Guidance on Stocktaking

V4.1

December 2017
Summary.

- Stocktaking is carried out for accounting purposes, identification of over/under stocking, identify obsolete or damaged stock.
- A physical check of stocks must be undertaken at least once a year.
- Where a stock check is undertaken, the count must be as near to 31st March as possible.
- Stocktaking is the responsibility of the appropriate local manager.
- Internal and/or External Auditors may spot check stock procedures at any time.
- Teams of two should undertake stock counting, with one person having overall control/responsibility for the count.
### Table of Contents

Summary ........................................................................................................................................... 2  
1. Introduction .................................................................................................................................. 4  
2. Purpose of this Policy/Procedure ................................................................................................. 4  
3. Scope ........................................................................................................................................... 4  
4. Definitions / Glossary .................................................................................................................... 4  
5. Ownership and Responsibilities .................................................................................................... 4  
  5.1. Role of Line Managers ............................................................................................................... 4  
  5.2. Role of the Audit Committee ...................................................................................................... 4  
  5.3. Role of Individual Staff ............................................................................................................... 4  
6. Standards and Practice .................................................................................................................. 5  
  6.1. Reasons for undertaking a stocktake .......................................................................................... 5  
  6.2. Stocktaking procedures .............................................................................................................. 5  
7. Dissemination and Implementation ............................................................................................... 8  
8. Monitoring compliance and effectiveness ..................................................................................... 8  
9. Updating and Review .................................................................................................................... 8  
10. Equality and Diversity .................................................................................................................. 8  
  10.3. Equality Impact Assessment ..................................................................................................... 9  
Appendix 1. Governance Information ............................................................................................... 10  
Appendix 2. Initial Equality Impact Assessment Form ......................................................................... 12  
Appendix 3: Template Stock Sheet .................................................................................................... 14
1. **Introduction**

1.1. Accurate stock figures are a key aspect of assessing and reporting the Trust’s financial performance. Stocktakes are undertaken at periodic intervals during the year and at the end of the financial year, to determine the levels and values of stocks held by the Trust.

1.2. This version supersedes any previous versions of this document.

2. **Purpose of this Policy/Procedure**

2.1. This document provides detailed guidance as to how a stock take should be undertaken. The guidance confirms the procedures that are required to be undertaken both prior to and immediately after the stock take, as well as during the stocktake itself.

3. **Scope**

3.1. This procedure note provides guidance to managers responsible for stock and staff undertaking stocktakes.

4. **Definitions / Glossary**

4.1. Stocktaking is the action or process of recording the amount of consumables held by the Trust. This includes a physical count of the numbers of items held which are then valued for accounting purposes.

5. **Ownership and Responsibilities**

5.1. **Role of Line Managers**

   Line managers are responsible for ensuring that:

   - all staff are aware of the requirements for stocktaking;
   - stocktaking is completed within the relevant timescales as may be required by the Trust, taking advice from relevant Finance Managers; and
   - staff are allowed the necessary time to complete stocktaking in accordance with the set timescales.

5.2. **Role of the Audit Committee**

   Line The Audit Committee is responsible for reviewing and approving financial policies and procedures as part of its assurance role.

5.3. **Role of Individual Staff**

   All staff members are responsible for complying with the requirements of stocktaking as outlined within this guidance. If any aspect is unclear then they must bring this to the attention of their immediate line manager.
6. Standards and Practice

6.1. Reasons for undertaking a stocktake

6.1.1. Stocktaking is carried out for the following purposes:

- to identify and accurately reflect inventory (stock) balances for inclusion in the Trust’s financial statements;
- to identify and accurately reflect the inventory consumption figures in the Trust’s financial statements;
- to identify areas of overstocking where remedial action is required;
- to identify obsolete or damaged stock; and
- to ensure that all stocks are located and properly accounted for.

6.1.2. A chapter of the Standing Financial Instructions stipulates that a physical check of stocks held, covering all items in store, must be undertaken at least once a year. For the purposes of the financial statements, this must take place at the end of the financial year (31 March).

