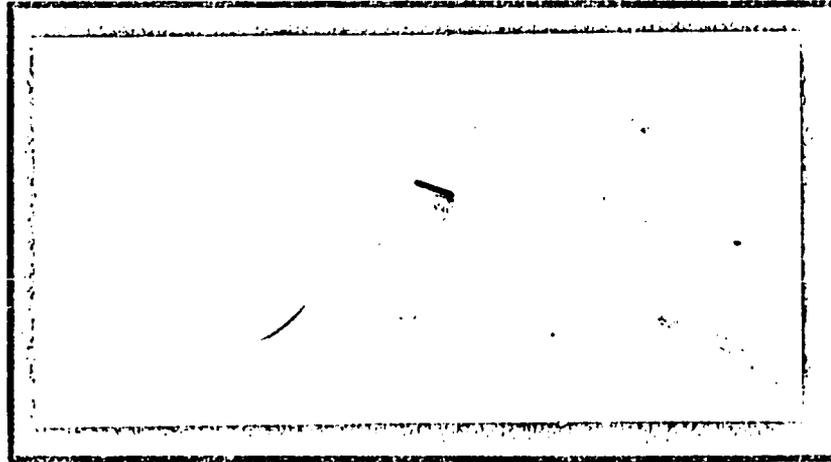


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AMERICAN PUBLIC HEALTH ASSOCIATION
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LOGISTICS AND SUPPLY MANAGEMENT OF
CONTRACEPTIVES AND OTHER COMMODITIES IN
GHANA MINISTRY OF HEALTH

A Report Prepared By:
DAVID C. LYNCH

During The Period:
SEPTEMBER 8 TO OCTOBER 15, 1979

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APPENDIX A

I. INTRODUCTION

This report is submitted in accordance with agreement dated August 31, 1979, with the American Public Health Association pursuant to a request from USAID/Ghana to provide technical assistance to the MOH. The objectives of the assignment were:

1. Assessing and familiarizing self with the Government of Ghana (GOG) procedures and problems relating to stores and supply management and informative systems, especially with respect to contraceptives.
2. Working with the GOG Ministry of Health (MOH) workshop organizers to prepare curriculum content and teaching material.
3. Identifying shortcomings and bottlenecks in the present stores and supply systems and recommending improvements.
4. Assisting the GOG and USAID Mission to improve the system for monitoring contraceptive flows and forecasting requirements.
5. Providing technical assistance to the GOG agencies involved.

In addition to the above, I learned on September 27 that a task not included in the cablegram received in Washington concerned my "conducting portions of the workshop as requested." This presented no problem because I had been conducting portions as scheduled and some if available when scheduled lecturers were unavoidably delayed because of the petrol lines and vehicle shortages. The activities were carried out in Ghana from September 8 through October 16, 1979.

II. ACTIVITIES

Preliminary

Before proceeding to Ghana discussions were held with AID officials in Washington familiar with the program who also made available copies of resources and reference material. On arrival in Ghana discussions were held with USAID officials who provided copies of additional reports and/or studies of the Family Planning Program. (See Appendix A).

Preliminary meetings with officials of the Ghana National Family Planning Program (GNFPP) concerned the ordering, receiving, inspecting, recording, storing, issuing and distributing contraceptives to the regions.

Warehouses or storage areas for contraceptives and equipment at GNFPP headquarters as well as MOH warehouse in Accra were visited. The principal intake point and MOH warehouse at the Port in Tema for all of Ghana medical supplies, equipment, medicines and drugs was toured with Mr. John Wiles, USAID, and Mr. J.A. Charway, Supply Officer, MOH.

III. REVIEW AND FINDINGS

A. Workshop

The MOH workshop at the University of Ghana in Legon (September 17-October 6, 1979) was well managed and organized, thanks in a great part to Miss Catherine Addo of GNFPPS who did a commendable job in the general organization and management and making necessary adjustments in schedules due in part to the petrol crisis. Likewise the arranging for transportation, reproduction and timely distribution of handouts as well as her daily contributions to the seminar were noteworthy.

Thirty-one of forty invited as participants attended the workshop. These included Principal Nursing Officers, Senior Supply Officers, Supply Officers, Pharmacy Superintendents, Senior Pharmacists, Stores Officers and Storekeepers. They and their locations within Ghana are identified in attachment No. 1.

All lecturers were obviously carefully selected for their lecturing ability and thorough knowledge of not only their specialty, but in many cases, the entire supply management operation. The detail so graphically presented by each in his subject left nothing untouched in terms of stimulating discussions of actual situations found by participants in their current work experiences.

The lectures, questions, and general discussions afforded an opportunity to discuss specific topics with lecturers who possessed particular knowledge and expertise with operations and procedures of the Ministries of Health, Finance and Economic Planning, Trade, the Ghana National Supply Commission, Public Works Department, and workshop participants. They provided a wealth of information from which an assessment of GOG-MOH systems, procedures and forms used in stores and supply management could be made.

Frequent discussions related to specific problems surfacing at the MOH workshop were discussed with Ministry of Finance and Economic Planning (MOFEC) officials as well as MOH, Ministry of Trade (MOT), Ghana National Supply Commission (GNSC) and GNFPP before sessions, after sessions, in transit, during breaks or lunch, in order to best utilize our time together which was made more difficult than normally expected because of the severe petrol shortage and consequent critical transport problems for all of us between Accra, Legon, the various Ministries, supply centers, etc.

It should be stated here that GOG Supply management systems now in effect are, in my opinion, appropriate and highly professional. I understand that some of the store regulations have been rewritten and await cabinet approval. Abuses of the system are man-made, much like those found in any country. Workshop discussions included examples of abuses and what specific steps could and should be taken to reduce abuses.

The material prepared for lectures could not have been better. Some indication of the subjects covered in lectures and seminars is given below to show that they treated the entire cycle of events involved in supply management from inception of the purchase to consumption or other disposition of the goods.

This material was prepared to a large extent in early August by lecturers and organizers before my knowledge of an invitation to participate but in no way did it present a roadblock to the introduction and association of my input to supply management, particularly as related to contraceptives for the Family Planning Program.

Functions of Positions Involved in Supply
Description of Items Needed - Specifications
Request for Purchase
Purchasing - Indenting - Tenders
Import Controls
Letters of Credit - Bank of Ghana
Receipt and Inspection
Storage
Stock Control
Security and Preservation
Issue and Dispatch
Stores Accounting
Losses
Disposals
Medical Supply Administration
Budgeting
Marine Insurance
Customs

In any evaluation of the workshop the following benefits must be included.

B. Benefits of Workshop

1. Provided participants a general overview of all aspects of stores and supply management.
2. Provided detailed description of functions of all positions involved in supply management operations.
3. Through lectures and handouts elaborated on specific step-by-step procedures established by MOH, MOF, MOT, GSC, GNFPF in the procurement, receipt, storage, issue, management and accounting for supplies.
4. Explained by specific examples the advantages and disadvantages of different methods used in all aspects of supply management.

5. Brought to the surface for discussion and resolution those problems and situations which create obstacles to accomplishing most effective management of supply operations and proposed steps to minimize abuses by amending existing practices.

6. Provided strategy to improve and elevate rapport of supply officer, storekeeper, nurse and pharmacist with total medical personnel and facilities provided and/or planned for future.

7. Likely improvement in the management of stores and supplies for GNFPF in regions and outlying clinics by closer association of Family Planning commodities with MOH stores operations and increased knowledge of GNFPF by participants.

8. Improve facilities for and increase country-wide knowledge of availability of contraceptives.

9. Improve reporting between Central stores, Regions and Districts with consequent maximizing utilization of available stores and minimizing deterioration or spoilage.

10. Provide for follow-up evaluation and assessment in March 1980, refresher meeting in July 1980 and a proposed course in September 1982.

11. Clarified definitions, purposes, objectives, procedures involved, and aids to solution of problems related to

- a. General Store Function
- b. Procurement - Indenting
- c. Receipt, inspection, storage, issue, dispatch
- d. Stores accounting
- e. Budgeting and Finance
- f. Stock Control
- g. Import Controls
- h. Security and Preservation
- i. Medical Supply Administration
- j. Inventories
- k. Losses and Disposals
- l. Marine Insurance

12. Supply participants with valuable material, related to 11 above, which can be retained for reference when answers to, or aids to solution of, problems or courses to take in difficult situations are needed on any aspect of supply management.

C. Summary of Flow Control of MOH Goods

When a requisition for a specific item is approved and submitted for purchasing, the procurement official determines the appropriate method of purchase and obtains the goods. Upon receipt of the goods they are placed in allocated or unallocated stores and appropriately recorded. Supply personnel exert efforts to see that the goods are controlled at proper stock levels to assure reordering timely, avoiding under- or over-stocking. All issues are to be made only to authorized persons on documentation showing units issued. Recorded balances on hand are confirmed by stock-taking (physical inventory). Shortages are reported for investigation and establishing of liability and disciplinary action prescribed. Strict observance of procedures relating to stock-taking (physical inventory) and audit of stock records against receipts and issues may disclose irregularities which, when promptly reported, start an investigation to establish liability for shortages and referral to appropriate authority for action.

D. Procedures and Forms for Supply Management

No effort is made here to further describe the published procedures for supply management within the MOH since the attached summarized handouts from the lecturers provide this information and repetition here is not necessary.

The procedures are broadly designed for application to all supplies management including contraceptives, so specific procedures for that purpose need not be duplicated. Some specialized forms and reports have been developed for use in connection with contraceptives.

The listed forms are in use by GNFPP. Examples of the forms are furnished as attachments No. 3, are self-explanatory as to purpose and use. In some cases they have been developed from standard GOG forms which have been modified to provide for conditions existing specifically in the supply management of contraceptives.

- Store Receipt Voucher
- Store Issue Voucher (Allocated Stores)
- Requisition
- Allocated Store Ledger
- Transfer Issue Voucher
- Daily Issue Sheet
- Clinic Activities Monthly Report Form

These forms reflect the flow of contraceptives from receipt in central stores to end use by consumer and the reporting thereof.

E. Reporting of Family Planning Activities

The Monthly Report on Family Planning Acceptors is a tabulation by GNFPP of information which would be of much greater value to officials of both GOG and USAID if the basic underlying reports from which it is compiled were received

from all sources participating in the program. This is a problem that has been discussed in previous studies. The underlying report is supposed to be prepared by each clinic, hospital or other MOH outlet which provides family planning services and contraceptives. It provides information on acceptors and type of contraceptive used. These reports when received by GNFPPS in Accra are tabulated to arrive at monthly totals with respect to acceptors and mode of contraception. Complete reporting is the only assurance on which accurate forecasting of replenishment purchasing or future requirements can be based. It is also the measure of success in terms of increase or decrease of participation in the program. Recently the form was expanded to include more specificity concerning type of contraceptive but the problem of getting response from every one of the facilities providing the service has not been solved. Even negative reports should be submitted by those clinics not having any stock on hand or any activity.

F. Resource and Reference Materials

The following materials furnished by USAID and by AID/Washington has been of value in providing the history and background of the program and tracing the problems which have been encountered in its growth.

Population Planning for National Progress and Prosperity,
Republic of Ghana Population Policy, March 1969

Management Sciences for Health, Trip Report 7-29/8-5-75

Evaluation of the Retail Contraceptive Sales Program, Ghana-AID
pha/C-1145, 12-1/12-78 (April 1979)

HEW/PHS/CDC-5-26-77, Resource Support Services Report, Ghana
April 24-30, 1977

AID AAG Audit Report 3-641-78-21, 13 June 1978

G. Visit to Regional Office

A visit to the Volta Region in Ho was made on October 10, 1979, together with Ray Martin and Jim Keene, USAID, and J.K. Mills-Thompson, GNFPP. In Ho we had discussions with Dr. H. Menokpor, Regional Medical Officer, Mr. Allen Anatane, Assistant Regional GNFPP Coordinator, Mr. P.K. Ofori, MOH Supply Officer, and the nurse-midwife in the hospital clinic.

Report forms prepared by the nurse to show monthly activity in acceptor visits, methods of contraception used and the amount of contraceptive sales were examined. They were well prepared. A format prepared by the nurse reflects number of units of each contraceptive sold and price per unit extended to show amount of sales in Cedis for the month. This information was on the form improvised by the nurse since the clinic had not received any forms for such purpose from Accra. Proceeds are sent through Hospital Secretary to the GNFPPS who returns a receipt. No contraceptives are being issued without charge by this clinic.

Volta Region has one mobile clinic which makes trips once a month to some part of the outlying areas.

Examples were given of efforts made by the RMO to reduce duplication of travel and combine in one trip what had been requiring two trips. More specifically it was stated that one person may go from Ho to Tema for medicines and drugs when on the same, or nearly the same, day a nurse may go from Ho to Accra for contraceptives. It was suggested by the RMO that storage of some contraceptives in Tema would thus make only the one trip necessary. This would reduce the cost of both personnel and petrol. Mr. Thompson will check this out to arrange for an adequate supply of GNFPP contraceptives to be maintained at Central Medical Stores in Tema.

IV. PROBLEMS AND RECOMMENDATIONS

A. Maintaining and Reporting Accurate Up-to-date Balances of Contraceptives by Type

This problem exists principally due to the failure of most of the nine regions to make timely, if any, reports to the GNFPs in Accra reflecting the balance in regional supply points. Items issued to the regions, as well as balances in Accra stock, are properly and currently maintained by GNFP staff in Accra in an Allocated Store Ledger, but balances on hand in regions must be supplied monthly to Accra as a basic factor in determining time and quantity replenishment order processing. This deficiency was emphasized in my discussions at the MOH workshop with officers who may contribute to the reporting function in the future.

The incomplete reporting of contraceptive stocks used and balances on hand at the regional and district levels is not a new problem. This has been a continuing problem reported in previous studies that has made forecasting requirements difficult.

RECOMMENDATIONS

1. A letter from the MOH to Regional Medical Officers (RMO) stressing the obvious importance of submitting reports promptly when due.
 2. Visits, when petrol supply permits, by appropriate MOH or GNFPs officials to delinquent regions to ascertain specific reasons for lack of reporting, followed by efforts to eliminate these reasons to the extent possible.
 3. Orientation of staff responsible for preparation of reports. This has been accomplished for those attending the MOH workshop. Instructions for preparation of reports should be given to RMOs by MOH personnel receiving the reports not properly prepared.
 4. Consider including contraceptive reporting jointly with reports for medicine and drugs to MOH.
- B. Obtaining Storage Space Necessary for Good Supply Management

Historically it is apparently an accepted fact that the construction of GOG hospitals and clinics has been completed from plans architects have drawn

with little or no consideration for the need to include sufficient storage areas for drugs, medicines, supplies and equipment. Obviously this has resulted in man-made constraints which create supply management problems from the central stores down through pharmacists, nurses, and storekeepers. This was discussed during workshop by participants and lecturers as a major obstacle to good supply management.

RECOMMENDATION

That top level GOG MOH officials be urged by USAID/HPN to obtain input from supply officers, nurses, and pharmacists for use by architects in designing essential stores area for inclusion in future medical buildings before approval of plans.

C. Need for Broader Awareness of Family Planning Services in Outlying Areas

Some clinics in outlying areas have contraceptives available from GNFPP stocks that many people are not aware of. This fact has been related to me by workshop participants, Peace Corps and USAID staff located in the regions and districts.

RECOMMENDATIONS

1. Communication with RMOs should be increased in the form of letters and personal visits (when petrol permits) to design some means of disseminating information to increase awareness of services and commodities available from GNFPP sources at little or no cost to the users.
2. Distribution of a paper, attachment No. 5 by Ray Martin at a Peace Corps conference in Kumasi during my visit is a good example of educational material needed and it is proposed that an additional paper will be forwarded to USAID staff and POVs providing information concerning locations of clinics where family planning services and contraceptives are available.

D. Audit Findings June 1978 re Receipts From Sale of Contraceptives

In June 1978 an AID auditor recommended that USAID establish a procedure to prescribe the billing for and receipt and expenditure of proceeds from sales of USAID-donated contraceptives by clinics. These receipts had accumulated and been unutilized when in fact they could have been, as pointed out by the auditor, used for project-related expenses with resulting reduction of dollar obligations.

RECOMMENDATIONS

1. Since AID-donated contraceptives distributed to regional MOH officers, and thence to outlying clinics, can be given without charge to those acceptors unable to pay, and at different unit charges to those able to pay, an overly sophisticated procedure is not recommended. The procedures as currently existing within MOH and followed by GNFPPS should be monitored jointly by USAID and GNFPPS Evaluation and Research Unit.
2. USAID should issue letters to GNFPPS suggesting or authorizing specific types of expenditures from these funds. It is recommended USAID and GNFPPS consider using part of the funds for costs incurred in GNFPP staff traveling to regions and for purchase of pallets to improve storage facilities where the contraceptives are stored in larger quantities.
3. The AID audit recommendation should be cleared by furnishing the proper AID authorities with an appropriate statement of the determination made and action taken by the USAID in this respect.

