

Inventory Management Policy

V2.1

June 2016

Summary.

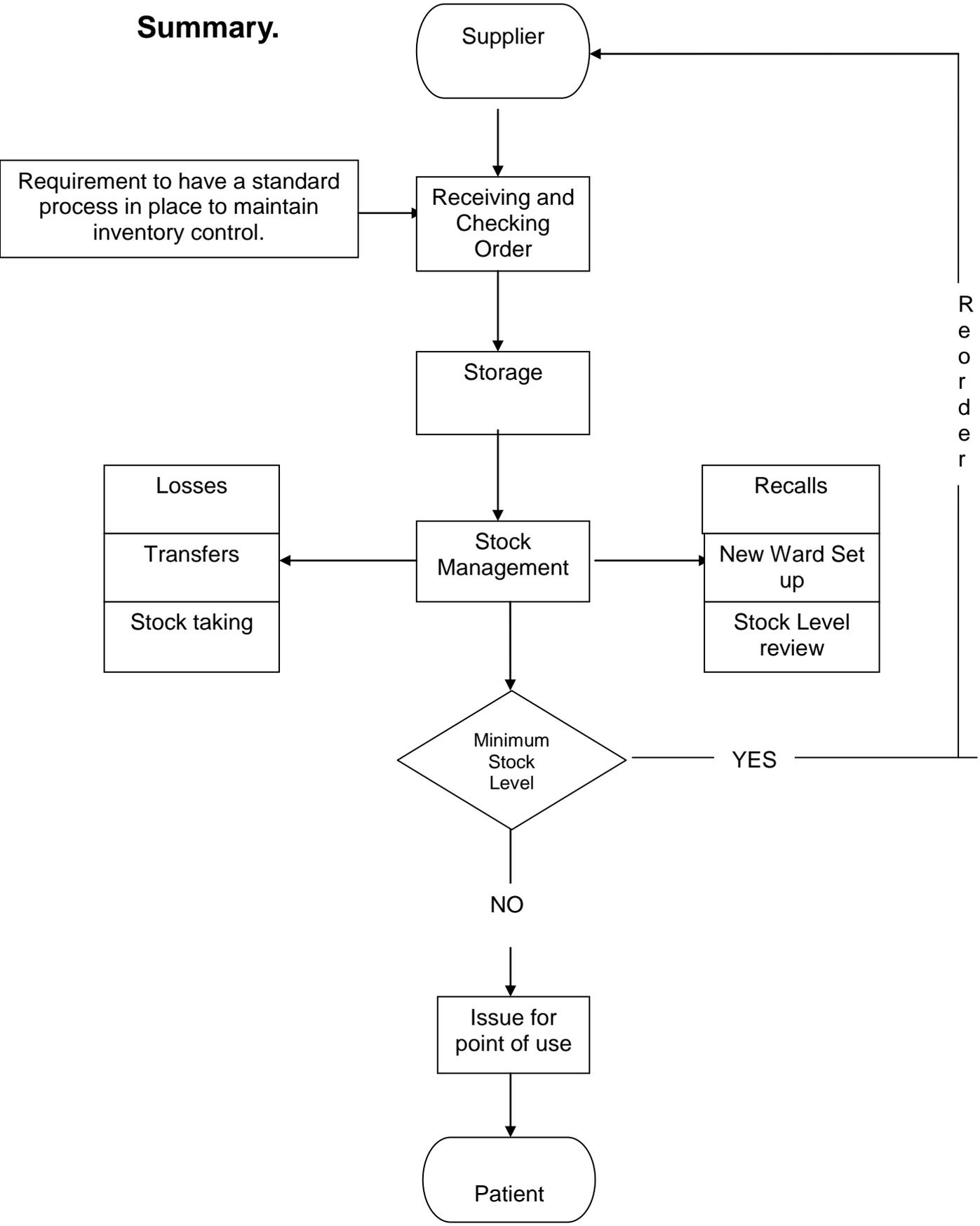


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1. Introduction

- 1.1 This policy sets out the processes all staff are required to follow for managing goods in a consistent way in order to reduce stock holding, minimize waste and be able to action product recalls.
- 1.2 This version supersedes any previous versions of this document.
- 1.3 This version excludes management of Drugs and Medicines (refer to separate policies for use of drugs and medicines).