6.1.3. In addition, the Director of Finance & Performance may request that a stocktake be carried out at any point to ensure that the management accounts show an accurate position. This will be communicated through Divisional Finance Managers who should liaise with those individuals responsible for stock takes.

6.1.4. Where stock takes are undertaken for purposes other than the financial statements, they should still be undertaken in accordance with these guidelines.

6.2. Stocktaking procedures

6.2.1. The Financial Accountant & Deputy Financial Controller (or delegated Finance officer) will ensure that the requirement for a year end stock take is communicated well in advance to departmental managers, ensuring that the manager can make arrangements for staff to be made available for the count.

6.2.2. Stocktaking and subsequent valuation must take place at the end of each financial year in order to provide the Trust with an accurate stock valuation to be included in the Trust’s financial statements. Stock takes should therefore be carried out as near to 31 March as possible. Where the year end count does not take place on the 31 March, records of stock deliveries and issues between the date of the count and 31 March should be maintained, to enable the stock value to be adjusted to the position as at 31 March.

6.2.3. Pharmacy stocks held on wards are accounted for at 31 March based on rolling stock counts held throughout the year, in accordance with the timetable issued agreed with the Financial Accountant.

6.2.4. Stocktaking is the responsibility of the appropriate local manager but various independent checks can be made by internal or external auditors or members of the Finance Department. The Trust’s external auditors will attend a sample of year end stock counts to ensure these procedures are being adhered to in full.
Prior to starting the stock take

- Teams of two must be made available to undertake the stock take and they should remain in one another’s presence throughout the count. One of the team should be independent of the day to day operation of the stockholding.

- One person must be made responsible for the overall stock take.

- A list of the stock currently held should be drawn up - this may be derived from existing local stock records or in some cases may be created from a list of items ordered through the Trust’s procurement system (available from the Supplies Department). A template blank stock sheet has been included within this document at Appendix 3 (an electronic spread sheet version is available on the document library that may be used to record the count).

- A sufficient number of teams should be selected and briefed to undertake the stock take within the designated time.

- Each team should be designated an area to count.

- **No stock should be received or issued into the store** whilst the stock take is in progress. A record of the most recent delivery to stock and most recent issue from stock should be noted and retained with the record of the stock take.

- **Third party owned** (consignment) stocks not owned by the Trust should be clearly identified and **excluded** from the count.

- The stock sheets used to record the details of the stock take should record the location, description (narrative and commodity number), stock balance, unit of issue, price per unit, number of units held and total stock value for each item (see Appendix 3).

- The stock sheets must be numerically controlled (e.g. 1 of 10, 2 of 10 etc.) so that all sheets used are accounted for.

During the stock take

- Each item of stock should be physically counted and the details reported on the stock sheet. One person should count the items whilst the other member of the team records the count.

- Where necessary, label each area to evidence that it has been counted.

- Damaged goods or obsolescent items **should not** be recorded, but removed to a separate location. A review of such items should be made at the conclusion of the stock take and reported to the departmental manager for any authorisation of write-off to be made. All unusable
damaged or obsolete stocks must be reported by management to the Finance Department in accordance with the Losses and Special Payments Policy and Procedure. Stock sheets should then be amended as appropriate to reflect any changes and these should be certified by the manager.

After the stock take

- At the conclusion of the stock take, each stock sheet must be signed by the staff undertaking the count.

- The person who is taking the lead responsibility on the count should ensure that all areas have been counted and review the sheets for errors and omissions.

- The stock listed on the stock sheet must be priced. Where possible, the price entered on the stock sheet should relate to the price at which the item was originally purchased and not the current cost of replacing the item. However, where changes in values are not significant, financial reporting regulations permit the use of the current purchase cost.

- Stock should also be priced in the units at which the stock was bought. e.g. if stock is bought in packets of ten, then the units should be counted and valued as packets of ten.

- Once priced, completed stock sheets (appropriately signed) should be returned to the Finance Department by the required date; a copy should be kept at local level.

- A stock certificate, confirming the total value of stocks, will be prepared by the Finance Department and must be signed by the manager responsible for the stock, prior to being returned to the Financial Accountant & Deputy Financial Controller.