E. Understocking of GNFPP Contraceptives in Some Outlying Clinics Due to Lack of Adequate Transportation Facilities

This problem existed to some extent before the petrol crisis, so has become more serious now. Questions I raised in a hopeful search for motor pool sharing type of transportation produced little encouragement until I learned that previous research for a solution disclosed that DANAFCO was receptive to providing some assistance in delivering AID-donated contraceptives to clinics located in areas where DANAFCO also had outlets or even storage facilities.

RECOMMENDATION

Resuming negotiations between MOH/GNFPP and DANAFCO to agree on specific terms regarding compensation for deliveries of contraceptives at specified times to designated area clinics not otherwise adequately provided by presently available transportation facilities.

F. Making Maximum Use of Report Findings and Recommendations

Over the years since its inception there have been a number of review and evaluation reports of various phases of the family planning program as indicated in the section "Reference Material" and, I understand, an "in-depth" review of the program planned by USAID in the near future.

In some instances, similar findings or recommendations, although couched in varying terms, are noted among the reports. In order to make maximum use of the

material resulting from these reviews and evaluations, it would appear logical as a staff exercise to analyze the reported findings and recommendations, particularly the recurring ones related to commodity management techniques, and take such action among the concerned USAID offices as required to improve or correct the reported situations, negotiating with MOH and GNFPPS as needed to institute the suggested reforms.

RECOMMENDATIONS

1. USAID review outstanding recommendations contained in prior reports related to the family planning program and take such action within the Mission and with GOG officials as required either to implement the recommendations or, at a minimum, to alleviate the situation leading to the recommendation.
2. In order to maintain for users of the report the usefulness and current value of the information, it is suggested that the reports be appropriately annotated to reflect the action taken.

V. STEPS TOWARD IMPLEMENTATION OF RECOMMENDATIONS

Before my departure from Ghana I was able to initiate action on two of the recommendations and the USAID furnished information concerning a study relating to another. The following paragraphs reflect the updated status of these recommendations.

Recommendation IV.1.A

A memorandum, attachment no. 4, dated October 9 to Mr. S.K. Kwafo, Deputy Executive Director of GNFPSS, suggests a type of memorandum that could be directed to Regional Medical Officers concerning timely reporting of contraceptive supplies, taking of inventories, and guidelines for storage of contraceptives.

Recommendation IV.2

After submission of this recommendation, I was made aware of a study titled "Proposed Guidelines and Standards for General Hospitals in Ghana." This was a joint project by Texas A&M and the Government of Ghana in May 1978, directed by Dr. Alfred Charway, Architect AGIA. USAID and GOG have copies of the published report. The report includes a section relating specifically to the supplies storage areas and proposed space designs which, if adopted by GOG, could implement recommendation IV.2 in future hospitals and clinics. It is recommended that the USAID/HPN maintain touch with MOH officials to assure that the proposal does not become buried under the pressure of government routine without implementation.

Central storage area in GNFPSS is being rearranged to provide better air circulation, stacking on pallets, spacing of commodities and general implementing of storage guidelines to the extent possible in space provided. This will also facilitate physical inventories in which they have also suggested that USAID participate.

Recommendation IV.5

On October 12, Mr. John Hayes and I visited with Mr. Bjerne Heidemann, Management Director of DANAFCO and Mr. E.A.A. Ocansey, the Distribution Manager. Very satisfactory discussions assured us that formal negotiations could be concluded between GNFP and DANAFCO to provide transportation of contraceptives to Kumasi, Takoradi, Koforidua, Ho and Hohoe at regular intervals for nominal cost. This could even include short term storage at DANAFCO warehouses. Shipment to these areas would be picked up by GNFP coordinators or MOH Regional Medical Officers.

After this meeting, Mr. Hayes and I went directly to Dr. A.A. Armar, for my previously arranged appointment with him during which we discussed, among other things, the acceptance we received in DANAFCO and the seemingly simple way in which this recommendation could be resolved. Dr. Armar was receptive to the solution but explained that he would have to negotiate further with MOH officials. Hopefully this will be successful and perhaps USAID follow-up should be encouraged because the actual formal agreement with DANAFCO could be reduced to writing by an exchange of letters or a brief simple contract in a matter of a few hours, at the most.

VI. ATTACHMENTS

The attachments may appear to some to be quite voluminous but are considered necessary and appropriate to provide reference, if desired, to much of the material and curriculum which contributed to the success of the workshop and many of which will be of great value for retention by participants. The workshop handouts provide complete description of procedures and objectives involved in commodity supply management for the Ministry of Health and other Ministries involved in the ordering, budgeting, controlling, storage, issue and distribution of commodities. Any attempt to summarize them without providing the complete documents for reference would be depriving the USAID staff, and others interested in this report, of invaluable material comprising the supply management in GOG.

P A R T I C I P A N T S		
<u>Name</u>	<u>Designation</u>	<u>Mailing Address</u>
1. Mr. E.H. Norman	Senior Supply Officer	Regional Medical Centre of Health, Greater Accra Region, Accra
2. Mr. E.Q. Mensah	Senior Supply Officer	Health Laboratory Services, Korle Bu Teaching Hospital, Accra
3. Mr. S. Adu-Ansere	Senior Supply Officer	Central Medical Stores, Tema
4. Mr. P.K. Amodzin	Senior Supply Officer	Pantang Regional Mental Hospital, Pantang, P.O. Box 81 Legon.
5. Mr. T.E. Benson	Supply Officer	Central Medical Stores, Tema.
6. Mr. E.G. Tetteh	Supply Officer	Maintenance Depart- ment, Korle Bu Teaching Hospital Accra.
7. Mr. J.A. Charway	Supply Officer	Central Medical Stores, Tema.
8. Mr. L.T. Quaye	Supply Officer	Limb Fitting Centre, Accra
9. Miss Agnes Brown	Supply Officer	Centre for Linen Manufacturing Unit, Accra
10. Mr. Ofei-Okyne	Senior Pharmacist	Korle Bu Teaching Hospital, Accra
11. Mr. Moses Appiah	Senior Pharmacist	Adabraka Polyclinic, Accra
12. Mr. G.T.A. Armah	Senior Pharmacist	Mamobi Polyclinic, Accra
13. Mr. C.D. Batse	Senior Pharmacist	Central Medical Stores, Tema
14. Mrs Felicia Tagoe	Principal Nursing Officer	Korle Bu Teaching Hospital, Accra
15. Mrs Valencia Cofie	Principal Nursing Officer	Ministry of Health Head Quarters, Nurses Uniform Centre Accra

Name	Designation	Mailing Address
16. Miss Grace Quartey	Principal Nursing Officer	Fantang Regional Hospital, Fantang P.O. Box 81, Legon
17. Mr. Ben. Quaye	Storekeeper	Environmental Health Division, Adjabeng Accra
18. Mr. J.A. Cobbla	Storekeeper	Epidemiology Division, Ministry of Health Accra
19. Mr. Mills-Thompson	Stores Officer	Ghana National Family Planning Secretariat, P.O. Box M.76, Accra
20. Mr. S.B. Ampaw	Senior Supply Officer	Regional Medical Stores, Keferidua, Eastern Region
21. Mr. M.E.A. Armah	Senior Pharmacist	Nsawam Government Hospital, Nsawam
22. Mrs. Alma Adzraku	Principal Nursing Officer (Education)	Community Health Nursing School, Tamale
23. Mr. J.K. Aful	Supply Officer	Effia-Nkwanta Hospital, Sekondi.
24. Mr. S.E.K. Obeng	Supply Officer	Komfo Anokye Hospital, Kumasi
25. Mr. K. Opoku-Boakye	Supply Officer	Ministry of Health Ministries, P.O. Box 1908, Kumasi
26. Mr. R.S. Kwarteng	Senior Pharmacist	Regional Medical Stores, Kumasi
27. Mrs. A. Afedzi-Hayford	Principal Nursing Officer	Komfo Anokye Hospital, Kumasi
28. Mr. G. Barnor	Pharmacist	Central Hospital, Cape Coast
29. Mr. E. Fofie	Pharmacy Superintendent	Bolgatanga Central Hospital, Bolgatanga
30. Mr. P.K. Ofori	Supply Officer	Ministry of Health, P.O. Box 72, Ho, Volta Region
31. Mr. L.Y. Nyidu	Senior Supply Officer	Regional Medical Stores, Kintampo

PLANNING RESOURCE PERSONNEL

Name	Designation	Mailing Address
Mr. I.K. Osei	Director of Supply	Supply and Inspectorate Division, Ministry of Finance, Head Office P.O. Box M.40, Accra Tel. 64131
Mr. S.K. Ahoma	Senior Supply Officer (Inspection)	"
Mr. W. Hanson	Principal Supply Officer	Ministry of Health P.O. Box M.44, Accra
Dr. Y. Aboagye-Atta	Deputy Director of Medical Services P.H. and M.C.H. Family Planning	Ministry of Health, P.O. Box M.44, Accra
C.E. Addo (Miss)	Assistant Director Ghana National Family Planning Programme (G.N.F.P.P.) in Charge of Training	G.N.F.P.P. Secretariat, P.O. Box M.76, Accra
<u>VISITING USAID CONSULTANT</u>		
Mr. David Lynch	Management Consultant	USAID Mission, Ghana Ring Road, Accra.



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO GHANA

Attachment #2

September 27, 1979

Ring Road East Near Osu Circle

P. O. Box 1630
ACCRA-GHANA
TELEPHONE 75346

Mr. David Lynch, APHA consultant
c/o USAID/HPN

Dear Mr. Lynch:

Subject: Your Consultation with GOG and USAID on Logistics and Supply
Management of Contraceptives and Other Commodities in the MOH

The anticipated tasks that we identified in your request to AID/Washington for a consultant are as follows:

Anticipated Tasks would include a) assessment and familiarization with GOG procedures and problems relating to stores and supply management and information systems especially with respect to contraceptives; b) working with workshop organizers to prepare curriculum content, and teaching materials; c) conducting portions of the workshop as requested; d) identifying shortcomings and bottlenecks in present system and recommending improvements; e) assisting USAID and GOG to improve system for monitoring contraceptive flows and forecasting requirements; f) providing technical assistance to GOG agencies involved; g) writing a report setting forth findings, problems and recommendations.

As we have agreed, your functions and tasks during your six week TDY will be determined primarily by the Ghanaians in the MOH and GNFPPS who are involved in the stores workshop and in management of contraceptives and other commodities in the MOH. USAID/Ghana also has certain concerns and issues that we have already discussed informally. You should attempt to address them. These are outlined below.

1. Study USAID health and family planning commodity management and make suggestions for improvements.
2. Assist the MOH and GNFPPS to work out if possible a simple, efficient procedure for reordering, stocking, distributing, keeping records and reporting on contraceptives and other family planning commodities. It would seem desirable that the procedures should be written out, explained and discussed to all the stores people in the workshop and become a part of official GOG commodity management practice.
3. Analyze the supply management procedures used in the MOH for contraceptives, which are supplied through the GNFPPS, as compared to those used for drugs and other commodities managed solely by the MOH. Describe any problems and make recommendations for improvements. In this

connection, outline the pros and cons of continued procurement of MOH contraceptives through the GNFPFS as compared to modification of procedures so that the MOH would be solely responsible for procurement and management of contraceptives used in MOH programs.

4. Describe in some detail the present process for contraceptive procurement, warehousing, distributing, record keeping, and reporting. This would include transportation, physical facilities, forms and reports used, personnel responsible, etc. Identify problems and make recommendations for GOG consideration.

5. The June 13, 1978 AID audit of the Population Program Support project included the following two recommendations:

"The Mission should issue an implementation letter to establish procedures and provide guidance covering the billing, receipt and utilization of contraceptive sales proceeds."

"The Mission should request the Government of Ghana to make a physical inventory of contraceptives on a country-wide basis and establish stock records at all distribution points."

Provide guidance to the Mission for follow-up to those recommendations.

6. Investigate responsibilities and procedures for transporting contraceptives from central stores to regional stores and to final use points and make recommendations for more efficient distribution. Under the commercial program, Danafco, a private firm, distributes contraceptives throughout the country. What would be the feasibility of using them to transport contraceptives to MOH regional stores and district use points?

7. Look into the GNFPFS reporting form to see what modifications might be required, and how they could be implemented, so that acceptor data would distinguish between condoms, foam, foaming tablet, and other methods, (Now all grouped together under other.)

8. Find out why the proportion of family planning clinics that report regularly is low and what might be done to improve it.

9. Work with GNFPFS and MOH to devise stocking and reordering procedures so that at central, regional, and district level the likelihood of supplies being exhausted is minimized.

10. A retail contraceptive sales program is now being implemented under an AID contract with Westinghouse, which has sub-contracts with the private company, Danafco. Decisions must soon be made about commodity procurement, management and distribution after the termination of the Westinghouse contract. Please provide alternatives and suggestions for USAID/GOG consideration.

Mr. D. Lynch

-3-

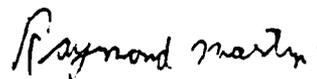
11. Provide a description and assessment of the organization and personnel responsible for commodity management in the MOH and the GNFPF.

12. A Clinic Activities Monthly Report Form is to be compiled monthly at the clinic level providing information concerning supply inventories and contraceptive issues. The GNFPF summarizes them into a consolidated report. Examine these reports, if they are actually submitted, to see what help they can provide in improving overall commodity management. If in fact the reports are not prepared, is it so important that an effort should be made to revive it, or can the needed information be obtained in other manners. Review GNFPF and USAID procedures for forecasting contraceptive requirements and calculating orders and make recommendations for improvements.

13. Your report, which should be submitted in draft prior to your departure, should be descriptive, analytical and prescriptive. It should be written with both GOG and USAID needs in mind. It should identify issues and problems, outline alternate courses of action, and give recommendations, being as specific and detailed as possible. Since your report will be considered a supplement to an in-depth, comprehensive evaluation of Ghana's population/family planning program that is planned for the near future, you should cover all aspects of family planning commodity management. Although your tasks deal most directly with family planning commodities, it would be helpful if the report included discussion of the issues and problems concerning other MOH commodities as well. A summary of the MOH workshop for stores personnel would also be useful.

As we have already discussed, the primary client for your consultancy is the GOG, not USAID. Accordingly, the priorities for your time should be determined by what will help the MOH and the GNFPF the most. The tasks outlined in this letter should be considered as guidelines for your work in Ghana and to the extent that you can perform them, the GOG as well as the USAID will be the beneficiary.

Sincerely yours,



Raymond Martin
Population Officer

cc: Mr. H. Pederson, DS/POP/FPSD, AID/W

Mr. Raymond Martin, Population Officer
USAID/Ghana

October 12, 1979

David Lynch, APHA Consultant

REF: Your letter of September 27, 1979, enlarging on
telegram ACCRA 8164

This is in response to your subject letter. First, I should point out for the record that the purposes of my review as stated in the first paragraph of your letter were affected by (1) the impact of item b), "working with workshop organizers to prepare curriculum content and teaching materials" was somewhat minimized by the fact that development of the greater part of the material had been completed in August prior to the date of receipt in APHA of your telegram requesting a consultant, and (2) the purpose of "conducting portions of the workshop as requested" stated in item c) did not appear in the copy of your telegram received by APHA and myself from AID/W. Actually in fact I had been doing this during the workshop before receipt of your memorandum and naturally continued to do so thereafter.

Although I had read a draft of your proposed subject letter, the final letter was not received until September 27 when I was well into the workshop assignment with the MOH and GNFPP. Since the closing date of October 5, I have been occupied with putting my notes together and rough drafting my report to APHA, a copy of which will be furnished USAID for comments to accompany the report, if desired. Therefore the following comments are offered in response within the limited time available. In some instances your recommendations coincided with actions taken during my review and included in my report, in which case, reference is made below to the appropriate section of the report.

1. From limited time for observation I would suggest closer monitoring by USAID of commodity reporting and increasing contact with Regional Medical Officers in manner similar to our trip to Ho.

2. This was a part of the workshop agenda which included complete description of procedures now existing in MOH. The discussion in the course of each subject involved in supply management was excellent and was supported by handouts which participants will retain for future reference. They are adequate, if followed, to resolve or assist in resolving any problem that can arise in commodity management. Any new procedures recommended are included in my report and/or the letter addressed to Mr. Knafo on the reporting. You and Catherine Adde also made suggestions for his consideration on this subject.

Insofar as developing written procedures to become a part of official GOG commodity management practices, I have no authority to dictate GOG procedures and, if I did, the cost of my time in following them through multi-Ministry and Cabinet approvals (which I am informed are required) would certainly not be justified.

