

Stocktaking Policy

V7.0

December 2024

Summary

The stocktaking process is best explained by the detailed narrative in the following pages of this Policy. The following flowchart provides a highly simplistic illustration of a manual stock take and is not a substitute for fully reading and adhering to the detailed written instructions within this Policy.

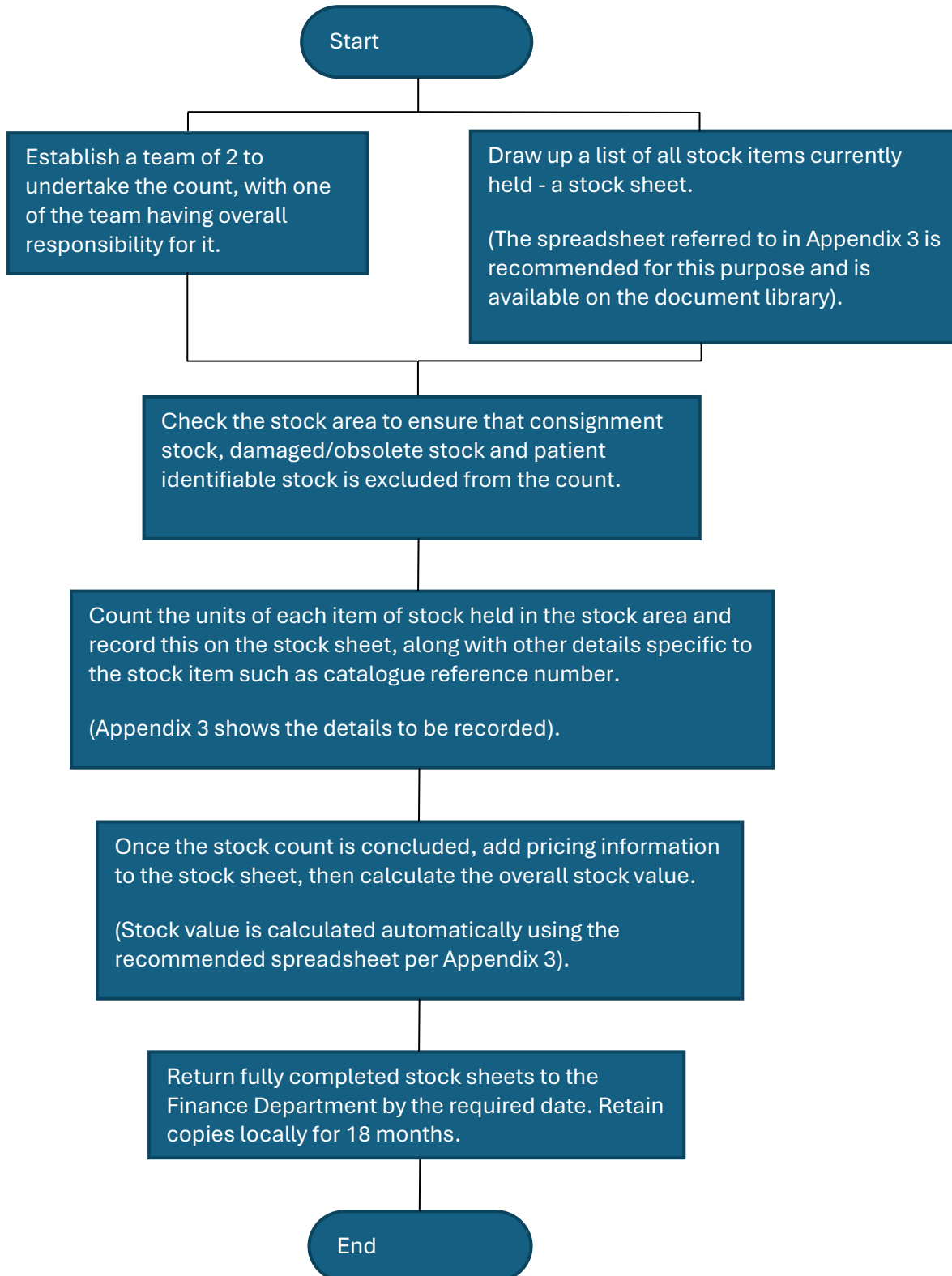


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Data Protection Act 2018 (UK General Data Protection Regulation – GDPR) Legislation.