Manual Records

- Manual records should be updated with the results of the stock take.

- Stock take lists must be kept for 18 months as proof of the stock take.

Computerised Systems

- A full stock report should be printed at the commencement of the stock take.

- The physical stock count should be checked to the stock report with the report being annotated for revised numbers.

- The computer record should be updated for differences in the stock count and a new valuation list produced, which should be signed by the person responsible for the stock take.
7. Dissemination and Implementation

7.1. All persons involved in the management of stock or who are required to undertake a stock take, should be aware of these guidelines. Therefore this guidance will be held on the Trust’s document library as a source of information for those persons.

7.2. These guidelines will also be issued by the Financial Accountant & Deputy Financial Controller, to those responsible for undertaking year end stock takes, with the annual request for 31 March stock figures.

8. Monitoring compliance and effectiveness

8.1. As a guidance note only, compliance with the document will not be formally monitored, however stocktaking procedures will be annually monitored through internal and external audit reviews.

<table>
<thead>
<tr>
<th>Element to be monitored</th>
<th>See note above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead</td>
<td>Financial Controller</td>
</tr>
<tr>
<td>Tool</td>
<td>See note above</td>
</tr>
<tr>
<td>Frequency</td>
<td>See note above</td>
</tr>
<tr>
<td>Reporting arrangements</td>
<td>Stocktaking forms part of the Financial Accounting processes for the Trust and any audit review will be reported to Trust Management as part of the auditing procedures.</td>
</tr>
<tr>
<td>Acting on recommendations and Lead(s)</td>
<td>The Director of Finance will act on any audit recommendations made.</td>
</tr>
<tr>
<td>Change in practice and lessons to be shared</td>
<td>Any required changes to practices will be identified as part of the auditing process and reported, as may be required to the Trust’s Audit Committee.</td>
</tr>
</tbody>
</table>

9. Updating and Review

9.1. This document will be reviewed every 3 years.

10. Equality and Diversity

10.1. This document complies with the Royal Cornwall Hospitals NHS Trust service Equality and Diversity statement which can be found in the ‘Equality, Diversity & Human Rights Policy’ or the Equality and Diversity website.

10.2. Royal Cornwall Hospitals NHS Trust is committed to a Policy of Equal Opportunities in employment. The aim of this policy is to ensure that no job applicant or employee receives less favourable treatment because of their race, colour, nationality, ethnic or national origin, or on the grounds of their age, gender, gender reassignment, marital status, domestic circumstances, disability,
HIV status, sexual orientation, religion, belief, political affiliation or trade union membership, social or employment status or is disadvantaged by conditions or requirements which are not justified by the job to be done. This policy concerns all aspects of employment for existing staff and potential employees.

10.3. Equality Impact Assessment

The Initial Equality Impact Assessment Screening Form is at Appendix 2.
# Appendix 1. Governance Information

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Guidance on Stocktaking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Issued/Approved:</td>
<td>Original January 2009</td>
</tr>
<tr>
<td>Date Valid From:</td>
<td>01 December 2015</td>
</tr>
<tr>
<td>Date Valid To:</td>
<td>30 November 2018</td>
</tr>
<tr>
<td>Directorate / Department responsible (author/owner):</td>
<td>Finance / Guy Trevenna, Financial Accountant</td>
</tr>
<tr>
<td>Contact details:</td>
<td>Guy Trevenna 01872 258014</td>
</tr>
<tr>
<td>Brief summary of contents</td>
<td>Provides guidance to managers and staff on Finance Department’s requirements for stocktaking</td>
</tr>
<tr>
<td>Suggested Keywords:</td>
<td>Stocktaking, Stock, Stock Count</td>
</tr>
<tr>
<td>Target Audience</td>
<td>RCHT PCH CFT KCCG</td>
</tr>
<tr>
<td>Executive Director responsible for Policy:</td>
<td>Director of Finance &amp; Performance</td>
</tr>
<tr>
<td>Date revised:</td>
<td>Updated December 2017</td>
</tr>
<tr>
<td>This document replaces (exact title of previous version):</td>
<td>Guidance on Stock Management and Stocktaking</td>
</tr>
<tr>
<td>Approval route (names of committees)/consultation:</td>
<td>Original approved at Finance Committee - March 2009</td>
</tr>
<tr>
<td>Divisional Manager confirming approval processes:</td>
<td>Director of Finance</td>
</tr>
<tr>
<td>Name and Post Title of additional signatories:</td>
<td>Not Required</td>
</tr>
<tr>
<td>Name and Signature of Divisional/Directorate Governance Lead confirming approval by specialty and divisional management meetings:</td>
<td>(Original Copy Signed)</td>
</tr>
<tr>
<td>Name: Karl Simkins</td>
<td></td>
</tr>
<tr>
<td>Signature of Executive Director giving approval:</td>
<td>(Original Copy Signed)</td>
</tr>
<tr>
<td>Publication Location (refer to Policy on Policies – Approvals and Ratification):</td>
<td>Internet &amp; Intranet</td>
</tr>
<tr>
<td>Document Library Folder/Sub Folder:</td>
<td>Finance / Financial Services</td>
</tr>
</tbody>
</table>
Guidance on Stocktaking