3. Supply management procedures used in MOH are adaptable to any commodity. They are designed to accomplish the maximum utilization and individual requirements of each specific item without regard to the source of supply.

As to the pros and cons of modifying procedures so that MOH would be solely responsible for the procurement and management of contraceptives used in the MOH/GNFFP program, if you are suggesting that MOH instead of GNFFP become the recipient of AID-donated commodities, it appears that this would effectively eliminate GNFFP, an agency of the GOG. Even if the authority existed for such a "modification of procedures," the advantage is not apparent in that GNFFP is organized to handle this one function. If the function were transferred to MOH, it is possible that it would become lost in the multiplicity of responsibilities assigned to that Ministry.

If you are suggesting that MOH procure the commodities through GOG usual procurement procedures, I must, in the interest of family planning objectives, recommend against it. Given the economic conditions now existing in Ghana, it is reasonable to recognize that direct purchase of contraceptives by GOG as a replacement for AID-donated contraceptives would hardly be assigned a high priority in the budget. The continued inclusion of GNFFP contraceptives in AID procurement seems at this time the better choice.

4. See report.

5. See Problems and Recommendation No. 4 and my memorandum of October 9, 1979 to Mr. S.K. Kwifo, Deputy Director, GNFFP, referred to in response No. 2 above.

6. Use of Danafco in transport contraceptives to outlying areas had previously been suggested by Mr. John Hayes, Project Manager for the AID Westinghouse contract, and had been discussed by him with Danafco which, at that time was receptive to the idea. As I advised you, Mr. Hayes and I will reopen the discussions with the company today, after which I will advise Dr. Armer of the results and such further action as is required. I am sorry that you feel that matters of higher priority will prevent your accompanying us.

7. This was recommended in the NE/YPED report dated May 26, 1977, titled Resources Support Services Report: Ghana April 21-30, 1977. At that time Mr. S.K. Kwafu stated that the "other" category was going to be separated into foam, condoms, and other in the near future. I suggest that after determining what AID needs, you discuss with GNFPPS the modification of the form to provide what you need.

8. This also was discussed in the above report. See also Problem and Recommendation No. 6.

9. This was covered in memorandum of October 9, 1979, to Mr. S.K. Kwafu referred to in response No. 2 above. The procedures already exist. The need is to have staff responsible for implementing them comply with procedures.

10. Based on my discussions with John Hayes, in my opinion the most knowledgeable person in Ghana in respect to all phases of contraceptive management, I strongly concur in his recommendations which both USAID and AID/W are aware of.

11. In view of the limited time of my visit, most of which at request of MOH was devoted to the workshop, it seems that any description and assessment of the organization and personnel responsible for commodity management in the MOH and GNFPP that I can give would be of much less value than your own description and assessment based on your nearly 2 years of official contacts and association in working with them. Nevertheless in my brief visits and contacts I found an organization and personnel developed to function well under circumstances existing. Decentralization would aid, as would better storage and transportation facilities and communication with outlying areas. Your continued follow-up on current measures being pursued with a view toward possible improvements which have been discussed with GNFPP and MOH staff with respect to reporting, stocking of contraceptives, and better supply area space is encouraged.

12. The GNFPP Evaluation and Research Unit report is a source of valuable statistics which can be used as a point of departure in tracing clinics that do not report and instituting communication with them. This ties into the reporting problems existing with Regions. The over-centralization may be a factor in Regional Coordinators' problems in obtaining complete reports because of insufficient organizational jurisdiction over clinics. The procedures in forecasting needs based on the reports are acceptable systems but accuracy in the forecasts is dependent on timely and complete reporting, as discussed previously.

13. My report is being prepared in draft for submission to APHA together with any comments which you desire that I include with material submitted to APHA. Copies of all drafted parts of my report are being furnished to you as I complete them. In the event we are unable to discuss all comments which you may have concerning the report, you may send them by mail or have me take them upon my departure at 2030 on October 15, 1979.

cc: Mr. Howard Nough, APHA

Original

REQUISITION
(STORES REGULATION No. 86)

No. _____

19____

To THE STOREKEEPER _____ Please issue to _____ DEPT. _____

Item No.	QUANTITY REQUIRED		Works Order No.	Description
	Words	Figures		

The above stores are required for *immediate use/another store.

The original copy of this requisition must be presented when Stores are required.

Signature and Rank of Officer

*The Officer signing the requisition should strike out whichever does not apply.

GPO/V0363/2,000b KR./G.M. 12/76

Store Form No. 6

ORIGINAL

STORE ISSUE VOUCHER (ALLOCATED STORES)

DEPARTMENT _____

STATION _____

Issued to _____ in accordance with

Requisition No. _____ the following articles:—

Quantity	Unit	Article	Ledger Folio	Notes

_____ 19 _____

Storekeeper

Countersignature of Supervising Officer

Received

_____ 19 _____

Signature and Title

DUPLICATE

STORE ISSUE VOUCHER (ALLOCATED STORES)

DEPARTMENT _____

STATION _____

Issued to _____ in accordance with

Requisition No. _____ the following articles:—

Quantity	Unit	Article	Ledger Folio	Notes

_____ 19 _____

Storekeeper

Countersignature of Supervising Officer

Received

_____ 19 _____

Signature and Title

TRIPlicate

STORE ISSUE VOUCHER (ALLOCATED STORES)

DEPARTMENT _____

STATION _____

Issued to _____ in accordance with

Requisition No. _____ the following articles:—

Quantity	Unit	Article	Ledger Folio	Notes

_____ 19_____

Storekeeper

Countersignature of Supervising Officer

Received

_____ 19_____

Signature and Title

Mr. S.K. Kwafo, Deputy Director, GNPPS

October 9, 1979

Dave Lynch, APHA Consultant

Suggestions for contents of letter to Regional Medical Officers

Confirming our discussion on October 5, 1979, at the closing session of the MDH workshop and as previously requested by Ray Martin, USAID Population Officer, the following draft of a proposed letter to RMOs is submitted for your consideration along with the suggested material prepared separately by Miss Catherine Addo and Mr. Martin.

Dear

Some difficulty has been experienced in obtaining reports of contraceptive sales and distribution from Regions and outlying clinics. The incomplete reporting has created problems in (a) accurate forecasting of replenishment needs, (b) accurate statistical data on types of contraceptives used, and (c) assessment of supply management and distribution.

Contraceptives received in Ghana from AID are off-loaded at Tema and stored in warehouses where the store receipt voucher (SRV) is entered on the Allocated Store Ledger. When quantities are released to you, the store issue voucher (SIV) is posted to the Allocated Store Ledger which then reflects the balances in the Central Stores. This procedure is followed for each issue wherever it may go so that we know the quantities issued to each Region and quantity remaining available in Central Stores for further distribution. We do not know, unless you report each month, what issues you have distributed to clinics and other outlets and what balances you have remaining. Nor do we know what balances are on hand in each of the clinics. As you can understand, GNPPPS and USAID must have these reports in order to purchase additional supplies at the right time, not too soon nor too late, in order to assure the continuous availability of each type contraceptive but prevent overstocking and reduce percentage of deterioration.

Physical inventories are recommended at 6-month intervals to confirm or reconcile, by adjustment if required, with the balances reflected on card records and to establish liability for shortages.

Also of concern to all of us involved with the program is the proper storage and timely issuance of contraceptives. The attached guidelines offered by Family Planning Commodity experts may serve as a ready reminder in this respect.

Please be assured that your cooperation with us by implementing these procedures will contribute much to the successful accomplishment of family planning supply management objectives.

Sincerely,

I want at this time also to express to you my thanks for and appreciation of the opportunity to participate in the MOH workshop which I found to be of great benefit to those involved in supply management. I am confident that the participants experienced a feeling of personal satisfaction in the recognition afforded their operations and that the benefits resulting from the workshop will be passed right down to the patients and consumers.

HPN:DLynch:nt:10/9/79

DIST: DIR, AD, C&R-2

STORAGE OF CONTRACEPTIVES

The "shelf life" of contraceptives is naturally governed to a large extent by the manner of storage, including temperatures prevailing in storage areas. Even then the actual shelf life is controversial and in some cases condoms have become spoiled or outdated before the generally accepted shelf life has expired. On the other hand, tests have indicated that in some cases condoms have a longer shelf life than that cited below. For this reason the "first-in-first-out" (FIFO) rule of issuing is very important to maximize utility and minimize cost.

The Family Planning International Assistance Commodity Manual recommends a 6-month supply on hand and a 6-month supply on order. This, if followed, should apply to all outlets and requires accurate inventory control and reporting by each outlet. FPIA guidelines provide that contraceptives should be stored in a dry location where the temperature does not exceed 24°C or 75°F. These guidelines also suggest shelf life of

PILLS	- 5 years from date of manufacture which is indicated on the package (providing temperature not over 24°C or 75°F)
FOAM	- 5 years (however date of manufacture may not be on package or bottle)
JELLY	- 5 years (however date of manufacture may not be on package or tube)
CONDOMS	- 3 years from date of manufacture indicated on package
DILAPHRAGMS	- Indefinite (but probably only about 5 years in a hot humid climate)
IUDs	- No time limitation

Proper storage of contraceptives is important to attain maximum space utilization and shelf life and to facilitate physical inventories, issuing and re-stocking. It is recognized that there is not always available in every location the perfect storage facilities. However the following guidelines should be observed to the extent permitted by existing facilities.

1. Keep clean room and whitewash walls.
2. Check roof and room for water penetration.
3. Keep direct sunlight off supplies.
4. Stack at least 4 inches from floor and at least 1 foot from wall.
5. Separate stacks to allow inventory counting and FIFO issuing.
6. Stack not more than 8 feet high and have identification marks and other labels visible.
7. Keep area well ventilated and lighted.
8. Do not store with insecticides or other chemicals.
9. Remove and dispose of damaged or condemned supplies promptly in accordance with applicable authorization.
10. Disinfect and spray for insect control on a regular basis.
11. Assure ready availability of fire extinguishers.

Population Growth, Economic Development and Basic Human Needs in GhanaDemographic Data

	<u>Independence in 1957</u>	<u>1979</u>	<u>2000</u>
Total population (millions)	6.2	11.2	21.3
Annual population growth rate	2.4 %	3.1 %	?
Number of Years to double population	29	22	?
Population density (inhabitants per square mile)	67	121	230

Economic and Social Implications of Current Population Growth Rate

- Ghanaians are less well nourished now that they were years ago. High population growth is one factor - there are now 80% more people to feed than there were when Ghana became independent. Drought, rural/urban migration and distribution problems have also contributed. Until recently Ghana was self-sufficient in food grains. Now the country is dependent on food imports and emergency food aid. Continued high population growth will make it increasingly difficult for the agricultural sector to satisfy the country's growing food needs.
- Ghana has experienced a 12% decline in real national income over the last three years. Because of the 9% population increase during that period, however, the per capita income has declined 21%. This means a 1/5 decline in average living standards.
- Growing population and economic pressures are resulting in the rapid disappearance of Ghana's forest resources for lumber, firewood and farming land. Since independence the forest area has been reduced by about 1/4 as little reforestation is done. As people increase and forests decrease, firewood and charcoal shortages become critical.
- In some areas, particularly in the Upper Region, population pressure has resulted in too intensive tilling of the land causing soil depletion, erosion and declining yields per acre.
- Population growth and the lure of the cities result in a rapid increase in the number of impoverished Ghanaians crowded into the urban areas. The Greater Accra population has tripled since independence.

- The World Bank has estimated that Ghana's population will continue to climb steeply until it levels off in the year 2110 at 59 million people. This fivefold increase was based on assumptions regarding fertility, life expectancy, income and the strength of family planning programs.
- Rapid population growth means a high dependency ratio, i.e. half the population too young or too old to be economically productive.
- With much untapped land and other natural resources, Ghana's current population problem is not so much overpopulation as the 3% a year rate of growth, with its accompanying problems of food, housing, employment, education and health.

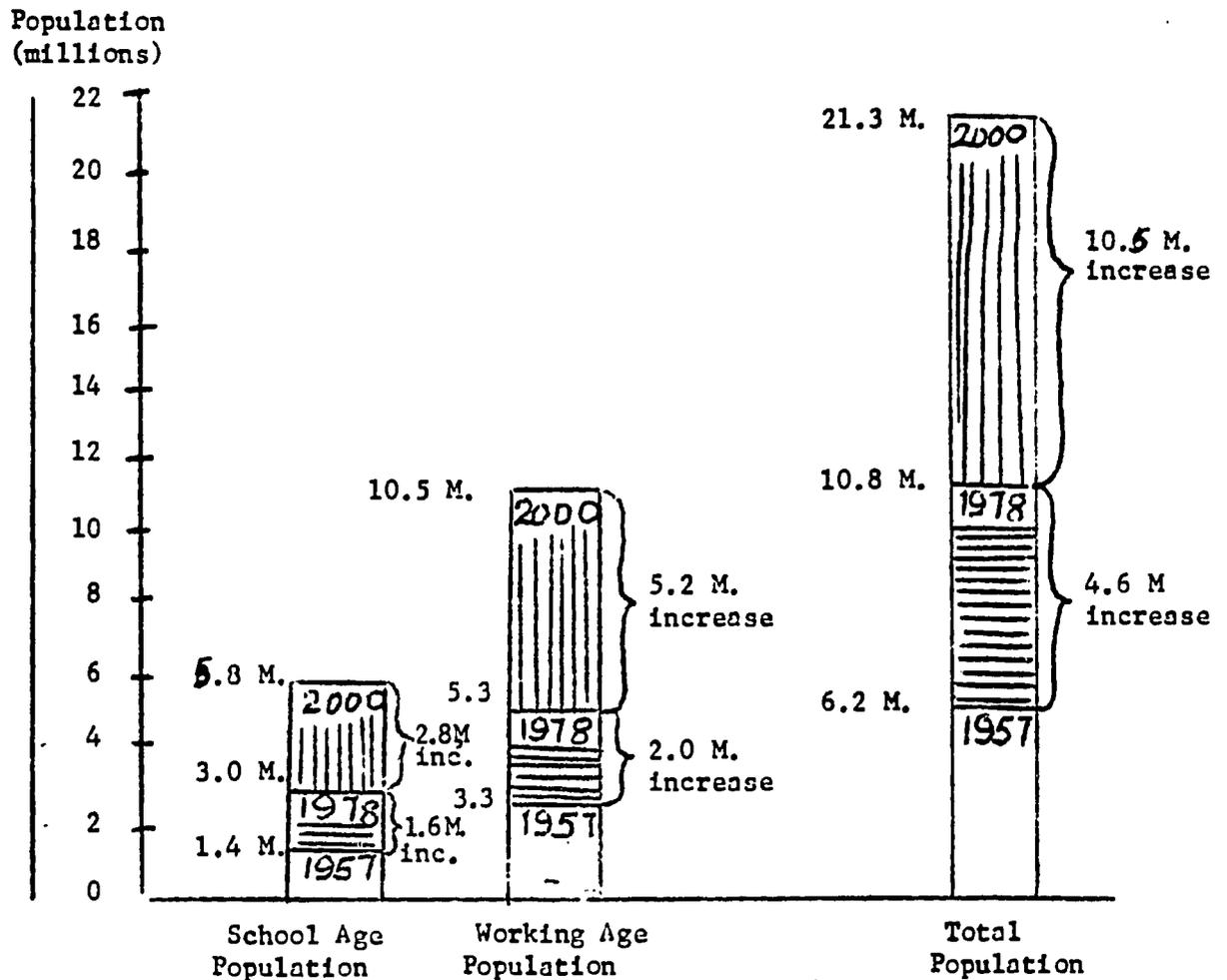
Cultural and Family Values and Population

- Ghanaian culture is strongly pro-natalist. Average family size is seven children. In the United States it is two children.
- Children are widely regarded as an economic asset in the rural areas, as social security for old age, and as a blessing to the family and community welfare.
- High infant mortality induces parents to have many children to assure survival of an adequate number.
- Child spacing is generally well regarded and traditionally practiced for reasons of maternal and child health rather than for limitation.

Ghana's Population Policy and Family Planning Program

- Ghana has a progressive population policy which aims to reduce the population growth rate to 1.75% a year by 2000. Reasons cited include obstacles to development and improvement of the quality of life posed by unchecked population growth.
- A National Family Planning Program was established in 1970 to promote a smaller family size ideal and to organize family planning services.
- In addition to family planning services, factors that seem to be associated with falling birth rates in much of the world include: higher educational levels for women, improved health, falling infant mortality rates, urbanization, egalitarian income distribution, and greater employment for women outside the home. In Ghana as in most of Africa, however, birth rates remain high.