The Trust has a duty under the Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 to ensure that there is a valid legal basis to process personal and sensitive data. The legal basis for processing must be identified and documented before the processing begins. In many cases we may need consent; this must be explicit, informed, and documented. We cannot rely on opt out, it must be opt in.

Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 is applicable to all staff; this includes those working as contractors and providers of services.

For more information about your obligations under the Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 please see the Information Use Framework Policy or contact the Information Governance Team.

Royal Cornwall Hospital Trust rch-tr.infogov@nhs.net

1. Introduction

- 1.1.** Whilst a separate “Inventory Management Policy” deals with the management of inventory (stock) on a day-to-day basis, this policy focuses on the specific task of stocktaking, which determines the levels and values of stocks held by the Trust. Accurate stock figures form a key aspect of reporting the Trust’s financial position and stocktaking also identifies over/under stocking and obsolete or damaged stock.
- 1.2.** Stocktaking must be undertaken at least once a year for year-end accounting purposes, as near to 31 March as possible, and is the responsibility of the appropriate local manager. Internal and/or External Audit may spot check stocktaking procedures at any time.
- 1.3.** Stock areas that have been automated using the Trust’s inventory management system do not require manual stock takes, as the software can provide stock take figures as at specified dates. For other areas where stocktaking remains a manual exercise, teams of two should undertake stock counting, with one person having overall control/responsibility for the count.
- 1.4.** This version supersedes any previous versions of this document.

2. Purpose of this Policy/Procedure

This policy provides detailed guidance as to how a stock take should be undertaken. It sets out the procedures that are required to be undertaken prior to, during and immediately after the stock take.

3. Scope

This policy applies to managers responsible for stock and staff undertaking stock takes.

4. Definitions/Glossary

Stocktaking is the action or process of recording the amount of consumables held by the Trust. It involves counting the numbers of each item of stock held, which are then valued for accounting purposes.

5. Ownership and Responsibilities

5.1. Role of the Managers

Line managers are responsible for:

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

5.2. Role of the Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is responsible for:

- Reviewing and approving new or revised financial policies, as part of its assurance role. This version update represents a minor refresh of the previous V6.0 and does not require Committee review.

5.3. Role of Individual Staff

All staff members are responsible for:

- Complying with the requirements of stocktaking as outlined within this policy. If any aspect is unclear, they must bring this to the attention of their immediate line manager.

6. Standards and Practice

6.1. Reasons for Undertaking a Stock Take

6.1.1. Stocktaking is carried out for the following purposes:

- To identify and accurately reflect the 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.
- To ensure that all stocks are identified and properly accounted for.

6.1.2. A chapter of the Standing Financial Instructions stipulates that a 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 Chief Finance Officer may request that a stock take be carried out at any point, to ensure that the management accounts show an accurate position. This will be communicated through 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 this policy.

6.2. Stocktaking Procedures

6.2.1. The Financial Accountant and 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, so that managers can make arrangements for staff to be made available for the count (where manual stock takes are needed) or obtain stock take reports as at 31 March (where the automated inventory management system is in use).

- 6.2.2. Stocktaking and subsequent valuation must take place at the end of each financial year to provide an accurate stock valuation for inclusion 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 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 as at 31 March based on a sample of rolling stock counts held throughout the financial year, in accordance with a timetable Pharmacy must agree with the Financial Accountant and Deputy Financial Controller (or delegated Finance officer).
- 6.2.4. Stocktaking is the responsibility of the appropriate local manager, but various independent checks can be made by internal auditors, external auditors or members of the Finance Department. **The Trust's external auditors will attend a sample of financial year end stock counts to ensure these procedures are being adhered to in full.**
- 6.2.5. The following procedures apply to manual stock takes:
 - 6.2.5.1. **Prior to starting the manual 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 all stock items currently held should be drawn up. This may be derived from existing local stock records or created from a list of items ordered through the Trust's procurement system (available from Procurement Services). A template blank stock sheet for recording the count is shown at Appendix 3 (and an electronic spreadsheet version of this is available on the document library).
 - Enough teams (of two) should be selected and briefed to undertake the stock take within the designated time.
 - Each team should be designated a stock area to count.
 - No stock should be received into or issued by 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.