2. Purpose of this Policy/Procedure

- 2.1 The aim of the policy is to enable the Trust to comply with Department of Health eProcurement strategy and deliver mandated GS1 standards.
- 2.2 Compliance with Trust's Standing orders and Standing Financial instructions.
- 2.3 It will also enable the Trust to achieve the following objectives:
 - 2.3.1 To ensure that the trust operates with a statutory framework covering all aspects of stock management of goods.
 - 2.3.2 To protect the Trust and minimise risks through means of appropriate managerial arrangements.
 - 2.3.3 To obtain value for money while providing the best service.
 - 2.3.4 To ensure the Trust's approach to inventory management provides the maximum benefit in terms of requisitioning, shrinkage, waste, disposals obsolescence and product recalls.
 - 2.3.5 To provide standardisation of goods and traceability of usage.
 - 2.3.6 To improve patient care by ensuring all goods used are fit for purpose and meet quality standards.
 - 2.3.7 To ensure product are available for treatment of patient with minimal clinical effort.

3. Scope

- 3.1 The policy applies to Royal Cornwall Hospitals NHS Trust and covers inventory management of all goods. It applies to all members of Trust staff (regardless of status or grade), located on any of the hospital sites.

4. Definitions / Glossary

SOH	Stock on Hand
OOS	Out of Stock
IMS	Inventory Management System (electronic or manual)
IM	Inventory Management meeting
Supplier	Direct Supplier or Material Management or Procurement Team
GTINs	Global Trading Identification Numbers
GS1	Global Standards used for identification, capture and sharing of data.

5. Ownership and Responsibilities

5.1 **Role of the Director of Finance**

The Director of Finance has overall responsibility for matters related to stock and subsequent financial accounting within the Trust. This includes ensuring good inventory management practise in order to achieve best value for money.

5.2 **Role of the Head of Supply and Procurement**

The Head of Procurement and Supplies will report to the Director of Finance on inventory management performance.

5.2.1 The Head of Procurement and Supplies is responsible for ensuring that the procedures related to the Inventory Management Policy and the legislative requirements and Trust's Financial Orders and Standing Financial Instructions are followed.

5.2.2 The Head of Procurement and Supplies is responsible to ensure that the Procurement Team as part of their role of awarding contracts requires suppliers to comply with GS1 standards.

5.3 **Role of the Procurement Inventory Manager**

The Procurement Inventory Manager will report to the Head of Supplies and Procurement

5.3.1 The Procurement Inventory Manager is responsible to communicate change regarding inventory management to the Trust, coach and train staff on inventory management procedures.

5.3.2 The Procurement Inventory Manager is responsible to produce stock reports in order to identify opportunities for improvement and set targets regarding stock holding, waste, shrinkage and disposals.

- 5.3.3 The Procurement Inventory Manager is responsible to assist with implementation of any change regarding inventory management
- 5.3.4 The Procurement Inventory Manager should assist in resolving inventory management queries if stock correction using IMS or supplier contact has not resolved the query.
- 5.3.5 The Procurement Inventory Manager will advise on stock management processes and systems and provide training materials (e.g. tips cards).
- 5.4 **Role of Trust Manager and Budget Holders.**
- 5.4.1 Trust Managers and Budget Holders have a key role in ensuring good inventory management practises and must be conversant with this policy, Standing Orders, Standing Financial Instructions and the code of Conduct for NHS Managers.
- 5.4.2 Compliance with Trust's Standing Orders and Standing Financial Instructions in respect of Stock Management within their areas of responsibility.
- 5.4.3 Trust Managers and Budget Holders should be compliant with their responsibilities found at [Appendix 3](#).
- 5.5 **Role of Mitie Materials Management function.**
- 5.5.1 Mitie Materials Management staff must both adhere to all requirements of this policy and ensure compliance with the Materials Management Specification which forms part of the provision of Soft Facilities Management (FM) Services.
- 5.5.2 Material Management Manager should attend monthly IM meeting ready to discuss current performance and areas for improvement in respect of products supplied and maintained through Mitie Materials Management team.
- 5.6 **Role of the Non Pay Board:**
The purpose of the Non-Pay Board is to:
- Identify the Non-Pay savings opportunities in accordance with the Project Brief;
 - Provide direction and support to the Trust's plans to generate savings, in particular around inventory management.
 - Make decisions with regards to inventory management procedures to deliver consistency across the trust.
 - Liaise with clinical colleagues both within and external to the Trust regarding product ranging and disposal;
 - To ensure that there is organisation and clinical buy in to the project and the associated change management challenges that will be associated with the project;
 - To ensure that project risks and issues are identified, managed and escalated where appropriate; and
 - To ensure that a communication process is in place that deals with the impact of the GS1 product coding standardisation and rationalisation.