Ghana's Population Increases
Independence to 1978 and 1978 to 2000



Unless birth rates fall or death rates rise, Ghana's future performance in food production, housing, jobs, schools and health must improve greatly or the lives of the people will worsen because of population growth.

For example, the total population increase between today and the year 2000 will be double the increases between independence and today.

The total working age population today is about five million. It will increase another five million by the year 2000. Even with Ghana's relatively good economic growth rate of the 1960's, employment increased only 2% a year. Without much more rapid progress, the future may bring massive unemployment.

In the 1960's literacy and the proportion of school age children in school increased more rapidly than the population. In the 1970's, however, the growing numbers of children outstripped growth in school enrollment. Ghana needs a dramatic reversal of current trends to avoid an even bleaker future for its children.

Population Data Sheet - 1979

	<u>Ghana</u>	<u>Africa</u>	<u>United States</u>	<u>World</u>
Population in 1979 (millions)	11.3	457.0	220.3	4,321.0
Birth rate (births per 1000 population)	48	46	15	28
Death rate (deaths per 1000 population)	17	17	9	11
Population growth rate per year	3.1%	2.9%	0.6%	1.7%
Number of years to double population	22	24	116	41
Population projection to year 2000 (millions)	21.2	831.0	260.4	6,168.0
Infant mortality rate (deaths per 1000 births)	115	143	14	95
Dependent population (under 15 and over 64)	51%	47%	35%	42%
Life expectancy at birth	49	47	73	60
Urban population	31%	25%	74%	39%
Physical quality of Life Index	39	33	95	65
Per capita gross national product	\$380	\$450	\$8,640	\$1,800

Source: Population Reference Bureau, Washington, D.C.

WORKSHOP ON STORES AND SUPPLY MANAGEMENT FOR THE
MINISTRY OF HEALTH SENIOR STORES OFFICERS
UNIVERSITY OF GHANA. 17TH SEPT. - 6TH OCT. 1979

2ND WEEK: 24th September - 30th September 1979

	A.M. 8.30-10-20	A.M. 11-12.50	P.M. 2.30-4.20	7 p.m.
Monday 24th September 1979	National Holiday	-do -	-do-	
Tuesday 25th September 1979	Stores Accounting & Stock Control Mr. Ahoma Mr. Adapoe <i>Mr. Lynch. 5.30 hr</i>	Budgeting and Financial Control (Mr. D.K. Antai <i>NICF</i>)	Case Study G.P. Work	
Wednesday 26th September 1979	Stock Control Cont. Mr. Ahoma (Group Photo.)	Budgeting and Financial Control Mr. S. Owusu- Agyei <i>NICF</i>	Case Study G.P. Work	
Thursday 27th September 1979	Indenting and Purchasing Mr. Aitkens	Import Control Min. of Trade Mr. Kwame	Case Study G.P. Work	
Friday 28th September 1979	Stores Accounting Mr. Adapoe	Indenting and Purchasing Mr. Osei Tutu <i>Chris Thomas. 2.15</i>	Coding of Stores Mr. I.K. Osei	
Saturday 29th September 1979	Review of Second Week Mr. D. LYNCH	Practice form filling Group work		Film Show 7.p.m.
Sunday 30th September 1979	Church Service			
3RD WEEK: 1ST OCTOBER - 6TH OCTOBER 1979				
Monday 1st Oct. 1979	Vaccine Handling Dr. Agadzi	Security and Preservation Mr. Acheampong	Medical Supply Adminis- tration Mr. Hanson	
Tuesday 2nd October 1979	Security and Preservation Mr. Hanson	Stock Taking Mr. Acheampong	Security and Preservation Mr. Acheampong Film Show 7.p.m. <i>10.15.79</i>	
Wednesday 3rd October 1979	Handling of Losses Mr. Adapoe	Handling of Disposals Mr. Acheampong	Medical Supply Administration Mr. Hanson	
Thursday 4th October 1979	Marine Insurance S.I.C. & B.S.L.	Import Control Cont. Min. of Trade and Bank of Ghana	Case Presentation in Plenary and Reactions	
Friday 5th October 1979	Clearing and Forwarding C.&E. Mr. Sasu	Clearing and Forwarding G.S.C.	Course Evaluation All Resource Personnel Closing Dinner - 7p.m.	
Saturday 6th October 1979	Departures			

SUMMARY OF LECTURE NOTES*The Inventory*

Definition - Means of ensuring constant availability of the right quantity and quality of goods.

2. Scope/Processes -

- (i) Assessing items to be stocked
- (ii) Deciding the actual quantity of items to be stocked
- (iii) Regulating receipts and issues of goods

3. Objectives -

- (i) Ensure ready availability of materials without encouraging
 - (a) Excess stock
 - (b) Run Out or Nil Stock
 - (c) Unwanted items.
- (ii) Analysis of the effects of 'stock out' overstocking and unwanted items e.g. deterioration, capital lock up, pilfering unemployment etc.

4. Ordering and Storage Costs

- (i) Justification for stockholding e.g. continuity of operation as regards production of goods and services.
- (ii) Breakdown of ordering and Storage Costs
 - (a) Ordering Cost - stationary, freight, customs duty, insurance, handling charges etc.
 - (b) Storage Cost - Loss of interest on capital, bills and rates, rental, deterioration of items etc.

5. Provisioning -

- (i) Definition and relationship of provisioning with stock control and purchasing functions
- (ii) System of operation as a means of determining when and how much to order
 - (a) Setting Up of Stock levels - Minimum, maximum, ordering, hastening level etc.
 - (b) Visual control system - Merits and demerits.

6. Re-Order Quantity - determination, purpose and factors to be considered e.g. dues - in, dues-out, leadtime, cost of storage etc.

7. Review of Stock levels - The purpose.

STOCK CONTROL

Definition - Stock control is the means by which material of the correct quantity and quality is made available as and when required with the regard to economy in storage and ordering costs, purchase prices and working capital.

2. Processes: stock control involves four main processes, namely

- (i) Assessing the items to be held in stock and those to be purchased only when the demand arises.
- (ii) Deciding the extent of stockholding i.e. determining the correct quantities of the items individually and collectively.

- (iii) Regulating the input of stock into the storerooms. This involves controlling of receipt
- (iv) Regulating the output of stock from the storerooms i.e. controlling of issues.

3. Objectives: The main purpose of stock control is to maintain a balanced flow of goods and supplies at minimum cost. Accordingly, any stock control system which is adopted should aim at eliminating the three evils in the stockholding business.

These three evils are:-

- (i) Excess Stock: Excess stock is any amount of goods over and above the predetermined maximum stock level.
Among the disadvantages of excess stocking or overstocking are:
 - (a) Locking up of capital
 - (b) Unnecessary occupation of storage space for fast moving items
 - (c) Encouragement of pilfering
 - (d) Deterioration and depreciation of stock.
- (ii) Stock Out/Nil Stock: This refers to a situation in which a store-keeper cannot make issues for lack of goods. The main disadvantages of "run out" include the following:-
 - (a) Loss of good-will or business reputation.
 - (b) Laying off workers for lack of essential raw materials i.e. unemployment
 - (c) Unnecessary increase in the cost of project due to hasty decision to purchase materials from any source of supply without thinking of prices.
- (iii) Unwanted Stock: These are items which are not needed by a particular organisation even though the stores may be of use to other organisations. The storage of unwanted stock involves both direct and indirect costs, namely:
 - (a) Waste of storage space
 - (b) Capital tied in goods which are not needed for any purpose
 - (c) Depreciation of stock.

4. Ordering Cost & Storage Cost

- (i) Ordering Cost is the total expenses involved in placing any single order. The Cost of ordering includes clerical and administrative costs. Among the expenses constituting the cost of Ordering are as follows:
 - (a) Stationery
 - (b) Freight
 - (c) Insurance
 - (d) Handling Charges
 - (e) Customs duty
 - (f) Certifying and pay invoices.

- (ii) Storage Cost - This refers to the total cost involved in the storage of goods instead of buying them for immediate use. The factors comprising the costs of storage are as follows:-
- (a) Loss of interest on capital tied up in the form of goods.
 - (b) Operating expenses of the storehouse, including wages, rental rates, repairs, heating, cooling, lighting etc.
 - (c) Deterioration of stock
 - (d) Obsolescence
 - (e) Insurance against theft, fire etc.
 - (f) Stock checking
 - (g) Recording and accounting for store items.

Costs of storage could be substantial and investigations made in various industries have shown that the annual cost of storage may be of the order of \$10.00-30.00 per \$100.00 stock held.

Reasons for Holding Stock: Every public and private organisation has a storehouse and finds it necessary to keep stores in stock for one reason or the other. For instance, (a) When delivery cannot exactly be matched with the usage day by day. (b) When discounts or improved prices for bulk purchases more than offset the cost of storage. (c) When operational risk or possible changes in programme require the holding of stock as a precaution against serious breakdown or interruption of production or other activities (d) In the case of work in progress where a completely balanced production flow is impracticable. (e) When the fluctuations in the prices of commodities dictate the need to hold stock due to low prices. (f) Some times sometimes depreciate in value during the time of storage e.g. wines and spirits.

5. Provisioning - Provisioning is a process of determining in advance when and how much to order. Provisioning is an aspect of stock control.

Methods of provisioning: It is only by adopting efficient systems of provisioning that stock could always be made available without necessarily overstocking or resorting to irrational purchases. Two simple methods of provisioning are as outlined below.

- (a) Setting up of Stock Levels - One method of provisioning is by setting up stock levels as a means of regulating the inflow of items into the storehouse.

Among the stock levels are as follows:-

- (i) Minimum stock level - is the amount of stock below which the stock of any given commodity should not be allowed to fall. When the level is reached it triggers off urgent action to bring forward delivery of the next order.

The minimum stock level (Danger stock Level) thus symbolises the approach of stock out with all its attendant effects. (refer to notes on the effects of stock out).

In fixing a minimum stock level therefore one has to consider the effects within a 'run out' could have upon the smooth flow of work.

(ii) Ordering Stock Level: This is the level of stock where it is considered that a new order should be placed considering the existing stock, rate of issue and the leadtime.

Any decision on setting up Re-Order must take into account two main factors, namely.

- (a) the anticipate rate of consumption i.e. rate of issue
- (b) the leadtime (i.e. the period between the time an order is placed and the time the goods actually became available on the shelf)

(iii) The Hastening/Progressing Stock Level: This refers to the level of stock considered appropriate to chase up outstanding orders e.g. by requesting suppliers to make early deliveries of outstanding orders.

(iv) Maximum Stock Level: It is the level of stock above which the stock-holding should not be allowed to exceed.

The purpose of this level is to curb excess stocking or excess investment.

In fixing a maximum level, the main consideration is the avoidance of waste through

- (a) capital lock up
- (b) deterioration
- (c) Unnecessary facilities
- (d) occupation of storage etc.

The maximum stock level thus signifies the need to defer or cancel out standing deliveries.

6. Visual Stock Control: This is a simple method of controlling the quantity of items in stock in a small storehouse.

It is operated by segregating an appropriate quantity of items to constitute the ordering level of stock.

The storekeeper's responsibility in this respect is to report the stock position to the appropriate authorities when he finds that he has to issue from the reserved stock or fixed stock.

This method is simple but it calls for a very honest storekeeper to make it successful.

7. Ordering Quantity: This refers to the actual quantity which is considered appropriate to purchase at any one time. The need for determining the quantity to purchase is to avoid overstocking and understocking with all their attendant effects. (e.g. deterioration)

Any decision to fix the Ordering (Re-Order) Quantity should therefore take the following into account:

- (a) Dues - In (goods ordered but which have not yet been supplied)
- (b) Rate of Issue (Turnover: period of time)
- (c) Leadtime (The time lapse between ordering and receipt of goods into stock.)
- (d) Storage facilities
- (e) Shelf life of the time (expiry date)

- (f) Storage costs.
- (g) Ordering costs

2. Periodic Review of Stock Levels

To keep abreast with the changing conditions of demand, it is necessary that stock levels be reviewed periodically (e. g. half-yearly or annually).

This is necessary because the levels set originally could soon become out of date and thus render the system of stock control ineffective.

DESCRIPTION OF STORES-ADDITIONAL STORES & HAND-OUT
AFTER LECTURES

"Description of Store items" means saying or writing all that one knows about an item of store. The word "Description is derived from Latin - De & Scribo - Scribere - Scripti - Scriptum which means I write or say all about a thing. In Supply Management, as perhaps in no other field of human endeavour, description or the specification of an item is so very important as without an accurate description or specification there can be the danger of purchasing the unsuitable item; there can also be the possibility of rendering a confused stores Account, let alone the paying for an inferior article with the price for a superior one. It is therefore of the utmost importance that all possible accurate description or specification should always be given so that the supplier or the stores officer is left in no doubt, and to supply no other item but that which is required by the Requisitioning Officer.

2. Description of Specification of an item of Store is generally an aid for the correct identification of the item just as other efforts such as Code, stock or Pattern Numbers are aids. Trade or Brand Names, though also aid in the regard should, as much as possible, be avoided.

3. Along the Production as well as the lines of Trade or Commerce, there is always an effort to code the finished product as well as the Raw Materials for reasons of easy identification and reach and supply; there is therefore the Stock Vocabulary, the need also for the compilation and distribution of Catalogues by the Principals to the clients just to facilitate in Supply communication and language and identification of the article. Code or Pat Numbers correctly written have the advantage over the need of having to write or fully describe an article before it can be identified by the other person.

4. All the world over, particularly in large Manufacturing Concerns there is always the endeavour to compile and review catalogues of their products merely for the ease of identifying the clients or Agencies' needs, and it is hoped there would one day be an international or Universal Supply Management Vocabulary to aid all in the easy identification of the article required to be supplied.

5. In some Departments of Government in Ghana spasmodic efforts have been made to compile stock Vocabulary and to code common user stock items; e.g. the Public Works Department, the Ministry of Agriculture and the Ministry Health. There may have been other efforts in some of the smaller Departments, but the main handicap in this effort is the omission of frequently revising or up-dating the stock vocabulary.

6. In the absence of a reliable stock Code or Vocabulary as a means of identifying an article, it is always essential that a comprehensive description or specification (with Drawings if necessary) should be given; here some of the professional non-supply staff must share in the failure to give

a comprehensive and accurate description instead of Trade or Brand Names, particularly as it happens in the Mechanical Engineering fields where instead of specifying clearly the necessary Engineering Details as, Engine capacity or Code, Chassis Code Engine Combustion, Piston Displacement Ratios, shape of Body or coach, Suspension, Ground Clearance, Transmission Details etc etc. There is normally the rather ^{VAGUE} ~~vague~~ reference to Brand eg. Range Rover, Commer 7 Ton, Bedford or Toyota Truck, etc.

7. As Supply Management Staff, it is of utmost importance that the attention of the other staff of the Department being serviced by you, is drawn to ensure that the full specifications of their needs are made available by the Professions or Disciplines of Engineering, Medicine, Agriculture etc., before the effort to purchase or place orders for the goods is made. Their attention should be drawn to any available Literature, Catalogues for all possible detailed specifications.

8. When the Crown Agents were the purchasing Agents for Ghana (Gold Coast) and some other Overseas Administrations, they prepared "Notes on the Preparation of Indents" and within the Pamphlet were Groups of Purchasing Departments of the Agent such as Civil Engineering, Mechanical and Electrical Engineering General Stores Departments etc. etc. Under each of these Departments there were the Groupings with their respective codes. Similarly the Ghana Supply Commission has, in their operation as the Purchasing Agents of the Ghana Government, prepared a pamphlet showing the various Departments, Groupings etc etc.

9. For an illustration, random but strategic examples are given in the succeeding paragraphs of different types of store items that belong to some of the peculiar Groupings:-

A. MOTOR VEHICLE SPARE PARTS

Carburettor (Complete)

- (i) Name & make of Vehicle or Machine
- (ii) Year of Make
- (iii) Engine and Chassis No.
- (iv) Manufacturers Patt. No.
- (v) If no Patt No. then all necessary Engineering details about performance components etc.
- (vi) Any Drawings if possible

B. ELECTRICITY CONDUIT CABLES

- (i) Length Required and Packaging
- (ii) Diameter or Strands
- (iii) Sheathed or insulated and Type
- (iv) Voltage to carry
- (v) Internal, External, Aerial or underground
- (vi) Any other useful information or Code

C. WATER OR PLUMBING EQUIPMENT

Pipes: Earth, P.V.C. Galvanized, copper

- (i) Stock code or Part No. if possible
- (ii) Length per piece and: Total Length
- (iii) Internal and External Diameters
- (iv) Matter and weight per given length
- (v) Degree of synthesis or pure
- (vi) Ends: Male or Female connections
- (vii) Strength under given pressure to avoid easy crushing etc.
- (viii) Any other Engineering: Detail

Couplings: Bend, Straight, Ts etc.