- Consignment stock (i.e. stock owned by a third party and not the Trust) should be clearly identified and excluded from the count.
- The stock sheets used for the stock take should record the location, item name, stock reference number (per the Unit4 stock catalogue), unit of purchase, price per unit, number of units held in stock and resulting stock value, for each item of stock (per Appendix 3).
- The stock sheets must be numerically controlled (e.g. 1 of 10, 2 of 10, etc) so that all sheets are accounted for.

6.2.5.2. During the manual stock take – the stock count

- 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, each stock area should be labelled to evidence that it has been counted.
- Damaged goods or obsolete items should not be counted (as they are effectively worthless to the Trust) and should be 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 so that write offs may be appropriately authorised. 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.

6.2.5.3. After the manual stock take – pricing and valuing

- 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/or omissions.
- The stock listed on the stock sheet must be priced. Where possible, the price entered on the stock sheet should be the price at which the item was originally purchased and not the current cost of replacing the item. However, where changes in value are not significant, financial reporting regulations permit the use of the current purchase cost.
- The price should include VAT, where applicable. The electronic spreadsheet version of the stock sheet for recording the count (as shown at Appendix 3 and available on the document library), allows insertion of prices excluding VAT (which is what the Unit4 system quotes) and the spreadsheet will automatically add VAT. Care should be taken not to double count VAT.
- Stock should be priced according to the units in which it was

bought. For example, say stock was originally bought in packets of ten, with each packet of ten costing £15. A stock take counted 5 full packets (of ten), so on the stock sheet the number of units to record would be 5 and the unit price would be £15.

- The total value of stock must be calculated. By using the electronic spreadsheet version of the stock sheet for recording the count (as shown at Appendix 3 and available on the document library), everything will be automatically valued based on the stock units and prices that are entered. If this is not used, then for each item of stock on the stock sheet, multiply the number of units recorded by the unit price recorded. The grand total value of all items should be calculated and recorded on the stock sheet, by adding together all individual stock values on the stock sheet.
- Fully completed stock sheets (complying with the above steps and appropriately signed) should be returned to the Finance Department by the required date. A copy should be kept at local level for 18 months, as proof of the stock take.
- Any local manual stock records should be updated with the results of the stock take.

6.2.6. The following procedures apply to computerised stock takes:

- A fully costed stock take report should be produced on the prescribed stocktaking date (for yearend accounting this will be 31 March).
- Checks should be undertaken to ensure this report encompasses all stock items and correct prices. Where necessary, discrepancies should be remedied on the computer record and a new valuation list produced.
- The report should be returned to the Finance Department by the required date. A copy should be kept at local level for 18 months, as proof of 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 and Deputy Financial Controller, (or delegated Finance officer), to those responsible for undertaking year end stock takes, with the annual request for 31 March stock figures.

8. Monitoring compliance and effectiveness

Information Category	Detail of process and methodology for monitoring compliance
Element to be monitored	Compliance with stocktaking procedures
Lead	Financial Controller.
Tool	Through internal and external audit reviews on a Word or Excel Spreadsheet.
Frequency	Monitored annually.
Reporting arrangements	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.
Acting on recommendations and Lead(s)	The Chief Finance Officer will act on any audit recommendations made.
Change in practice and lessons to be shared	Any required changes to practices will be identified as part of the auditing process and reported where necessary to the Trust's Audit and Risk Assurance Committee.

9. Updating and Review

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 And Inclusion Policy](#) or the [Equality and Diversity website](#).

10.2. Equality Impact Assessment

The Initial Equality Impact Assessment Screening Form is at Appendix 2.