5.7 **Role of Individual Staff**

- 5.7.1 All staff involved with inventory management have a responsibility to strive to achieve stock integrity and accuracy, comply with Standing Orders, Standing Financial Instructions, Procurement legislation, Code of Conduct for NHS Managers, Standards of Business Conduct and the Bribery Act.
- 5.7.2 Applying the above, all those involved in the inventory management process:
 - Must never change inventory figures in order to attain a personal gain and must at all times maintain integrity and accuracy.
 - Foster the highest possible standards of professional competence.
 - Must optimise the use of resources for which they are responsible to provide the maximum benefit to their employing organization.
 - Comply both with the letter and the spirit of the law.
 - Comply with the inventory management policy procedures when completing a stock related action.

6. **Standards and Practice**

All standards and practices followed have to be in accordance with Trust's Standing Orders and Standing Financial Instructions especially paragraph 17 (Stores and Receipt of Goods) and paragraph 19 (Losses and Special Payments).

6.1 **Receipt**

- 6.1.1 Only authorized staff should accept and receive deliveries
- 6.1.2 All goods received should be matched against delivery note. Any discrepancies should be reported to supplier or if not possible to the Inventory Manager.
- 6.1.3 Any damaged products should be reported to supplier or if not possible to the Inventory Manager.
- 6.1.4 All deliveries should be added to existing stock holding using IMS.
- 6.1.5 Any excess stock should be investigated and corrective action should be taken using IMS. If overstock issues still not resolved, queries should be raised with Supplier or escalate to the Inventory Manager.

6.2 **Storage**

- 6.2.1 Deliveries should be stored only in allocated areas.
- 6.2.2 One product one location.
- 6.2.3 New products should be stored behind existing to assist with rotation and date checking.
- 6.2.4 While storing new product area should be tidied up for example, empty boxes removed, labels visible, space management. Also discontinued and damaged products should be removed to designated location.
- 6.2.5 All storing displays should hold at minimum one delivery unit.
- 6.2.6 All staff should ensure that they do not open a new box if there is already a box open and in use. When using the last product from a box, the empty box should be disposed of.
- 6.2.7 No physical changes can be made to storerooms or stock locations without referral to the Scan4Safety Inventory Management Team, so that the inventory management and the Scan4Safety requirements are taken into consideration and advice can be provided before submitting a Business Case to the Site Utilization Project Manager and Site Utilization Board according with the [Accommodation & Space Policy](#).

Referrals should be made by completion of The Request for Storeroom Change Form at Appendix 10 and submitted to the Scan4Safety Project Lead.

6.2.8 The Location Manager is overall responsible for the housekeeping of all store areas within their area of responsibility.

6.2.9 When a product is a consistent out of stock, over stock or missing the product label, the appropriate card should be placed in the label holder to improve identification of these lines and ensure corrective action is taken.



6.3 Stock Management

6.3.1 Losses

All Losses including Waste, Disposals and Shrinkage should be recorded, reported and investigated according to the [Losses and Special Payments Policy and Procedure](#). Any loss before written off should be authorised in accordance with the table below:

Losses	Authorising Officer(s)
<£500	Budget Manager
>£500 to £1000	Deputy Director of Finance
>£1000 to £5000	Director of Finance
>£5000 to £30000	Joint Approval of Director of Finance and Chief Executive
Above £30000	To be approved by the Joint Committee

6.3.1.1. Waste

6.3.1.1.1 All waste should be disposed safely according to the [Waste Management policy](#) and other specific policies related to safe disposal.

6.3.1.1.2 All waste should be recorded using the Waste Recording Form at [Appendix 4](#) and updated on IMS. All completed forms should be returned to the Procurement Inventory Manager during IM meeting.

6.3.1.1.3 At least one rotation check should be completed after delivery using the Rotation Check Forms at [Appendix 5](#).

6.3.1.1.4 All staff should work in an efficient way to reduce waste by using IMS reports and been proactive to use products before expiration day or transfer them out.