Links to key external standards
Key Governance Document

Related Documents:
Standing Orders and Standing Financial Instructions

Training Need Identified?
No

Version Control Table

<table>
<thead>
<tr>
<th>Date</th>
<th>Version No</th>
<th>Summary of Changes</th>
<th>Changes Made by (Name and Job Title)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2009</td>
<td>V.1</td>
<td>New document introduced to clarify Stock Management and Stocktaking arrangements</td>
<td>Garry Cooper, Senior Finance Officer</td>
</tr>
<tr>
<td>March 2009</td>
<td>V.1</td>
<td>Approved at Finance Committee</td>
<td>Approval only</td>
</tr>
<tr>
<td>October 2011</td>
<td>V.2</td>
<td>Refresh of document to reflect current practice and concentrate on Stocktaking</td>
<td>Guy Trevenna, Deputy Financial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>rather than Stock management</td>
<td>Controller</td>
</tr>
<tr>
<td></td>
<td></td>
<td>format.</td>
<td></td>
</tr>
<tr>
<td>November 2015</td>
<td>V.4</td>
<td>Minor refresh of document. No significant changes. Changed to updated Policy on</td>
<td>Guy Trevenna, Financial Accountant &amp;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy format.</td>
<td>Deputy Financial Controller</td>
</tr>
<tr>
<td>December 2017</td>
<td>V4.1</td>
<td>Appendix 3 updated further to EROS being replaced by Unit 4 Business World.</td>
<td>Guy Trevenna, Financial Accountant &amp;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Deputy Financial Controller</td>
</tr>
</tbody>
</table>

All or part of this document can be released under the Freedom of Information Act 2000

This document is to be retained for 10 years from the date of expiry.

This document is only valid on the day of printing

Controlled Document
This document has been created following the Royal Cornwall Hospitals NHS Trust Policy on Document Production. It should not be altered in any way without the express permission of the author or their Line Manager.
Appendix 2. Initial Equality Impact Assessment Form

Name of Name of the strategy / policy / proposal / service function to be assessed (hereafter referred to as *policy*) (Provide brief description):

**Guidance to managers and staff on Stocktaking**

<table>
<thead>
<tr>
<th>Directorate and service area:</th>
<th>Is this a new or existing Policy?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td><strong>Clarification guidance</strong></td>
</tr>
</tbody>
</table>

| Name of individual completing assessment: **Guy Trevenna** | Telephone: **01872 258014** |

1. **Policy Aim***
   - Who is the strategy / policy / proposal / service function aimed at?
   - To provide detailed instructions for managers responsible for stock, and staff undertaking stock takes, as to how a stock take should be undertaken and recorded

2. **Policy Objectives***
   - To improve the accuracy of stocktaking and stock take recording within the Trust.

3. **Policy – intended Outcomes***
   - Improved stocktaking accuracy.

4. **How will you measure the outcome?***
   - Internal and external audit reviews will assist in this area.