Appendix 1. Governance Information

Information Category	Detailed Information
Document Title:	Stocktaking Policy V7.0
This document replaces (exact title of previous version):	Stocktaking Policy V6.0
Date Issued/Approved:	December 2024
Date Valid From:	December 2024
Date Valid To:	December 2027
Author/Owner:	Finance Department Guy Trevenna, Financial Accountant and Deputy Financial Controller
Contact details:	Guy Trevenna g.trevenna@nhs.net
Brief summary of contents:	Provides guidance to managers and staff on the Finance Department's requirements for stocktaking.
Suggested Keywords:	Stocktaking, stock, take, stock count, inventory.
Target Audience:	RCHT: Yes CFT: No CIOB ICB: No
Executive Director responsible for Policy:	Chief Finance Officer
Approval route for consultation and ratification:	Deputy Chief Finance Officer
Manager confirming approval processes:	Chief Finance Officer
Name of Governance Lead confirming consultation and ratification:	Ian Dean
Links to key external standards:	Key governance document
Related Documents:	Standing Orders and Standing Financial Instructions Inventory Management Policy Losses and Special Payments Policy and Procedure

Information Category	Detailed Information
Training Need Identified:	No
Publication Location (refer to Policy on Policies – Approvals and Ratification):	Internet and Intranet
Document Library Folder/Sub Folder:	Finance / Financial Services

Version Control Table

Date	Version Number	Summary of Changes	Changes Made by
January 2009	V1.0	New document introduced to clarify stock management and stocktaking arrangements.	Garry Cooper Senior Finance Officer
March 2009	V1.0	Approved at Finance Committee.	Approval only
October 2011	V2.0	Refresh of document to reflect current practice and concentrate on stocktaking rather than stock management.	Guy Trevenna Deputy Financial Controller
October 2013	V3.0	Minor refresh of document. No significant changes. Changed to Policy on Policy format.	Guy Trevenna Deputy Financial Controller
November 2015	V4.0	Minor refresh of document. No significant changes. Changed to updated Policy on Policy format.	Guy Trevenna Financial Accountant and Deputy Financial Controller
December 2017	V4.1	Appendix 3 updated further to EROS being replaced by Unit 4 Business World.	Guy Trevenna Financial Accountant and Deputy Financial Controller
November 2018	V5.0	Minor refresh of the document, to include reference to the Trust's new inventory management system, which automates stocktaking. Document renamed "Stocktaking Policy" (was previously "Guidance on Stocktaking").	Guy Trevenna Financial Accountant and Deputy Financial Controller

Date	Version Number	Summary of Changes	Changes Made by
October 2021	V6.0	Minor refresh and update to latest corporate policy template.	Guy Trevenna Financial Accountant and Deputy Financial Controller
October 2024	V7.0	Minor refresh and update to latest corporate policy template. Minor presentational changes to meet accessibility requirements.	Guy Trevenna Financial Accountant and Deputy Financial Controller

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

All Policies, Strategies and Operating Procedures, including Business Plans, are to be kept for the lifetime of the organisation plus 6 years.

This document is only valid on the day of printing.

Controlled Document.

This document has been created following the Royal Cornwall Hospitals NHS Trust [The Policy on Policies \(Development and Management of Knowledge Procedural and Web Documents Policy\)](#). It should not be altered in any way without the express permission of the author or their Line Manager.

Appendix 2. Equality Impact Assessment

Section 1: Equality Impact Assessment (EIA) Form

The EIA process allows the Trust to identify where a policy or service may have a negative impact on an individual or particular group of people.

For guidance please refer to the Equality Impact Assessment Policy (available from the document library) or contact the Equality, Diversity, and Inclusion Team
rcht.inclusion@nhs.net

Information Category	Detailed Information
Name of the strategy/policy/proposal/service function to be assessed:	Stocktaking Policy V7.0
Department and Service Area:	Finance
Is this a new or existing document?	Existing
Name of individual completing EIA (Should be completed by an individual with a good understanding of the Service/Policy):	Guy Trevenna, Financial Accountant and Deputy Financial Controller
Contact details:	g.trevenna@nhs.net

Information Category	Detailed Information
1. Policy Aim - Who is the Policy aimed at? (The Policy is the Strategy, Policy, Proposal or Service Change to be assessed)	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 ensure the accuracy of stocktaking and stock take recording within the Trust.
3. Policy Intended Outcomes	Stocktaking accuracy.
4. How will you measure each 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.