- 6.3.1.1.5 Location Managers and Budget Managers should ensure staff adhere to above and be accountable to deliver their waste targets.
 - 6.3.1.1.6 Divisional representative should attend monthly IM meeting ready to discuss current performance and areas for improvement.
- 6.3.1.2 **Disposals**
- 6.3.1.2.1 All disposals should be disposed safely according to [Waste Management policy](#) and other specific policies related to safe disposal.
 - 6.3.1.2.2 All disposals should be isolated in designated area and clearly marked “Items to be disposed”.
 - 6.3.1.2.3 The Disposals Recording Form at [Appendix 6](#) should be completed and authorisation to be disposed should be obtained from the authorising officer in accordance with table in paragraph 6.3.
 - 6.3.1.2.4 Before disposing products, IMS should be updated.
 - 6.3.1.2.5 Divisional representative should attend monthly IM meeting ready to discuss current performance and areas for improvement.
- 6.3.1.3 **Shrinkage**
- 6.3.1.3.1 Inventory adjustments should only be completed by authorised staff.
 - 6.3.1.3.2 Daily maintenance of inventory for problem lines should be completed by staff responsible for them (Mitie Materials Management Staff for Mitie managed top ups and Authorised Location Staff for everything else).
 - 6.3.1.3.3 The Shrinkage Recording Form at [Appendix 7](#) should be completed and authorisation should be obtained from the authorising officer in accordance with table in paragraph 6.3
 - 6.3.1.3.4 If shrinkage exceeds £100 for a product the Location Manager should be informed and investigate root causes. Location Manager should escalate to Counter fraud team if deemed necessary.
 - 6.3.1.3.5 If shrinkage exceeds £500 for a product the Location Manager should inform Counter Fraud Team.
 - 6.3.1.3.6 All staff should work in an efficient way to reduce shrinkage by recording all usage using IMS and following storage guidelines.
 - 6.3.1.3.7 Location Managers and Budget Managers should ensure staff adhere to above and be accountable to deliver their shrinkage targets.
 - 6.3.1.3.8 Divisional representative should attend monthly IM meeting ready to discuss current performance and areas for improvement.

6.3.2 Transfers

- 6.3.2.1 Transfers of stock should only be completed by authorised staff.
- 6.3.2.2 All staff should work in an efficient way to encourage transfers within the Trust to reduce waste and disposals.
- 6.3.2.3 Issuing location should record transfer on IMS (to update stock holding and budget charges)
- 6.3.2.4 Receiving location should accept transfer on IMS (to confirm acceptance and update stock holding/budget).
- 6.3.2.5 Issuing Manager should review weekly transfers to ensure all transfers are actioned by receiving location.
- 6.3.2.6 The Transfer Recording Form at [Appendix 8](#) should be completed and authorisation should be obtained according to the tables below:

Internal Transfers	Authorising Officer(s)
<£1000	Charge Person
>£1000 to £10000	Location Manager
>£10000 to £30000	Budget Manager
Above £30000	Associate Director

External transfers	Authorising Officer(s)
<£500	Budget Manager
>£500 to £1000	Deputy Director of Finance
>£1000 to £5000	Director of Finance
>£5000 to £30000	Joint Approval of Director of Finance and Chief Executive
Above £30000	To be approved by the Joint Committee

6.3.3 Stocktaking

- 6.3.3.1 Stocktake should only be completed by authorised staff and according to [Guidance on stocktaking](#)
- 6.3.3.2 No outstanding Stock Management actions should remain at the end of the financial year ie: transfers not received, waste/disposals/shrinkage not recorded on IMS.

6.3.4 Product recalls/alerts

- 6.3.4.1 Products alerts and recalls should be completed in accordance with the [Management and Implementation for National Guidance and Alerts Policy](#).
- 6.3.4.2 Inventory Management and disposal of these products should be completed in accordance with this policy.

6.3.5 New wards Set-up

- 6.3.5.1 New Ward Managers must give a minimum of two weeks notice before the planned start date to the Materials Management Team and Procurement Inventory Manager.

- 6.3.5.2 New ward Manager should provide Material Management Team with items and quantities required for opening ward minimum 2 weeks in advance.
- 6.3.5.3 Material Management Team will set up initial account in current system, top up levels and starting stock requisition.
- 6.3.5.4 Ward manager, Material Management Manager and Inventory Manager will decide on layout of storeroom for the new ward and Material Management Team will set up and replenish ward.
- 6.3.5.5 Material management team will visit daily new ward during week 1 and 2 to establish correct usage and update current system.