5. **Who is intended to benefit from the policy?***
   - The Trust, through improved stock records.

6a) **Is consultation required with the workforce, equality groups, local interest groups etc. around this policy?***
   - No

   b) **If yes, have these *groups been consulted?***
   - n/a

   C). **Please list any groups who have been consulted about this procedure.***
   - n/a

7. **The Impact***
   Please complete the following table.

   Are there concerns that the policy **could** have differential impact on:

<table>
<thead>
<tr>
<th>Equality Strands:</th>
<th>Yes</th>
<th>No</th>
<th>Rationale for Assessment / Existing Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>X</td>
<td></td>
<td>This guideline does not impact on age.</td>
</tr>
<tr>
<td>Category</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>Sex (male, female, transgender / gender reassignment)</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on sex.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race / Ethnic communities / groups</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on race.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability - Learning disability, physical disability, sensory impairment and mental health problems</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on disability.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religion / other beliefs</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not discriminate with any religious or cultural beliefs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marriage and civil partnership</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on marriage/ civil partnership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pregnancy and maternity</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on pregnancy / maternity.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sexual Orientation, Bisexual, Gay, heterosexual, Lesbian</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This guideline does not impact on sexual orientation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You will need to continue to a full Equality Impact Assessment if the following have been highlighted:

- You have ticked “Yes” in any column above and
- No consultation or evidence of there being consultation- this excludes any policies which have been identified as not requiring consultation. or
- Major service redesign or development

8. Please indicate if a full equality analysis is recommended. Yes No X

9. If you are not recommending a Full Impact assessment please explain why.

No Negative impact and no consultation required.

Signature of policy developer / lead manager / director

Guy Trevenna, Financial Accountant & Deputy Financial Controller

Date of completion and submission
13 November 2015

Names and signatures of members carrying out the Screening Assessment
1. Guy Trevenna
2. Garry Cooper

Keep one copy and send a copy to the Human Rights, Equality and Inclusion Lead, c/o Royal Cornwall Hospitals NHS Trust, Human Resources Department, Knowledge Spa, Truro, Cornwall, TR1 3HD

A summary of the results will be published on the Trust’s web site.

Signed ________________

Date ________________
Appendix 3: Template Stock Sheet

ROYAL CORNWALL HOSPITALS NHS TRUST
RECORD OF STOCK TAKE

DEPARTMENT NAME: ____________________________

SHEET NO. ____________________________ OF ____________________________

DATE OF STOCK COUNT: ____________________________

COUNTED BY: ____________________________

CHECKED BY: ____________________________

PRICED BY: ____________________________

(please sign)

<table>
<thead>
<tr>
<th>LINE NO.</th>
<th>STOCK LOCATION</th>
<th>ITEM NAME</th>
<th>ADDITIONAL DESCRIPTION (e.g. catalogue ref)</th>
<th>SUPPLIER</th>
<th>UNIT OF PURCHASE (e.g. Each / Box of 10 / Pack of 5)</th>
<th>PRICE (EXCLUDING VAT)</th>
<th>QUANTITY COUNTED (per unit of purchase)</th>
<th>VALUE OF STOCK COUNTED</th>
<th>ISSUES AFTER STOCK COUNT BUT PRIOR TO 31 MARCH (per unit of purchase)</th>
<th>DELIVERIES RECEIVED AFTER STOCK COUNT BUT PRIOR TO 31 MARCH (per unit of purchase)</th>
<th>VALUE OF STOCK HELD AT 31 MARCH</th>
<th>VALUE OF POST COUNT CHANGES</th>
<th>COMMENTS REGARDING CONDITION OF STOCK</th>
</tr>
</thead>
</table>
| 1        | Stock cupboard 1 | 4 inch plate | XYZ123 | Joe Bloggs Ltd | Box of 5 | 83.33 | 200.00 | 1 | 500.00 | 2 | 100.00 | 400.00 | A1 condition

TOTAL VALUE OF STOCK HELD AT 31 MARCH: ____________

Excel version of this Appendix is available on the document library for local use

Guidance on Stocktaking

14 of 14