Information Category	Detailed Information
6a. Who did you consult with? (Please select Yes or No for each category)	- Workforce: Yes - Patients/visitors: No - Local groups/system partners: No - External organisations: No - Other: No
6b. Please list the individuals/groups who have been consulted about this policy.	Please record specific names of individuals/ groups: Finance Committee
6c. What was the outcome of the consultation?	Agreed
6d. Have you used any of the following to assist your assessment?	National or local statistics, audits, activity reports, process maps, complaints, staff, or patient surveys: No

7. The Impact

Following consultation with key groups, has a negative impact been identified for any protected characteristic? Please note that a rationale is required for each one.

Where a negative impact is identified without rationale, the key groups will need to be consulted again.

Protected Characteristic	(Yes or No)	Rationale
Age	No	
Sex (male or female)	No	
Gender reassignment (Transgender, non-binary, gender fluid etc.)	No	
Race	No	
Disability (e.g. physical or cognitive impairment, mental health, long term conditions etc.)	No	
Religion or belief	No	
Marriage and civil partnership	No	

Protected Characteristic	(Yes or No)	Rationale
Pregnancy and maternity	No	
Sexual orientation (e.g. gay, straight, bisexual, lesbian etc.)	No	

A robust rationale must be in place for all protected characteristics. If a negative impact has been identified, please complete section 2. If no negative impact has been identified and if this is not a major service change, you can end the assessment here.

I am confident that section 2 of this EIA does not need completing as there are no highlighted risks of negative impact occurring because of this policy.

Name of person confirming result of initial impact assessment:

Guy Trevenna, Financial Accountant and Deputy Financial Controller.

If a negative impact has been identified above OR this is a major service change, you will need to complete section 2 of the EIA form available here:

[Section 2. Full Equality Analysis](#)

Appendix 3. Template Stock Sheet

ROYAL CORNWALL HOSPITALS NHS TRUST RECORD OF STOCK TAKE										SHEET NO. 1 OF		COUNTED BY:		
DEPARTMENT NAME:						DATE OF STOCK COUNT:		CHECKED BY:		PRICED BY:				
										(please sign)				
										POST COUNT ISSUES / DELIVERIES				
LINE NO.	STOCK LOCATION	ITEM NAME	ADDITIONAL DESCRIPTION (e.g. catalogue ref.)	SUPPLIER	UNIT OF PURCHASE (e.g. Each / Box of 10 / Pack of 5)	PRICE (EXCLUDING VAT) Note If Stock Value is from UNIT 4, then it EXCLUDES VAT (£)	PRICE (INC. VAT) AT 20% (£)	QUANTITY COUNTED (per unit of purchase) (No.)	VALUE OF STOCK COUNTED (£)	ISSUES AFTER STOCK COUNT BUT PRIOR TO 31 MARCH (per unit of purchase) (No.)	DELIVERIES RECEIVED AFTER STOCK COUNT BUT PRIOR TO 31 MARCH (per unit of purchase) (No.)	VALUE OF POST COUNT CHANGES (£)	VALUE OF STOCKS HELD AT 31 MARCH (£)	COMMENTS REGARDING CONDITION OF STOCK
eg	Stock cupboard 1	4 inch plate	XYZ123	Joe Bloggs Ltd	Box of 5	83.33	100.00	5	500.00	4	3	100.00	400.00	A1 condition
1							-		-			-	-	
2							-		-			-	-	
3							-		-			-	-	
4							-		-			-	-	
5							-		-			-	-	
6							-		-			-	-	
7							-		-			-	-	
8							-		-			-	-	
9							-		-			-	-	
10							-		-			-	-	
11							-		-			-	-	
12							-		-			-	-	
13							-		-			-	-	
14							-		-			-	-	
15							-		-			-	-	
16							-		-			-	-	
17							-		-			-	-	
18							-		-			-	-	
19							-		-			-	-	
20							-		-			-	-	
TOTAL VALUE OF STOCK HELD AT 31 MARCH:												-		

A spreadsheet (Excel) version of this Appendix 3 is available on the document library for local use.

[Stocktaking Policy - Appendix 3. Template Stock Sheet](#)