

CHA 0029

February 25, 1974

Operation of Departmental Storerooms

TO: ACADEMIC UNIT HEADS AND STAFF DEPARTMENT HEADS

Re: Operation of Departmental Storerooms

Business & Finance Bulletin BUS-54 establishes overall policy for the operation of departmental storerooms. In accordance with the requirements of that bulletin, the attached Departmental Storehouse Operating procedure has been developed and is hereby adopted.

Coordinating responsibility for administration of BUS-54 and the Departmental Storehouse Operating Procedures is assigned to the Campus Materiel Manager. Operation of departmental stores and compliance with BUS-54 and the local procedure is the responsibility of the Department Chairmen.

The procedure applies only to those stores having an inventory of new and unused stock having a dollar value at cost in excess of \$50,000. All departments operating storerooms with stock value estimated to be in excess of \$10,000 are to report the value of their inventory to Accounting as of June 30th each year.

Ivan Hinderaker

Chancellor

Attachment

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DEPARTMENTAL STORES OPERATION

Reference: Departmental Stores with Inventories in Excess of \$50,000 (Business and Finance Bulletin BUS-54).

The following basic principles shall be recognized as local procedures in the operation of departmental stores as outlined in BUS-54.

- I. Departmental stores shall be operated by the departments as a self-sustaining entity primarily for use of their own faculty and staff. At department option, the stores may be a separate budget or as an integral part of the departmental budget. In the latter case, procedures are to be established to identify the operation of stores as separate from departmental budget, so that reports as required elsewhere in the procedure can be prepared and the reports audited by those outside the department who have the responsibility for coordination.

- II. Coordinating responsibility for all department stores shall rest with the Campus Materiel Manager. He shall issue amendments to this operating procedure as needed

after consulting with the Department Chairman or his delegated representative. Such amendments shall be in accordance with BUS-54.

- III. All users shall be recharged at the same rate. The recharge rate will be established at a level that will reimburse actual expenses including, but not limited to, staff, replacement materials and breakage, and operating expense. As an alternate to including staff in the reimbursement rate, the department may elect to fund staff out of departmental funds. In this case, the recharge rate shall include replacement and breakage, and operating expense.

If desired, a price may be established to permit lower price for large volume purchases. The lower price must reflect the actual cost of handling larger orders.

- IV. Inventories are to be verified on a cyclic basis with 8.33% of the stock verified each month or on an annual basis. Inventories are to be maintained at a level which will provide service to the department, but will provide a reasonable turnover of stock. Stock turnover goals should range from two to four times yearly. Verifications of inventories will be made by the Materiel Manager or other administrative officer periodically.

Inventory adjustments (stock adjustments) are to have the written approval of the Materiel Manager.

Adjustments exceeding \$20.00 must be supported by

written explanation.

- V. Every effort should be made to hold inventories to a minimum consistent with service to the departments and to avoid items stocked in Central Storehouse. In determining stock levels, the attached tables should be used as a general guideline. Other factors, such as leadtime, anticipated surges in usage, etc., should also be considered.

Blanket orders against supply agreements shall be used to minimize stock levels and reduce effort of reordering.

- VI. Inventories of used materials if co-mingled with new and unissued stock, will be plainly marked as USED and not included in inventory. If possible, separate locations will be arranged to facilitate the identification of stock for resale versus the used stocks for circulation.
- VII. Reports as needed to evaluate performance shall be made to the Department Chairman with copy to the Materiel Manager. Reports shall include:
- a) A quarterly inventory report and a listing of new items placed in stock.
 - b) A quarterly financial report in a form similar to the one used to report storehouse activity.
 - c) A copy of the Semi-annual Distribution of Value

Report or a listing of those items not moving in
the last six months, year, and two years.