6.3.6 **Stock level reviews**

- 6.3.6.1 A rolling review of inventory items and the quantities to be stocked shall be conducted by Mitie Materials Management Team and Location Manager to provide optimum levels of service and value for money according to Materials Management Service Specification MM34. This will include routine and ad-hoc stock checks and review of discrepancies before amending stock levels.
- 6.3.6.2 Procurement Inventory Manager will also complete stock level reviews according to the Inventory Management Review Program supported by Productive Lead and Contract Monitoring Officers (for items on top up schedule) and communicate findings to Material Management Team.
- 6.3.6.3 The Product Change Request Form at [Appendix 9](#) should be completed for any product change outside scheduled Ward reviews and submitted to Inventory Manager or Material Management Team (for items on the top up schedule). Only Ward/Department Manager can request product changes.

6.4 **Minimum Stock Level**

- 6.4.1 When a product goes below minimum stock level or becomes an out of stock route causes should be investigated.
- 6.4.2 If incorrect inventory IMS should be updated (inventory adjustment) and requisition process should also be reviewed by Location Manager.
- 6.4.3 In case of urgently required product the transfer option should be explored as per transfer process.
- 6.4.4 In non- urgent cases reordering will be completed as per current systems and processes (Mitie top up process or EROS ordering).
- 6.4.5 If availability of product is not improving supplier should be contacted or escalate to Procurement Inventory Manager if further advice is required.

6.5 Requisitions>Returns

6.5.1 All items leaving storeroom should be recorded using current systems and process (if available).

6.5.2 All items returning to storeroom should be recorded using current systems and processes and stored according to storage guidelines.

6.6 Compliance

Failure to comply with Trust rules could result to a disciplinary action and potentially criminal action in respect of any fraudulent behaviour.

6.7 Dissemination and Implementation

6.7.1 The policy will be placed on the Document Library within the Finance section,

6.7.2 Training will be provided by Procurement Inventory Manager for Location Managers and staff. Reference to Policy will be made during budget holder workshops.

6.7.3 Implementation and review of policy will be monitored during IM meetings.

7. Monitoring compliance and effectiveness

This part must provide information on the processes and methodology for monitoring compliance with, and effectiveness of, the policy/procedure using the table below.

Element to be monitored	All processes according to diagram on page 2 will be monitored according to their responsibilities by Trust Managers and Budget holders, will be implemented daily by Location Managers and reviewed during IM meetings.
Lead	Procurement Inventory Manager
Tool	IMS reports Target compliance reports.
Frequency	Diagram elements daily by Location Managers. Target compliance Monthly during IM meeting.
Reporting arrangements	Target compliance reports will be sent monthly to Non Pay Board. Inventory Manager to analyse results and identify actions.
Acting on recommendations and Lead(s)	Recommendations from internal and external audits will be actioned within the timescales stated in the report.
Change in practice and lessons to be shared	Changes to policy as a result of an audit or system upgrades will be undertaken by Inventory Manager within specified timeframes.

8. Updating and Review

- 8.1. The Inventory Management Policy should be reviewed no less than every three years.
- 8.2. Revisions can be made ahead of the review date when the procedural document requires updating. Where the revisions are significant and the overall policy is changed, the author should ensure the revised document is taken through the standard consultation, approval and dissemination processes.
- 8.3. Where the revisions are minor, e.g. amended job titles or changes in the organisational structure, approval can be sought from the Executive Director responsible for signatory approval, and can be re-published accordingly without having gone through the full consultation and ratification process.
- 8.4. Any revision activity is to be recorded in the Version Control Table as part of the document control process.

9. Equality and Diversity

- 9.1. 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](#).
- 9.2. Equality Impact Assessment
The Initial Equality Impact Assessment Screening Form is at [Appendix 2](#).

Governance Information

Document Title	Inventory Management Policy			
Date Issued/Approved:	27 July 2016			
Date Valid From:	27 July 2016			
Date Valid To:	26 July 2019			
Directorate / Department responsible (author/owner):	Finance and Procurement Stavros Ballas Procurement Inventory Manager			
Contact details:	01872 255738			
Brief summary of contents	The policy describes the Trust's requirements to ensure that all inventory management activity is consistent and efficient to reduce products associated costs and provide guidance on process involved.			
Suggested Keywords:	Procurement, Inventory, Inventory Management, Stock, Consumables, Materials Management			
Target Audience	RCHT	PCH	CFT	KCCG
	✓			
Executive Director responsible for Policy:	Director Of Finance			
Date revised:	New Policy July 2016			
This document replaces (exact title of previous version):	N/A			
Approval route (names of committees)/consultation:	Non Pay Board Inventory Management meeting			
Divisional Manager confirming approval processes	Director of Finance			
Name and Post Title of additional signatories	Not Required			
Name and Signature of Divisional/Directorate Governance Lead confirming approval by specialty and divisional management meetings	Not Required			
	Not Required			
Signature of Executive Director giving approval	{Original Copy Signed}			