- (i) Angle of Bend or useful Measurements
- (ii) Length: Full or Inparts
- (iii) Diameter: Internal/External
- (iv) Female or Male Gas
- (v) State: Copper, Galvanized, Steel, Plastic etc.
- (vi) Any other useful engineering: Details

W.C. SETS (Cistern Complete, Bowl and Seat with cover)

- (i) Material: Plastic, Porcelain Aluminium or C.P. or E. Steel etc.
- (ii) Shape: Dimentions etc.
- (iii) Capacity of cistern and specify components of the cistern
- (iv) State colour
- (v) Operating handle left or right
- (vi) Any code or Patt No.

BOWL

- (i) Shape and Colour
- (ii) "P" trap or "S" Trap
- (iii) Length/Angle of connection between cistern and Bowl
- (iv) Diameter of Trap end
- (v) Any other useful Details

SEAT WITH LID OR COVER

- (i) Colour
- (ii) Material: Plastic, Wooden or Ruberized
- (iii) Any otheruseful Details or Code

D. GENERAL STORE ITEMS

1. Timber and Wood, Plywood and Veneers:

- (i) Type-soft, Hard and Red or White
- (ii) Botanical Group, Class and Name
- (iii) Plants, Board or Scantlings
- (iv) Various Dimensions
- (v) Grain Arrangements
- (vi) Purpose Required: Furniture, Building or Structural or Marine or Dock, Railway sleepers Tool Handles etc.

2. ROOFING SHEETS ETC.
ASBESTOS, ALUMINIUM, MING OR IRON,
FIBRE OR TRANSLUCENT SHEETS

- (i) Select Type
- (ii) Gauge of Material
- (iii) Size: Length and Breadth and Threlessness
- (iv) Corrugated, or Flat or Style
- (v) Type or corrugated, Major or Regular - specify corrugations to given breadth
- (vi) Weight per piece
- (vii) Any code or Patt No.

3. GLASS, SHEETS ETC.

- (i) Plain, Obscure, Translucent Tinted, Coloured, Design Stucco
- (ii) Dimension: Length, Breadth Thickness
- (iii) Tensile or Pressure Resisting Strength
- (iv) Code or Patt No.

4. Iron Meshery: Rods, Bars Angle, ERC etc.

- (i) Mild or Tensile Strength
- (ii) Diameter, Length, Dimension Mesh or Meshes per given Area
- (iii) Material, pure steel or Galvanized cast or Plated, Bronze, copper etc.
- (iv) Weight per given length

5. PAINTS, OILS AND FUEL

- (i) Type - Enamel or Emulsion
- (ii) Colour character distinctive ie. Basic or mixed/combination
- (iii) Units of Account - Gallon/Litre - Drums
- (iv) Ratio of Mixture - Density
- (v) Viscosity Ratio
- (vi) Any other Technical/Chemical Details to be given by the Professional

6. BATTERIES

- (i) Size of shell - Box
- (ii) Voltage - Six or Twelve - Light or Heavy
- (iii) Cell Plates, 9, 12, 14, 21 etc.
- (iv) Specific Gravity of Electrolyte
- (v) Any other Electrical Engineering Details

7. RUBBER PRODUCTS

(A) Outer Cover & Inner Tubes:

- (i) Type,- Pure or synthetic or Artificial
- (ii) Size - Tread width and Rim
- (iii) White-wholed or Ribbed
- (iv) Ply-rating
- (v) Design of Tread or Road Gripping Device

(b) RUBBER GLOVES

- (i) Type - Protective, Operation, Post-Mortem Surgical etc.
- (ii) Size - Various
- (iii) Unit of Account - Pairs
- (iv) Material - Synthetic or Pure Indian
- (v) Tension Resistance or any other Technical Data

E. Medical Preparations and Equipment

(a) Medicines

- (i) Name: Basis or Ingredients
- (ii) Solids, Powder, Liquids, Emulsified Vaccines, Re-agents, Injectable, Infusions capsules, spirits, Gaseous, etc.
- (iii) Unit of Account - Singles, Packd quantity
- (iv) Potency
- (v) Any other professional Directives

(b) Medical or Hospital Equipment and Utensils

- (i) Wards equipment
- (ii) Theatre equipment and appliances
The various scissors and Bowls
- (iii) Dental equipment
- (iv) Clinical equipment
- (v) Laboratory Equipment, etc.
- (vi) Dispensary equipment Jan, Mortar etc.
- (vii) Various other sections

Examples of the main items at the above hospital sections may be cited and treatment given as for the others.

F. Paper, Stationery items

- (i) Name
- (ii) Any code or Catalogue No.
- (iii) Unit of Account - Ream, Sheets, Folio
- (iv) Size - Foolscap, Ream Quarto
- (v) Plain, Ruled Feint etc.

10. It is quite impossible to list out all items for treatment in this lecture and students should follow the guides above in endeavouring to treat other interesting items in syndicate and where there are any problems, the item may be brought up for discussion.

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PURCHASING

Purchasing is an involved type of buying which necessitates the application of scientific techniques and procedures in ensuring that the best material is obtained at the most competitive price; delivered at the most appropriate time and in the most economic quantities. To achieve this objective a Buyer should adhere to and apply sound purchasing principles throughout the entire purchasing cycle, as briefly illustrated hereunder:-

1) Product Identification/Determination:

Methods usually applied are value analysis and variety reduction and these are carried out at the Budget Hearing level.

2) Product Specification:

Description and specification of the product required should be thorough and without any ambiguity. Reference Books like the B.S.S. series etc may be used.

3) Nature of Purchases:

If the product is urgently required, an order is placed direct on the source of supply. Where tendering is considered feasible, Tender Documents are prepared and issued out for quotations to be submitted on due date for adjudication (Refer to Tender Adjudication)

4) Preparation Of Purchasing Contract:

When the source of supply is identified, the buyer draws up his purchase Contract with all the essential features of a Contract and supported by the General and specific conditions of Contract as well as shipping/forwarding instructions.

5) Progressing:

The buyer should inform the indenter of the progress of the order from time to time until the goods arrive for clearance.

6) Other Essential Fields:

(a) Purchasing Statistics:

A good procurement Unit should be in a position to prepare periodically its purchasing statistics for the information of Management. The main purchasing data should include savings/loses and outstandings. The Buyer should also compile purchasing data on the performance of the Suppliers and also have record of all faulty purchases made. Such information is useful to the Buyer and his Organization.

7) Wise Quotations:

You cannot afford to condone mismanagement and inefficiency in an organization that utilizes the greatest proportion of the entire budget of the nation for supplies and services; neither can you afford to leave it in the hands of persons other than dedicated and honest men with the requisite professional training. T.A. AIKINS.

The purchasing Officer should probe and question suppliers statements and promises and it is also his job to explore new ideas, materials and methods. He should be the channel by which the user Departments can communicate with the suppliers and that it should be the accepted rule that suppliers or potential suppliers do not contact the user Departments except through the purchasing Officer. W.J.J. FILLIS.

Purchasing is one of the most tempting professions and the more decentralized it is made the more are the areas created for corruption with very little or no control. T.A. AIKINS.

The Technical Staff of a user Organization may be Xightly skilled in their own sphere but are usually relatively inexperienced in negotiation, drawing up of conditions of contract and Contract Management. W.J.J. FILLIS.

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STORES ACCOUNTING - HAND-OUT AFTER LECTURES

The ^{the} maintenance of an adequate and effective Stores Accounting system is the means by which:-

- (a) The value of stocks held can be ascertained at any time
- (b) The accurate or approximate costing Material or Quantity-wise of any Project and for that matter the costing of any item of store consumed or disposed of accidentally or otherwise.
- (c) The available stock capital or approved given ceiling of stock can be ascertained, and stock operations limited within that ceiling; above all apply the necessary stock control so that the available stock capital may not at any time be exceeded, taking into account all stock liabilities as well as assets.
- (d) Stock Transactions or Trends are shown. In any stores organization where the means or records are not mentioned or geared to provide these functionary information, then that store cannot be said to maintain any stores accounting system or where the machinery exists but supervision is poor and the essence of maintaining a stores accounting is overlooked then the accounting may be said to have failed in its purpose.

2. In the Ghana Government Storekeeping two accepted systems exist:-

- (a) Allocated and
- (b) Unallocated.

In the Allocated system goods are purchased from a specific Project Vote approved by Parliament or the Ministry of Finance and the funds released for Expenditure under an Expenditure Head of the Estimates for the fiscal year; such goods are held in stock and on the completion of the Project the stock may lapse with the related financial year. Such store items may range from common user items to capital goods depending on the character of the Project which may be development or ordinary Expenditure. Hitherto these stores are referred to as Ready-use or Project stores and because the total expenditure on them normally are accepted in bulk there was not the need to price items so held on charge, but just the quantities. However, it is now desirable that all Allocated Stores of Government should be priced so that at any given time the stock value can at least be ascertained.

Because the stock issues are rather direct i.e. from storehouse to the specific Project there is that laxity in stock control practices with the result that misapplication of the items of store and losses are normally frequent.

On the other hand in the unallocated Stores System, the funds approved for stock capital are specific do not lapse with any financial year, and have a sort of Revolving character.

The funds may be in the Form of Deposit or Approved in an Expenditure Head of Estimates e.g. in the P.W.D. or the Ministry of Agriculture respectively. In either of these Departments the stocks held are to all intents and purposes held in "Suspense" or "Revolving" and are regarded as Cash or Stock with value placed on them. Therefore for any given period the value of stock as well as general Turn Over can be ascertained and for that purpose the prescribed Main or Primary stock Control Records as well as subsidiary Ledges are maintained as shall be seen in the later paragraphs. In the Ministry of Health however there would appear to be a "Misnomer". The funds provided are under an Expenditure Head "Unallocated Stores" in the sense that the funds are only Block merely for central purchasing or acquisition of the Ministry's Drugs as well as the other Medical/Hospital Equipments. There is not the Suspense or Revolving character and the Provided funds in a particular Financial Year do lapse with the year, and the new year may have a larger or smaller sum voted. There is not any ceiling therefore other than the yearly figure approved in the Expenditure Estimates. This so called stock ceiling cannot be ascertained at any given period in the fiscal year as there are not the Records and the accounting mechanics for this purpose. As the Ministry of Health Stores are incapable of fulfilling the primary functions as indicated as subparagraphs (a)-(c) of paragraph 1. above they may be described as some other system of stock-keeping than Unallocated.

Furthermore, as far as the inform goes the correct procedure for commencing an Unallocated Store System from allocated Store had not been followed. For a memory refresher this is as follows:-

- (a) After the decision on the system by the Government, there will be a general Stock taking and stock evaluation by a Board of Survey.
- (b) Create a Revenue Head to be termed "Value of Allocated Stores converted to Unallocated stores". This will be credited with the value of the Stores so evaluated and the new Unallocated Stores subhead of Expenditure or Deposit Account will accordingly be Debited.

3. One essential ingredient in stores accounting is pricing and this is a very essential basis for ascertaining stock value. There are the

1. Material Cost Price and this may be arrived at:-

- (a) Cost or Invoice Price
- (b) Exclusion of Trade Discounts
- (c) Exclusion of Quantity Discounts
- (d) Exclusion of Cash Discounts
- (e) Addition of Transport/Freight charges
- (f) Addition of Packaging or Trade charges
- (g) Addition of Insurance charges
- (h) Addition of Customs Duties and Taxes
- (i) Addition of other Overhead charges.

II. Stock Issue (Selling Price)

- There is the (a) Market Pricing
(b) Standard Pricing
(c) Average Pricing

In deciding on whichever of the Pricings that may be adopted regard must be had to the mechanics for arriving at the Material Cost Pricing plus any or all of the following:-

- (a) Rents
- (b) Staff Salaries
- (c) Clothing - Procedure
- (d) Other connected overheads incurred in the store organisation

III. Market Pricing: This method is normally employed in Commercial organizations and is the price dictated by the ruling Market. This may even be lower than the material cost Price of the goods should sell out. For instance late arrival of goods for which contract involving higher prices had been signed long ago, and prices influenced down wards later.

IV. Standard Pricing: This is the method of pricing of goods at a periodically fixed price; this method of pricing obviates the need to for new price especially when the fluctuations are insignificant and within an agreed percentage fluctuation. The advantages of maintaining Standard Price is to avoid frequent price revision and fractional calculations and also the persistence in the use of the same price calculations over a given period of time. The main disadvantage is the reflection if an price and the occurrence of a cumulative loss or profit over the ruling price. In this situation there is the need to maintain a variation Account to accept the price variations. Standard Price may be likened to legal Pricing or control prices. In this case the Prices and Incomes Board periodically decides on ruling Prices which are given the force of Government law. The new control Price may affect old stocks either favourably or unfavourably the variation in price may be taken care of in the variation Account.

V. Weighted Average Pricing: The first two pricing methods are quite unusual in the government Stores Accounting but the commonly used method is the weighted Average pricing method. This is the method well known to almost all Government Storekeepers. It is the process whereby the new stock quantity is added to the old stock on hand and the resulting quantity becomes the Divisor to the old financial balance plus the new total price together. The quotient is the new issue rate or price for each of the stock items (old and new put together).

(4) Stock Account and Records: Books are required to maintain and give effect to a good stores Accounting. The Primary Accounting Records in the Ghana Government Storekeeping are:-

1. Ledger - (a) Allocated or Unallocated
 - (b) P.S.C.I. Cards
 - (c) Store cost Book
 - (d) Cardex system
 - (e) Various Machine Record Cards.
2. Tally/Bin Cards
3. Vouchers: (a) Receipt Vouchers
 - (b) Issue Vouchers
 - (c) Requisition Vouchers
 - (d) CRVIV
 - (e) Transfer
4. Orders: (a) Local Purchase Order
 - (b) Indents
 - (c) Letter Orders
 - (d) Term Contract Orders

Other Records are required to be maintained for further information necessary for the compilation of more detailed Stock Account: Those are referred to as Subsidiary Books or Ledgers of Account and may include:-

- (a) Losses and depreciation Account Ledger
- (b) Appreciation and Profit Account
- (c) Variation Account
- (d) Local Purchases Account
- (e) Freight - Transport Account
- (f) Insurance Account
- (g) Extract of Receipt in Stock year
- (h) Extract of Issues in stock year
- (i) Extract of Periodic Stock Balances
- (j) Advances general and Personal.

The Ledgers at (g), (h) and (i) constitute the Main stock Account but as many subsidiary Ledgers as possible may be maintained as necessary to facilitate the compilation of any part or the whole of the stores Accounts.

5. In commercial Storekeeping there is the need for the main features are as follows:-

DR	CR
1. Opening Stock Value	1. Closing stock value
2. Receipt in Period	2. Issues or Sales in Period
3. Wages and Salaries	
4. Depreciations	
5. Rents, Rates, Charges	
6. Other expenses Utilities	
7. Profit or Loss for the Period	

6. In Ghana Government Storekeeping there the need for the Unallocated Stores System to prepare a periodic-Stock Balance Sheet in the following:-

Receipts	Issues
1. Ghana Supply Commission	1. To Depst. Votes
2. Local Purchase Order	2. To other Depts.
3. Transfers - Departmental other Departments	3. To claims
4. Return from books	4. To advances
5. Surpluses taken on charge etc	5. Sundry Pension - Repayment
6. Total Receipts	6. To losses
Previous Balance Brought Down	7. To transfer
Certificate to be signed by O./G.	8. To Adjustment on total Issues Balance to be C/F

7. Again in the Government Storekeeping there is not as such Cash Transaction as there is Voucher or paper Transactions. There is therefore a Materials Expenses Account; this is essentially the summary of stores Receipts and a summary of stores Issues as prepared on the Periodic Statement of Stores Received and Statement of Stores Issued. Both Statements are imported with the appropriate copies of Orders or vouchers.

The financial clearance is effected inter-departmentally by means of an inter-Departmental Adjustment Voucher duly supported by the monthly Statement of Stores Issued for acceptance. Individual or prepayment statements are also prepared in a similar way but duly supported by the relevant Counterfoil/Treasury Receipt Numbers and dates.

It is very essential that Acceptances by the drawing Departments and their respective Treasuries should be made promptly notified to the Issuing or Stores Department, as a delay may cause suspension of any further issues of stock to the defaulting Department.

8. Then there is a Monthly Clearance by Jornal Entry between the Store-keeping Department and Requisitioning Departments on one hand and the Controller and Accountant General on the other hand.

More often than not the clearance by Jornal Entry between the Controller and Accountant General should be confirmed by the letter, so that the financial transactions may be known to be complete by the Storekeeping Department.

9. At the end of the financial year a Report is submitted to the Controller and Accountant General in the form of a tabular Summary covering the Stores Transactions during the year. This Report is in three parts

- (1) Stock Account
- (2) Financial Account
- (3) Reconciliation of Stock Account and Financial Account.

