.  Prepare a report for submitting to the Fixed Asset Committee for disposing the assets and delisting from the Fixed Asset Register.	
Fixed Asset Committee	Review and forward the report to write off & Disposal committee for verification.  Prepare Asset Handover Form and get the signature of the concerned employee.	
Write off & Disposal Committee	Conducting a physical verification and submitting report to Fixed Asset Committee	
Fixed Asset Committee	Review and forward the report to the Vice Chancellor / Board Directors (as per the Authority Matrix) for approval	
Director of Asset Management	After getting approval from the VC /BoD, advise the Procurement & Contracts Department to start the selling process.  Advise the Finance department to remove the written off items from the Fixed Asset Register  Advise the Assets& Stores section Head to update the Fixed Asset Register	

### 3.4.7 Lost or Stolen Asset

If any fixed asset has been stolen / lost, the employee discovering this, must report the theft/lost to his/her Line manager. This is to be done within three days from the day of discovery. The Line Manager is then to notify the Director of the Asset Management Department and the Administration Department.

Employees will be held responsible for the value of any asset lost, stolen, misused, damaged, or destroyed through his/her negligence. The Fixed Asset Committee will ensure that negligence is involved or not. The value of the asset will be the purchase cost, or the market value decided by the appropriate authority as per the Authority Matrix.

## Procedures

Responsibility	Activity	Documents
Employee	Notify the lost / theft to his/ her Line Manager.	
Line Manager	Notify the lost / theft to the Director of Asset Management Department	
Director of Asset Management Department	Prepare a note explaining the details of the Items and the persons responsible for it and refer it to the Human Resources Department to investigate the loss and submit recommendations thereon.	
Director of Human Resources Department	Submit the investigation report with recommendations to Asset Management Department	
Director of Assets Department	If the cause (who is responsible) is identified, the matter will be referred to the Fixed Asset Committee for necessary action	

#### 4. Forms

<b>MANUAL DISTRIBUTION CONTROL RECORD</b>					<b>FORM No. 1.1</b>
Manual Copy No. _____					
Date of issue	Custodian			Date of return	Signature of Controller
	Position	Name	Signature		

<b>MANUAL REVISION PROPOSAL</b>	<b>FORM No. 1.2</b>
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	Serial No.	Date
Originated by:	Position:	
Matters proposed to be revised (attach photocopies if required)		
	Number	Description
Chapter		
Section		
Paragraph No	Page No.	
Proposed revisions (use additional sheets if required)		
Reasons for proposed revisions		
Comments of Director of Facilities and Stores		
Comments of VC		
Authorized signatories (Sign off)		
Approved	Effective date .....	
Not approved	Signature	Date

MANUAL REVISION CONTROL SHEET				FORM No. 1.3		
				Chapter	Section	Page
Release Number	Release Date	Covering Letter Reference	Manual Revision Proposal Reference	Remarks		