Publication Location (refer to Policy on Policies – Approvals and Ratification):	Internet & Intranet	✓	Intranet Only	
Document Library Folder/Sub Folder	Finance/Procurement			
Links to key external standards	Key Governance Document			
Related Documents:	Standing Orders, Standing Financial Instructions, Scheme of Delegation, Stocktake Policy.			
Training Need Identified?	No			

Version Control Table

Date	Version No	Summary of Changes	Changes Made by (Name and Job Title)
27.04.16	V1.0	Initial Issue, Internal	S Ballas, Procurement Inventory Manager
17.06.16	V2.00	Final version	S Ballas, Procurement Inventory Manager
15.08.16	V2.1	Paragraph 6.2.7 Addition of Accommodation and Space policy reference for Storeroom Changes	S Ballas, Procurement Inventory Manager

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 the strategy / policy / proposal / service function to be assessed (hereafter referred to as <i>policy</i>) (Provide brief description):	
Directorate and service area: Finance	Is this a new or existing Policy? New
Name of individual completing assessment: Stavros Ballas	Telephone: 01872 255738
1. Policy Aim* Who is the strategy / policy / proposal / service function aimed at?	To ensure the trust operates within a consistent and efficient way to deliver best value for money in all aspects of inventory management of goods.
2. Policy Objectives*	To provide clear guidance on the necessary inventory management processes and improve efficiency across the Trust. To protect the trust and minimise risks through clarification of staff responsibilities.
3. Policy – intended Outcomes*	To deliver consistent process for managing inventory. To reduce costs associated with waste, shrinkage, time and space. .
4. *How will you measure the outcome?	Inventory Management reports
5. Who is intended to benefit from the policy?	Staff and Patients
6a) Is consultation required with the workforce, equality groups, local interest groups etc. around this policy? b) If yes, have these *groups been consulted? C). Please list any groups who have been consulted about this procedure.	No

7. The Impact			
Please complete the following table.			
Are there concerns that the policy could have differential impact on:			
Equality Strands:	Yes	No	Rationale for Assessment / Existing Evidence

Age		X	
Sex (male, female, trans-gender / gender reassignment)		X	
Race / Ethnic communities /groups		X	
Disability - Learning disability, physical disability, sensory impairment and mental health problems		X	
Religion / other beliefs		X	
Marriage and civil partnership		X	
Pregnancy and maternity		X	
Sexual Orientation, Bisexual, Gay, heterosexual, Lesbian		X	
<p>You will need to continue to a full Equality Impact Assessment if the following have been highlighted:</p> <ul style="list-style-type: none"> You have ticked "Yes" in any column above and No consultation or evidence of there being consultation- this <u>excludes</u> any <i>policies</i> which have been identified as not requiring consultation. or Major service redesign or development 			
8. Please indicate if a full equality analysis is recommended.			No
9. If you are not recommending a Full Impact assessment please explain why.			
Signature of policy developer / lead manager / director Lisa Symons		Date of completion and submission 27 July 2016	
Names and signatures of members carrying out the Screening Assessment	1. Lisa Symons 2. Stavros Ballas	Head of Procurement and Supplies Procurement Inventory Manager	

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 _____

Trust Managers and Budget Holders Responsibilities

Trust Managers and Budget Holders should:

- Adhere to their budget limits
- Review stock and re-order levels on a regular basis to ensure that the quantity held is the minimum required to provide quality patient care
- Ensure that stock is rotated to minimise wastage
- Have a nominated member of staff responsible for management of their storage locations
- Liaise with Procurement and Materials Management staff when patient mix/requirements change to ensure products held are appropriate for clinical needs
- Identify ways to reduce waste and losses and challenge non-compliance
- Work with Procurement to standardise the range of products held
- Keeping stock locations tidy and fit for purpose
- Any physical storeroom changes should be approved by the Scan4Safety Inventory Management Team by completing the [Request for Storeroom Change Form](#).

Which storeroom would you prefer?