Details of the procedure in submission of Tabular Summaries are as set out in Store Regulation No. 286 of the 1953 Edition of Government Store Regulations.

(Sgd.) S.K.K. ADIJOE
PRINCIPAL SUPPLY OFFICER
(RETIRED)
P.W.D. CENTRAL STORES

DATE:AUGUST, 1979.

RECEIPT OF STORES
HAND-OUT AFTER LECTURES

On the arrival of all items of Stores at any Storekeeping Department or Organisation an existing procedure is followed by the appropriate officer, by which the items are inspected, checked and then placed on the appropriate primary stock records viz Store Ledger, Provisioning and Stock Control Cards, Tally Cards etc. and this by the employment of the usual Store Receipt Voucher or by any other suitable accompanying document. All Stores items from whatever source of receipt, either Departmental or Inter-Departmental or outside or from foreign countries are subjected to a process or receipt practice which, in brief, is referred to as the Receipt of Stores.

2. There are usually two Main sources from which items of Store should be expected.

- (a) Outside Sources Viz all purchases by means of Indents, Local Purchase Orders, Contract Term Orders by Requisition on to other Departments or Government Organizations etc.
- (b) From within the same Stores Organization, by Transfers, Returns from on-going or completed Projects, Surpluses found after stock-checks including Stock Verification or Auditing, Scrap Arisings or through authorised cannibalization particularly of Mechanical equipment, and sometimes salvaging of items like Everite or Earth Pipes, Decanting of Liquids etc.

3. For purposes of accurate preparation of stores Receipt Documents e.g. Store Receipt Vouchers, it is very essential that copies of all Orders for goods should be made available to the officer at the Receiving Point; this will enable him to have knowledge previously of expected goods, with particular reference to quantities, specifications etc. etc. so also should this officer be kept in touch regarding the general progress and development of the Orders, by communicating to him the Progress Advices, Invoices etc.

4. On the actual arrival of the goods, the Carriers or Consignors' Notes and Waybills shall be matched with the Order quantities as well as the physical goods; In the event the quality as well as the quantity required and received are not in dispute, a Store Receipt Voucher in Triplicate (as explained and illustrated) shall be prepared duly registered and Numbered in the Local Series of Stores Receipt Vouchers. This is the Voucher which shall support the receipt Entry in the Store Ledger/Cost Book/P.S.C.A. Card/Tally Card connected with this stock receipt. If there are partial or Instalment arrivals or deliveries, S.R.Vs shall similarly be prepared, but the storekeeping Officer must be aware and related the cumulative result or total receipts to the order quantity.

However, in the event there is a Deficiency due to short delivery or Damage the related accompanying documents (Waybill or Consignment Notes) shall accordingly be endorsed.

In the case of Unallocated Stores system, or even in the case of the Allocated Stores system where Advance Payment had been effected, and a replacement of the Deficiency may not be obtained immediately, notwithstanding the deficiency the FULL ORDERED QUANTITY shall be taken on charge and whatever deficiency there is, shall be issued to Losses or Claims Account for further monitoring. Where, of course, ordered quantities have been reduced and so agreed, due probably to financial constraints or other considerations, regard shall be had to the amended Order quantity. In other circumstances the Store Receipt Voucher shall take account only of the actual quantity received and posted in the Ledgers accordingly.

5. In addition to the preparation of the Stores Receipt Voucher and completion of relevant Receipt Entry on the Primary Stock Record (Ledger, P.S.C.A. and Tally cards) Stock Receipt Documents extend also to the maintenance of the following:-

(a) Goods Inward Register or Goods Received Register or Log

- (i) Date of Receipt
- (ii) Order Reference
- (iii) Carriers Note Reference with Date
- (iv) Invoice Reference
- (v) Description of the Goods
- (vi) Quantity of Packages
- (vii) Conveying vehicle Registration No. and Driver's Name
- (viii) Condition of packages on receipt
- (ix) Station/Port of Despatch
- (x) Officer effecting the Receipt and Time
- (xi) Any other relevant Remark.

(b) STORE RECEIPT VOUCHER which must be prepared at least in Triplicate, should show the following columns:-

- (i) The Name of the Stores/Department
- (ii) The Register Number and Date
- (iii) Serial or Item No.
- (iv) Description of Items, quoting any Stores Code or Vocab Number
- (v) Rate and extended Amount
- (vi) Total Value of the items on the S.R.V.
- (vii) Certificate to be attested by the Receiving Officer that the goods have been correctly received and posted on to the relevant Ledgers, the folios or Stock Card/Numbers of which shall be indicated thereon.

(c) REGISTER OF STORE RECEIPT VOUCHERS:

The main reason for the Maintenance of the above Register is to indicate the next S.R.V. Registration in the Local Series of S.R.Vs. that shall be used. This Register is of quite importance where, as prescribed in the 1953 Edition of the Stores Regulations, accompanying Receipt Documents e.g. Invoices, Triplicate copies of L.P.Os. etc. could be registered in the Local Series of S.R.Vs. to serve as S.R.V. However it has been further prescribed that whether goods are accompanied on arrival or not by Documents, a Store Receipt Voucher shall be prepared, in not less than Triplicate. The Register of Stores Receipt Vouchers shall have the following Columns:-

- (i) Date of the Entry
- (ii) Serial No of Store Receipt Voucher
- (iii) Description of Goods (brief)
- (iv) Reference of Connected Waybill
- (v) " " " Order
- (vi) Value of S.R.V.
- (vii) Name of Supplier
- (viii) Any Remarks.

The Number on a Store Receipt Voucher may be codified to read of the Name of the Department and/or Station, but in any case a new series shall be commenced with a new Financial Year.

6. CENTRAL RECEIVING POINTS: In large Storekeeping organization it is desirable or even necessary that a focal or central point or storage should be provided for the receiving of Stores, before the items are finally routed to their allotted store house for binning and display. These central points may be:-

- (a) Receiving Bay
- (b) Bonded Store house
- (c) Marshalling Store Area
- (d) Capital Goods Storage Area

The function of the officer supervising the Central goods receiving points are:-

- (i) Accepting all the Department's arriving goods
- (ii) Inspection, checking in relation to orders placed
- (iii) Preparation of Stores Receipt Vouchers and the Maintenance of the other Receipt Registers
- (iv) Transfer of goods after satisfactory completion of Initial receipt documents to the proper allotted store house for Bining.
- (v) In the event of Damage to arriving goods, Inspection by Board of Surveys or Survey by Lloyds Surveyors may be arranged.
- (vi) In liaison with the Stores Accounting Office, the Receiving Bay Officer ensures the preferring of claims

in respect of goods found to be damaged or deficient on arrival.

7. In some small storekeeping Departments there is normally no central goods receiving point and the functions are therefore relegated to the individual Storekeepers to perform. These Storekeepers, notwithstanding, are expected to perform the various goods receiving duties efficiently. They also are requested to:-

- (a) Reject any new arriving goods for which there has not been a previous Stock Replenishment Request from them.
- (b) Reject any new or arriving goods for which there has not been an existing Order notified to him.

8. Final Disposal or Repose of Receipt Documents:- Stores Receipt Documents are of great importance and should be carefully filed in a chronological and serial sequence so that references in future to these papers may be easy. In many Departments, this is not the case and even the Books of S.R.V. cannot be found when needed.

Finally Storekeepers who are to intents and purposes Stores Accounting Officers are expected in accordance with financial Order - Miscellaneous - No. 2208 to ensure that none of the Books of Stores Account in their custody are destroyed except with the prior approval of the Ministry of Finance.

PREPARED BY S.K.K. ADAPOE
RETIRED PRINCIPAL SUPPLY OFFICER
P.O.D. CENTRAL STORES
ACCRA.

Date: 4th August, 1979.

WORKSHOP ON STORES AND SUPPLIES MANAGEMENT
FOR MINISTRY OF HEALTH - UNIVERSITY OF
GHANA, LEGON

17TH SEPTEMBER - 6TH OCTOBER, 1979

DRUG INDENTING AND PURCHASING

HAND-OUT AFTER LECTURE

Prepared by: E. Osei-Tutu - Director of Pharmaceutical Services,
Ministry of Health, Accra.

What is Purchasing?

Purchasing has of course been going on since the earliest trading days of civilization, but it is only recently that the principles and practices involved have been properly identified and developed to the stage where it is acknowledged to be a separate aspect of business, with its own distinct responsibilities and techniques.

Since the end of the last world war buying and materials management methods have been studied and applied more and more effectively and comprehensively to keep pace with the changes taking place in commerce, industry and government. It is now an accepted fact that purchasing like accounting, requires formal education and training, adequate practical experience and accepted standards of conduct if it is to be performed efficiently in present day conditions, and purchasing officers or supplies managers are to be found in commercial, industrial, and public organisations everywhere.

Most of these organisations as you know spend a very large slice of their total revenue or budgetary allocations in purchasing supplies

In addition to these purchases these organisations hold large stocks which no doubt tie up a considerable amount of funds.

Indenting or ordering of goods by indent is purchasing commonly applied to overseas trade.

What is the function of purchasing?

The function of purchasing is to obtain goods of a satisfactory quality, to be delivered in the quantities required, at the time when they are wanted, at the most advantageous prices available in the existing market conditions. The objectives of any purchasing department can be summed up with the six R's of efficient purchasing:- i.e. securing the right goods or services of the right quality, in the right quantity at the right time and place for the right price and from the right source.

SPECIFICATION:-

The first step in effective drug purchasing is to draw up a list of requirements with specifications. The ministry has a high powered Drug Committee which recommends as to what drugs must be stocked and used by our health institutions. Currently we have as our guide for purchasing or indenting for drugs an "Essential Drug List". This list is based on pharmacological classification. Generally, generic or official names are used in describing drug items in the "National Formulary" or the "Essential Drug List" and the strengths required are always indicated. In exceptional cases, trade names or proprietary names may be used.

QUALITY:-

The buyer must first of all decide on what quality is required. The buyer's best efforts to negotiate price and terms are just time and money wasted if what he has bought is unsuitable for the purpose for which it was bought.

Drugs purchased must conform to the standards of B.P., B.P.C. USP or any other international standards that may be determined from time to time.

QUANTITY:-

The next stage is to fix the quantities to be obtained and the times and frequency of delivery. In establishing stock levels or our annual requirements we depend on returns from our central depot i.e. Central Medical Stores at Tema. They in turn get returns from the Regional Stores. An account is also taken of the past usage rate to arrive at these annual requirements. Even though the figures we obtain are not accurate it helps as a guide in ordering reasonable quantities.

SUPPLIERS:-

The process of selecting a good supplier is a very important aspect of drug purchasing. The Ghana Supply Commission maintains a directory of all reputable drug manufacturers throughout the world. In selecting a particular supplier due reference is given to its past performance in terms of capacity, quality of production, reliability, delivery periods and price. By the use of such techniques as market research and value analysis one becomes aware of the field of supply available and thereafter one can go to tender.

PROGRESSING:-

1. Deliveries are kept up to date.
2. When consignments have been received, an efficient system of receipt and inspection is essential to ensure that the quantity

and quality of all goods comply with the stated specifications.
3. Invoices are in order and checked and cleared for payment.

Proper Preservation and Storage of Drug

The Pharmacist must give expert advise on proper storage of all drugs so that the drugs will keep up to their shelf-lives. In general it is advisable to store all parenteral preparations in a cool, dark place. Light and heat may crystallise many reactions and proper storing guards against deterioration. Solutions eg glandular extracts (eg Insulina, ACTH) should be refrigerated. On the other hand, Medicinal ingredients may be precipitated out from solutions of calcium gluconate, camphor, or sex hormones in oil by refrigeration and considerable difficulty may be encountered in redissolving.

SOURCES OF SUPPLY:-

Drugs are obtained from 3 main sources

1. Local Pharmaceutical Industries or manufacturers.
2. Pharmaceutical Importer in the Private Sector.
3. Overseas supplies.

1. Local Pharmaceutical Manufacturers:-

Items which are mainly procured from local Pharmaceutical manufacturers are some of the basic generic products such as aspirin tablets, paracetamol tablets, chloroquine tablets the sulphonamides, antibiotics such as the ampicillins, tetracyclines chloramphenicol transfusion solutions and dressings.

The main suppliers are:-

1. GINOC Pharmaceutical Division.
2. ICAP
3. Danafoe Limited
4. Intravenous Infusions Limited
5. Seraphin Textiles Limited.

Orders covering our 12 months requirements are placed on the companies before the end of the year for our needs of the ensuring year. This gives the companies time to plan for their production and also to obtain adequate import licence allocations, which I am afraid always fall short of their expectation.

2. Pharmaceutical Importers in the Private Sector:-

Purchases are made on local purchase orders. We usually resort to this method during emergencies when we are running out of certain drugs. Because of the scarcity of drugs on the market at times we are forced to purchase from one supplier without going on a competitive tender.

The prices are rather high. It is now obligatory that prices must be approved by the Prices and Incomes Board.

3. Overseas Suppliers:-

Orders for overseas supplies are done mainly by indent through the Ghana Supply Commission. This forms the bulk of our supplies. The volume of orders however depend on the value of import licence allocated. In exceptional cases orders are placed direct without reference to the Ghana Supply Commission.

In all these emergency orders approval is always sought from the Government to by-pass the Ghana Supply Commission.

The actual quantities of items received within the import year depends on:-

1. The ability of the Bank of Ghana to establish letters of credit on time.
2. The production capacity and ability of suppliers to deliver on time.

Financing:-

All our drug procurement - both local and overseas supplies is financed through budgetary allocations:-

The allocations for drugs over the past 3 years 1975/76 was \$20,857,729

1978/79	\$75.0M.	1976/77 was \$24,000,000
1979/80	60.00M (Estimates)	1977/78 is \$30,000,000

Usually these allocations are grossly inadequate and so supplementary allocations are made.

Last year we costed our drug requirements as \$108,000,000 but we were given an allocation of only \$30,000,000 as stated above.

This means that we were not able to procure all our requirements for drugs during the year.

Allocation of Import Licence:-

Last year the Health Sector was issued with \$55,000,000 specific import licence out of the \$1,2 billion for the whole country (a percentage of 4.6).

Out of this allocation \$20,000,000 was used for the purchase of drugs.

Suggestions for Improvement:-

1. Government to allocate adequate import licences for importation of pharmaceutical finished products and raw materials to enable the local pharmaceutical manufacturers achieve maximum production. At the moment most of them are producing under - capacity.
2. Bank of Ghana to be able to establish letter of credit on time.

3. The Committee which drew up the Essential and Priority Drug Lists to be asked to review the range of stock items taking account of our financial constraints and also to determine priorities.

4. To re-organise the 3-year running contract for the supply of drugs. The Bank of Ghana representing the Government to guarantee the Ministry under the running contract.

Some Definitions:-

Free on Board (F.O.B)

The seller of the goods bears the cost of putting the goods on board. Title passes to the purchaser when the vendor or seller receives "Clean" ship's receipt for the goods.

Cost and Freight (C & F)

Price for goods includes not only that of the goods themselves but also carriage by land, sea or air to a point which must be designated, but not including insurance or other charges.

Cost Insurance and Freight (E.I.F.)

The price includes the value of the goods, insurance during transit, and cost of carriage by land sea or air between two points which must be designated.

Stock Control:-

Stock control is the means by which material of the correct quantity is made available as and when required, with due regard to economy in storage and ordering costs, purchase prices and working capital.

It involves the following processes:-

1. Assessing the items to be held in stock.
2. Deciding the extent of stockholding of items individually and collectively.
3. Regulating the input of stock into the storehouses.
4. Regulating the issue of stock from the storehouses.

Through these processes it is possible to adjust continuously the quantity and value of stock held to conform to circumstances at all times.

Provisioning:-

Provisioning is the process of determining in advance requirements of materials, taking into consideration existing stocks, delivery times and rates of consumption so that the amount of stock in hand at any time will be in accordance with the stock control policy. The two major questions arising in any provisioning activity are:-

- 1) When to order.
- 1) How much to order.

When these questions have been decided in respect of any particular commodity, the provisioner usually prepares a provision - demand

document, showing the quantity and delivery required, and passes this to the purchasing office to take the appropriate buying action.

Indent:-

An Indent is a purchase requisition (usually overseas) with the following features:-

- 1) Date
- ii) No.
- iii) Department
- iv) Account Number or code
- v) Authority.

Purchasing Cycle:-

The cycle of activities carried out by a purchasing department in the acquisition of goods and services:

1. Recognition of the need, receipt of requisition.
2. Obtaining a "Clean" specification.
3. Editing of requisition for typing of order, from catalogues, records etc or the preparation of an enquiry.
4. Following up enquiry where necessary.
5. Collation of quotations and reference to user and technical departments where necessary, also commercial negotiations.
6. Preparation of order, and transmission to supplier.
7. Delivery chasing where necessary.
8. Checking of invoices.
9. Settlement of all queries relative to the purchasing operation.

STORES AND SUPPLIES MANAGEMENT WORKSHOP 17TH SEPTEMBER - 6TH OCTOBER 1978

WORKING GROUPS: FOR DISCUSSION AND CASE WORK

GROUP A

Mr. Adoo - Consultant

1. Mr. Amozin
2. Mr. Charway
3. Mrs Adzraku
4. Miss Agnes Brown
5. Mr. Adu Ansoro
6. Mr. Cobble
7. Mr. Fofio
8. Mr. K. Opoku-Baaky
9. Mr. L.T. Quay

Meeting Venues

Classroom 1

Chairman

Reporteur

GROUP B

Mr. Ahoma - Consultant

1. Miss Quartey
2. Mr. Quarteng
3. Mr. E.J. Mensah
4. Mr. G.T. Amah
5. Mr. Mills Thompson
6. Togbe Ofori
7. Mr. Nyidu
8. Mr. Obang
9. Mr. Norman
10. Mr. Tetteh

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Classroom 2

Chairman

Reporteur

GROUP C

Mr. Acheampong - Consultant

1. Miss Kofie
2. Mr. Ofei-Okyina
3. Mr. B. Quay
4. Mr. Banson
5. Mr. Mills Thompson
6. Mrs. Hayford
7. Mr. Amah
8. Moses Appiah
9. C.D. Batse

Classroom 3

Chairman

Reporteur

FLOATING CONSULTANTS

Mr. I.K. Osol
Mr. David Lynch
Miss C. Lado.

STORES AND SUPPLY MANAGEMENT WORKSHOP 17TH SEPTEMBER - 6 OCTOBER 1979

STEERING COMMITTEE - 309

1. Mr. Charway - Chairman (Rm 309)
2. Mr. Armah - Member
3. Mr. Benson - Member
4. Togbe Ofori - Member
5. Mr. Nyidu - Member
6. Miss Kofie - Member
7. Mr. Opoku-Boakye - Member
8. Mr. L.T. Quaye - Member

FUNCTIONS

1. Classroom arrangements chalk, dusting etc.
2. Welcoming and seeing to departure of lecturers
3. Collection of lecture notes from lecturers
4. Typing, duplication and distribution of course materials.
5. Welcoming of late participants, seeing to adequacy of rooms tightening, beds, room allocation for participants etc.

ENTERTAINMENT COMMITTEE - 313

1. Mr. Amodzi - Chairman (Rm 313)
2. Mr. Mills-Thompson - Member
3. Mr. Adu Ansere - Member
4. Mrs. Hayford - Member
5. Mr. J.J. Armah - Member
6. Mr. Obeng - Member
7. Mr. Norman - Member
8. Mr. Tetteh - Member

1. Afternoon and evening entertainment for participants
2. Entertainment of lecturers and other guests.
3. Week-end activities for participants including church activities on Sundays.
4. Film Shows etc.

MEDICAL/FIRST AID COMMITTEE - 101

1. Miss Agnes Brown - Chairperson (Rm 101)
2. Mr. Fofie - Member
3. Mr. Kofie Quaye - Member
4. Mr. Ofei-Okyno - Member
5. Mr. B. Quaye - Member
6. Mr. Moses Appiah - Member

1. Distribution of weekly palladium to participants.
2. Seeing to injured or sick participants.
3. Dealing with minor stomach upsets, cuts and burns etc.
4. Transfer or referral of seriously ill participants to Legon Hospital day or night.

CATERING / DINING COMMITTEE

1. Mrs Adzraku - Chair-person (Rm 103)
2. Miss Quartey - Member
3. Mr. Cobbla - Member
4. Mr. Quarteng - Member
5. Mr. E.Q. Mensah - Member
6. Mr. C.D. Entse - Member

1. Liaising with Hall Bursah for improvement of meals
2. Checking of numbers present at each meal time
3. Ensuring that late comers are fed.
4. Seeing to arrangement of mid morning snack etc.
5. Feeding of guests, feeding of drivers.

STOCK TAKING

The term "stocktaking" is regarded as meaning as the complete process of verifying the quantity balances of the entire range of items held in stock.

Stock represents cash and invariably cash is locked after carefully. A cashier is appointed to control cash; is locked up in safe when not in use. The cash office is fitted with a counter and all the appurtenances required to make it safe. Every time cash is received or issued it is counted and the balance in hand is checked at frequent intervals. Cash books are kept in detail to record all transactions and, if any of the checks made disclose a discrepancy, the most searching inquiries are pursued to find the explanation. Cash is regarded as so important that in the event of any substantial deficiency arising, it is normal to call in the Police.

Now since stock is the equivalent of cash it follows that it should be carefully protected, counted and checked in a similar way.

PURPOSE OF STOCK TAKING:

Physical stocktaking is the process of counting, weighing or otherwise measuring all items in stock and recording the results. The reasons for doing this are as follows:-

- (i) To verify the accuracy of stock records
- (ii) To support the value of stock shown in the balance sheet by physical verification
- (iii) To disclose the possibility of fraud, theft or loss
- (iv) To reveal any weaknesses in the system for the custody and control of stock.

The size and number of surpluses and deficiencies revealed by stocktaking determine the efficiency of store keeping methods, control and procedure generally.

PERIODIC STOCK TAKING:

By the periodic method of stocktaking, the whole of the stock is covered at the same time at the end of a given period, usually the end of the financial year. Theoretically stock should be taken at the close of business on the balance-sheet date, but in a large concern, it may quite impossible to do all the work in one day, and the operation has to be extended over several days. The stocktaking need not be done only once a year; it may be carried out as often as seems desirable.

For a satisfactory stocktaking, a good deal of preparation is necessary. First of all, a programme should be drawn up and agreed with all concerned including the finance department and the auditors; secondly, stocktaking sheets or cards have to be prepared in advance, and thirdly all personnel concerned must be instructed in their duties.

The arrangements made should deal with all aspects of the job and, in particular, the following points:-

- (i) Appoint one person to control the whole operation.
- (ii) While stocktaking is in progress, do not have the storerooms open for normal business.

- (iii) After the end of the working day before the operation begins, no more issues should be made and no receipt recorded until the stock-taking is complete. The numbers of the last receipt and issue vouchers should be noted and all documents up to and including those numbers posted to the records. At this point all the records can be ruled off or no further postings are made until the results of the stock-taking have been entered.
- (iv) Take all normal stock including packages, scrap, residues, items on loan and goods under inspection
- (v) Have stocktaking sheets under the control of one individual, consecutively numbered, and issued to the staff on duty as required. No duplicates should be allowed and, at the end of the job, all stocktaking sheets must be accounted for
- (vi) Record separately damaged, deteriorated or used items.
- (vii) Make each person taking stock responsible for a particular section or clearly defined area of the storehouse or stockyard, and record everything that is to be found in that area. Stocktakers should proceed in an orderly manner, and mark each bin or rack as it is dealt with to ensure that nothing is missed.
- (viii) Any items held which are not the property of the business ought to be marked or labelled in advance.
- (ix) List separately any goods which have been received but not yet taken on charge (e.g. still under inspection)
- (x) Special arrangements must be made to include in the total list of stock all items belonging to the business which are not on the premises at the time of the check. This concerns free-issue stocks in the hands of suppliers, goods sent out for repair or processing, or stocks at outlying operational sites. It is usual to write to the holders of such stock to obtain written confirmation that these items are in their possession.
- (xi) Return to store all items issued "on loan" either internally or externally before the stocktaking begins.
- (xii) Show the method of check, i.e. count, weight, measurement or estimation on the stock sheet for each item.
- (xiii) Record quantities in terms of the normal unit of issue for the stock concerned. This can be ensured by inserting the appropriate unit of issue on the stock sheets before distribution.
- (xiv) The method of pricing should be known and, if possible it is desirable to enter all prices in terms of units of issue on the stock sheets in advance.
- (xv) Where several widely dispersed stockholding points exist stores in transit at the date of stocktaking must be taken into account.

CONTINUOUS STOCK TAKING

Continuous stocktaking is the method whereby stock is taken continuously throughout the year in accordance with a pre-determined programme so that each item is physically verified at least once in the course of the year, or more frequently if required. It can only be done if complete detailed stock records are kept showing receipts, issues and balances on hand (i.e. if there is a "perpetual inventory"). The programme should be so designed that a certain number of stock items are taken on every working day. It may be thought necessary to have certain valuable or fast-moving stocks examined more frequently than other items. It is also wise to arrange that the operation is scheduled to finish a month or so before the end of the financial year so that, if work is delayed owing to unforeseen circumstances, there is time in hand to complete it before the year end.

The methods of physical check are the same as those employed for periodic stocktaking, but there are significant differences in other respects, as follows:-

- (i) There is no need to close down the stores or the works while stocktaking is in progress.
- (ii) The normal posting of receipts and issues on the stock records can continue without interruption.
- (iii) The work can be done by a few specially appointed, experienced and trained stocktakers completely independent of the store-keeping staff.
- (iv) Stocktaking results may be entered on the stock records from day to day as they arise, and any discrepancies disclosed can be thoroughly investigated in detail. This is an important advantage, because one of the main weaknesses of the periodic stocktaking method is that all the discrepancies are declared at once, and time to deal with them properly is necessarily limited.
- (v) Assuming that the continuous programme of stock-taking has been satisfactorily completed to plan the balances on the stock control accounts can be accepted for balance-sheet purposes without any special year-end physical check, and there need be no delay in the preparation of the final accounts, as far as stock is concerned.

TREATMENT OF DISCREPANCIES

Surplus and Deficiencies:- When the amount of stock found by physical examination fails to agree with the balance on the stock records, a discrepancy exists. If the stock found exceeds the recorded figure there is a surplus and, conversely, if the physical stock is less than the book figure, there is a deficiency.

Minor Discrepancies:- There are limitations to the accuracy of stocktaking. Particularly where large numbers or quantities are concerned, whether the check is by count, weight or measurement.

For example, in measuring 1,000 metal bars of random length no two people are likely to get the same result to the nearest foot. Similarly, in weighing half a tonne of loose bolts, some slight variation may be expected because of degree of accuracy of the scales or the reading of them. If therefore, discrepancies of small proportions appear to be found in such circumstances, it is often as well to leave the book unaltered unless the amount of money involved is significant. This point applies particularly where the methods of measurement are known not to be of great accuracy e.g. the use of dip-sticks in large tanks or, more obviously, the stock-taking of loose piles of sand, coal or bricks, where only an estimate can be made.

Storekeeper's Agreement: Stocktakers should not declare a discrepancy of any item without first giving the storekeeper concerned the opportunity of investigation. This is a sensible precaution for several reasons -

- (i) There may be duplicate locations of which the checkers are not aware, but the storekeeper should know of them
- (ii) It can be expected that the storekeeper has a better practical knowledge of his stock than anyone else, and he may be able to correct errors on the part of the stocktakers, particularly errors of identification.
- (iii) It gives the storekeeper an opportunity to explain or correct the difference if he can, and ensures that he is aware of discrepancies which may reflect upon the performance of his duties.

When the storekeeper has been called in and fails to explain a difference, he should sign the stock sheet to indicate his agreement that the discrepancy is genuine.

Investigation of Discrepancies: After the stocktaker and storekeeper have agreed that a discrepancy exists, the procedure depends on the nature and value of the discrepancy. Large amounts are more worth while investigating than small sums, more concern is felt about deficiencies than surplus and, where discrepancies may have arisen through "breaking bulk" (i.e. making a large number of small issues over a period from a bulk stock, especially by weight) they are not perhaps thought worthy of any detailed inquiry. The degree of investigation is, therefore, a matter of judgement in the circumstances of each case. The following list of steps to be taken should be considered, bearing this point in mind:-

- (i) Examine the record card since the date of the last check to make sure that there are no arithmetical errors or obvious omissions or duplications in posting.
- (ii) See that there has been no confusion over units of issue.
- (iii) Examine stores kept in neighbouring locations to see if a balancing discrepancy exists on another item.

- (iv) Check the basic documents (i.e. receipt, issue, transfer, apparently unusual transactions.
- (v) Have the physical stocktaking verified by an independent senior official.
- (vi) Interrogate the storekeeper to find out if he has any explanation or suspicious as to how the discrepancy has arisen.
- (vii) Examine the results of the last Stocktaking to see whether there was a discrepancy on that occasion. In odd cases it may be found that a deficiency at one stocktaking is followed by a surplus on the next, and this may be because first check was inaccurate.
- (viii) Make inquiries of user departments in case there may have been issues from or returns to store without documentation outside normal working hours.
- (ix) In serious cases, where theft or fraud is suspected, call in the police.
- (x) Where necessary, review and tighten up physical security measures and documentary procedures.

Adjustment

After investigation, both stock records and accounts require adjustment in respect of declared discrepancies. This may be done direct from stock sheets or by a special Discrepancy Report form, listing all the items concerned, showing:-

- (i) Vocabulary number
- (ii) Description
- (iii) Unit of issue
- (iv) Quantity as per stock record
- (v) Quantity found on physical check
- (vi) Difference between (iv) and (v) Showing surplus and deficiencies separately
- (vii) Unit price
- (viii) Value.

It is normal practise for discrepancy forms to be approved by the stock controller or some appropriate authority before the adjustments are made to the accounts, and the discrepancies are summarised to show the net surplus or deficiency on each classification.

OBSOLESCENCE AND REDUNDANCY:-

Obsolescence: An item is said to be obsolescent when it is going out of use but is not yet completely unusable. For example, let us suppose that a transport firm has been running lorries of model XYZ, and it is decided that in future all replacement vehicles are to be model ABC from a different manufacturer. From the date when this change is announced, most of the spare parts in stock for model XYZ become obsolescent.

This does not mean they are immediately worthless, because they can be used for repairing the lorries to which they belong as long as these models are in service. On the other hand, the number of XYZ lorries maintained will decline as time goes on, and they will all eventually be disposed of. It is extremely unlikely that the spare in stock control or purchasing. Review: In most organizations, some degree of obsolescence or redundancy is inevitable. It is particularly severe in factories making products where the design changes frequently (e.g. motor cars, washing machines, television sets), and also in organizations such as transport undertakings or the Armed Forces, where rapid technical development is going on and large quantities of spares are used for the equipment in service.

It is therefore desirable to review all stock held from time to time to identify items which are obsolete and redundant and this is usually undertaken once a year. The review may be combined with normal stocktaking operation or done independently on a periodic basis or on continuous basis.

It is usual to conduct the review classification by classification. Apart from the fact that this is the most methodical approach, it also provides the maximum opportunity to suggest alternative uses for items which are no longer required for the purpose for which they were originally bought. For example, in looking at the steel classification it may be found that, owing to production changes, 12mm - diameter round bar is no longer required but there is still a heavy demand for 10mm - diameter bar to the same specification. It might be more economical to use the 12mm in place of 10mm until the existing stock is exhausted, rather than dispose of it outside the organization.

Use of Stock Records - It should be noted that the listing of obsolescent, obsolete and redundant items is done from the stock records. There is no need to look at the physical stock in the store house until after the goods concerned have been listed, and then only for the purpose of deciding whether specific items can be used for alternative purpose, or to estimate disposal values.

Before the review begins the stores Officer responsible should find out what recent changes there have been in production or operation and what changes are imminent. From this information he will be able to determine what major items or materials or spares are likely to become obsolete and redundant, and these can have special attention during the review. In addition all slow-moving stock should be particularly examined to make sure whether it is still required or not.

Preliminary List of Obsolescence and Redundancy:

The result of detailed examination of the stock records to produce a preliminary list of items which appeared to be obsolescent, obsolete or redundant... The next step is to investigate these items on the following lines:-

- (i) **Obsolescent:** for machinery or equipment spares, make a very generous estimate of the probable usage of each item up to the time when it is expected to become obsolete. Submit the balance for disposal immediately, because the sooner they are sold, the more likely they are to fetch a price better than Scrap value.

In the case of raw materials consult the production department with a view to using as many items for alternative purposes as it is economical to do so (e.g. the example of 12mm and 10mm quoted above).

- (ii) **Obsolete:** List for disposal without further inquiry
- (iii) **Redundant:** With the co-operation of the operating department first scrutinise these items to see if they can be put to alternative uses and, if not, to agree what proportion of the stock is to be retained.
- (iv) **Slow-moving Stock:** Give special attention to items where there has been no movement for six months or more.

With assistance of the maintenance or user department, "stand-by" Spares for machinery or equipment still currently in operation should be identified and the record cards endorsed accordingly, if this has not already been done in a previous year. For all other slow-moving items, the user departments can advise whether they wish the stocks still to be retained and, if so, why? In this category it is well to be conservative and, after all the investigations have been made, it is a matter of judgement as to how much is disposed of immediately. It may be thought prudent even to wait until some slow-moving items have appeared on the list for two or more successive years before finally disposing of them.

Final List of Obsolescence and Redundancy:

When the preliminary list has been investigated as described above, a final list should be made showing particulars of all items which it is proposed to write down or write off. In some organizations a committee consisting of representatives of purchasing and stores, finance and user departments is set up to agree the final list, which is usually approved by a senior member of the management before the accounts are adjusted and before anything is disposed of.

The following information is typical of that appearing on final list of this kind:-

- (i) Vocabulary number of each item
- (ii) Description
- (iii) Quantity in stock
- (iv) Quantity to be retained
- (v) Quantity to be disposed of
- (vi) Original book value of (iii)
- (vii) Recommended book value of (iv)
- (viii) Recommended book value of (v)

....

- (ix) Amount to be written off
- (x) Comments (e.g. remarks on condition, or slow movement of stock or suggestions for methods of disposal).

After approval, the amount to be written off is credited to the appropriate stock control accounts.

Deterioration of Materials in Store:-

It sometimes happens that materials in stock deteriorate for any of the following reasons:-

- (i) The inherent nature of the material is such that it deteriorates in the course of time, e.g. fresh fruit, unstable chemicals.
- (ii) Inadequate storage conditions, e.g. cement gets damp and solidifies, steel becomes rusty, stationery becomes dirty.
- (iii) Damage in store through accident or bad handling, e.g. electric light bulbs may be dropped and broken, plastic-ware is easily damaged.

Where this happens the stock will not be worth the value at which it stands in the accounts, and adjustment must be made to rectify this state of affairs by reviewing the stock concerned and making an estimate of the value to be written off according to the amount of deterioration which has taken place for each individual item. This operation can be carried out as the occasion arises or, alternatively, at the same time as the stock-taking or in conjunction with the review of obsolescence and redundancy. In special circumstances, for example, if there has been a fire or a serious flood in the store house the review of stock for deterioration may be a completely separate exercise.

STOCK CHECKING:

Checking Receipt

Receipt into Store are normally checked for quantity by weighing, counting or otherwise measuring. If this is done properly it provides a good foundation for subsequent operations by ensuring, as far as is practically, that the quantities taken on stores charge are correct in the first instance. In some organisations the process is carried further by checking not the incoming consignment but also the remaining stock already on hand at the time that the new consignment is put away in its place in the store house. Whether this is worth doing or not is a matter of opinion in the circumstances involved. It depends upon several factors such as the value of the item, the nature of the goods, the extent of the stock balance, the reliability of the records and the availability and time.

Checking Issue: It should be a matter routine for the storehouse staff to check the quantities and descriptions of all issues made before their handing over. It is also common practice to expect the recipient to counter-check the quantity received and to sign for it. This provides a reasonable assurance that quantities taken off stores charge are correct.

Spot Checking: Spot checking is the practice of making random checks of store items at irregular and unspecified intervals. It is often done by senior stores officials in the course of their supervisory duties, but can be operated in parallel with the stock taking programme, irrespective of whether the periodic or continuous method is in use. Where the main stocktaking, i.e. carried out annually on a periodic basis, spot checking throughout the year is the best safeguard against malpractice during the period between stocktakings and also helps to minimize the year-end adjustment. Where stocktaking is continuous spot checking during the year of items which have already been completed under the main programme is a precaution against irregularities arisen in sections known to have been covered in the current cycle.

To get the maximum benefit from the labour involved, spot checks should be mainly, but not entirely, confined to items of high value, and it may be worth to check the major items several times in the course of a year.

ISSUE AND DESPATCH

The Service given by the stores department to other departments becomes effective at the point when a storekeeper makes issues of goods and users will naturally judge the efficiency of the stores organisation by the standard of service provided to them.

AUTHORIZATION OF ISSUES:

Stores in stock represent money, and should not be misappropriated, wasted or improperly used. For this reason, issues cannot be made indiscriminately and, before goods can be withdrawn from a storehouse, there must be some authority for the transaction. This may be in the form of a signed document, a verbal instruction or a routine arrangement.

The normal method is to use an issue note signed in the appropriate box by an authorised person. Storekeepers should have full details of the names, designations and specimen signatures of all persons empowered to approve issue notes.

Issues-restrict authority to management within certain financial limits. In some circumstances it is convenient to handover stores simply on a verbal demand by a known workman or supervisor, without the presentation of any written document. This is normally done only for items of comparatively small value.

Whatever method of authorisation is employed it should be appropriate to the everyday needs of the organisation. Time spent in more signatories redg.

IDENTIFICATION OF REQUIREMENTS:

Provision is made on issue documents for description and stores code numbers of required items to be quoted, and this information is entered by the user who prep res the document in the first place. In practice, however, it often happens that the details given are inadequate or even inaccurate, and an experienced storekeeper will be expected to find out exactly what is wanted and see that it is supplied. He will also check the code number on the issue voucher. Storekeepers must, therefore be provided with copies of vocabularies, spare parts lists and catalogues so that they have the means of identifying requirements without relying entirely on memory.

Goods demanded are not always available, and, when this happens, it is the storekeeper's duty to suggest suitable alternatives. He should not allow anyone to go away empty-handed without making every possible effort to supply something which will meet the immediate need of the user. To do this effectively, the storekeeper must be thoroughly familiar with his materials and have some general knowledge of the production or operational processes in his firm.

TIMING OF ISSUES: So as to avoid delay in a busy storehouse, there will be a routine to provide for a smooth and even flow of work. Arrangements may be made for issues to be made in the morning and some in the afternoon. This should not be over done because it must be remembered that the watchword is service.

The storekeeper should try to meet the convenience of users, and restrictions must be applied to avoid uneconomical peakloads of work in storehouse.

METHODS OF ISSUING STORES FOR INTERNAL USE:

Issues must be organised to correspond with the needs of the enterprise and several different methods may be employed in one concern at the same time for various kinds of stores.

Some methods in common use are:-

ISSUES ON REQUEST: This is the simplest method, and there are three variations.

- (i) Immediate issues on presentation of an issue ^{voucher}/note by hand
- (ii) Issues made after the receipt of an issue note by post
- (iii) Immediate issues on verbal request only.

ISSUES ON REQUEST-METHOD (i)

The orthodox form of issue procedure is where the user comes to the storehouse and presents a properly authorised issue note or similar voucher giving details of what is required. The storekeeper then selects the items wanted, and hands them over in exchange for the document.

Issue notes may be prepared in any number of copies to suit individual needs.

ISSUE ON REQUEST-METHOD (ii)

Under this arrangement, the issue note is sent in by hand or by post by the demanding department and the physical handing over of stores takes place later, either when the user calls for them at a pre-arranged time or when they are loaded by the storekeeper for delivery. The storehouse staff have adequate time available for selection and marshalling of the materials, and the recipient has the advantage that he does not have to wait while the storekeeper finds and assembles whatever is required. The method is most convenient when the consumer is at some distance from the storehouse. It is also useful where the list of requirements is lengthy or complicated as for example, with spares for machines overhauled.

ISSUES ON REQUEST-METHOD (iii)

In the case of issues on verbal demand, a person requiring stores calls at the issue counter and states his requirements. The storekeeper then selects the items wanted and hands them over. A procedure of this kind is normally employed only for items of comparatively small value which are required at short notice, such as hand tools, nuts and bolts, cleaning materials, lubricants, emery paper and other consumables. The storekeeper would be expected to know all his callers by sight and would not, therefore, make any issues to a stranger without some inquiry.

IMPREST ISSUES: An imprest system is one whereby a list of certain types of materials in given quantities is approved to be held either in a store or on a production line or elsewhere.

At the end of a given period, say a week or a month, the user concerned prepares a list of the materials he has consumed during that time, and presents an appropriate issue document at the main storehouse for replacement goods to bring his imprest stock up to the same level as it was at the beginning of the period. The arrangement is often used for supplying parts and materials to technicians who travel about in vans providing after-sales service or repair facilities to customers.

REPLACEMENT ISSUES: For certain items, e.g. tools and gauges, operators may be required to present a used article to the storekeeper before a new one can be issued. This can be done with or without issue notes.

LOAN ISSUES: As a general ^{rule,} ~~rule,~~ the issue of articles on loan from storehouses should not be encouraged, but it is sometimes unavoidable. For example, in the maintenance department, a number of comparatively expensive tools or pieces of equipment are required for short periods of use at frequent intervals. Such items are ammeters surveyors' chains, levels, electric handlamps, tap-and die sets, special tools and so on. These may not be on stores charge, but are controlled by the storekeeper and kept in the storehouse when not in use. It is necessary to keep stock records for the equipment concerned and also to maintain a register for everything issued to them and sign again when items are returned to store. The storekeeper inspects the register at regular intervals, makes inquiries about anything which has been out on loan for a protracted period, and reports to the appropriate supervisor any case where he is not satisfied. As an alternative to signing the loan register, workmen are sometimes provided with metal or plastic discs (known usually as a tallies^m). The discs bear the man's name and/or works number and are handed over in exchange for loaned equipment.

DESPATCH: In a large storehouse there must be a routine for despatch to the places served, including the following:-

- (i) A routine system for the time of receipt of issue notes, the selection of what is required and marshalling of the needs of each customer.
- (ii) A timed schedule of loading vehicles
- (iii) A detailed transport plan for journeys to users, timing and routing each vehicle and providing, as far as practicable, for full loads outwards and return loads
- (iv) A regular system of checking to ensure that all items are put on the vehicles.

REPLACEMENT ISSUES: For certain items, e.g. tools and gauges, operators may be required to present a used article to the storekeeper before a new one can be issued. This can be done with or without issue notes.

COST

CO/ST ALLOCATION:

Whenever material is issued, the value has to be charged to the appropriate internal department or activity or to an outside customer. For this reason, all issues documents must show either the cost allocation code number for internal issues, or customer's name for external transactions. The appropriate cost or customer's a/c can be debited with the value of the goods, and the stock control a/c concerned credited at the same time. For internal transfers between storehouses the value of the issue will be simply a debit to the stock control a/c of the receiving storehouse.

- SIV - Stores Issue Voucher
- TIV - Transfer Issue Voucher
- WAYSILL - Authority to Move Material

GSC.25/SF.4

GHANA SUPPLY COMMISSION INDENTING PROCEDURES

The Commission's Indenting Departments which number over 50 (fifty) are required to submit their requisitions in accordance with the classification Book (Appendix VII) supplied to them. The requisitions which should be "process-worthy" are to be submitted in triplicate on standard forms (indent) and in appropriate colours depicting the urgency of the requirement. The indent-forms which are obtainable from the Government Printer, are used in the manner explained hereunder:-

(a) STANDARD GP/V/9005 (WHITE):-

This form is white in colour and is used for normal annual replenishments. This form as with other forms mentioned below contains a certificate indicating the discretionary allowance within which the Commission may accept or reject an offer from the supplier.

(b) URGENT GP/V/9453 (YELLOW):-

This indent is Yellow in colour and is used when supplies are urgently required in order to prevent the break-down of essential services. Such indents should be used in emergency cases as such purchases are usually very expensive.

(c) OPERATIONAL GP/V/9454 (PINK):-

This indent is Pink in colour and is used when supplies are required as a matter of extreme urgency in order to meet unexpected emergencies. Examples of such emergencies are, wars, riots, civil commotion and the like. This method of purchasing that is referred to as "SOS" and has special procedures as indicated in 4 (5).

(d) PROPRIETARY GP/V/9452 (BLUE):-

This indent is usually Blue in colour and is used when demands are made for proprietary or speciality stores.

2. SUBMISSION OF INDENTS:

Indentors are required to be prudent in requesting stores of a particular make or brand because such demands for proprietary stores normally tend to be uneconomical. Indenting Departments are also required when submitting indents to the Commission to ensure that the indents are signed by authorised officers whose specimen signatures are known and held by the Commission and also the indents should have the relevant Import Licence together with the appropriate financial cover or Banker's Guarantee. Unnumbered Licences are generally not accepted by the Commission except where transfers of sums of money are not involved.

In regard to departments and corporations whose finances are not controlled by the Controller and Accountant-General, the Commission may demand cash cover before the processing of their indents is commenced. As far as possible, indenting department should arrange their requirements on indents in accordance with the groupings as specified in the Commission's classification Book. This is necessary in order to avoid unnecessary splitting of indents for the various Ghana Supply Commission's purchasing Sections concerned.

The Commission does not accept indents submitted for processing within two months of the close of each financial year because orders placed within this period may not have been executed, paid for and shipped before the end of the financial year. Normally indents received during this period are treated on "enquiry" basis and confirmed after the Commission has been assured that provision has been made for them in the estimates and this has been approved by the Government.

The Commission allows Indenting Departments and Corporations to make preliminary enquiries with a view to obtaining the correct specifications only for the products required; although this service can be undertaken by the Ghana Supply Commission. Where the source of information is quoted on the indent, the Commission regards this as a useful information but is not bound to place orders with the suppliers mentioned in the indent.

Indents which are submitted to the Commission for processing and should be completed in all respects, should have financial cover and should also specify in full the correct technical particulars of the stores required and be accompanied by drawings where necessary. For Statutory Corporations and Departments whose finances are controlled by themselves, the Commission may require a deposit equivalent to the total cost of stores to be purchased.

(3) PAYMENT OF DUTY, FREIGHT AND OTHER CLEARING CHARGES;

Departments are advised to include in their yearly estimates for indents, elements of the above charges to enable the (Accountant-General) make appropriate provision for the immediate settlement of the bills to ensure quick clearance of Government Cargoes as and when they arrive at the Ports.

Freight is usually estimated to be 15% of the F.O.B. (Free on Board) value of the goods and the other port charges together are also estimated to be 5% of the F.O.B. value. Regarding the calculation of Customs Duties, Departments should be guided by the Customs Tariff, copies of which are already in their possession.

Departments are strongly advised to adhere to this procedure to avoid the holding of Government goods at the ports by the shipping Lines and the Railways and Ports Authority.

(4) ESTIMATED DELIVERIES:

The delivery specified on the indent should be realistic and should take into consideration all factors having regard to time needed for obtaining quotations, the processing period of contracts and also period of manufacture, inspection and shipment. The use of such terms as "immediate" "as early as possible," "priority" etc. as substitutes for expected delivery dates must be avoided. Where indents are submitted with such vague delivery terms the Registration Officer should advise the Indenting Department to be more specific and to quote the actual date on which the stores are expected.

(5) REPEAT ORDERS:

Where there is a further demand within 2 months for an item either Supplied or on order and provided that there is no change in the price since the award of the previous contract, the Commission shall request existing Supplier to repeat the order."

(6) "SOS" PURCHASING (EMERGENCY):

Where a department is submitting an indent to the Commission for emergency purchases, a written explanation of the need for the emergency purchases (if the value is over and above \$30,000.00) Thirty thousand cedis, is required. The indent or the covering letter should be marked "SOS" and initialled by the appropriate indenting Officer whose specimen signature is held by the Commission.

All emergency requests should be addressed direct to the office of the Chief Purchasing Officer who will endorse the indent at the appropriate column for "SOS" action to be taken.

(7) PURCHASE OF STANDARDIZED STORES:

The Commission compiles certificates for standardized stores required by the Indenting Departments. The certificates which should contain the necessary technical appraisals and justifications for standardization, are held by the Registration Section. Where such certificates are accepted by the Commission, the Commission shall rely on the skill and proper judgement of the Indenting Departments and shall not invite tenders for such products. Indenting Departments are however, advised that it is unsafe to standardize on products indefinitely as new and better models normally enter the market.

(8) PURCHASE OF SPECIALITY STORES:

Where the indenter certifies and this is approved by the Commission that the product is of a speciality nature and that the item cannot be manufactured or supplied by any other manufacturer or supplier, the tender system is accordingly waived. This category of stores does not include proprietary products.

(9) DIRECT PURCHASES:

Direct purchase are allowed for orders of value up to \$10,000.00 However, where the items is not urgently required, the Purchase Officer may invite tenders but not for orders of value up to \$3,000.00.

(10) LOCAL PURCHASE ORDERS:

The Commission has compiled a list of some Government Departments and these are required to provide deposits for all their local purchases.

With regard to the other departments the following payment arrangement will apply:-

- (1) Indents should be submitted to the Commission in the usual manner showing the local source of supply, if known.
- (2) After the goods have been delivered to the indenting Departments, the Commission will forward its usual statement of Account together with Invoices and relevant way-bills to the Indenting Departments for payment to be made to the Commission within 14 days of receipt of the Statement.

This therefore implies that the suppliers should be notified on the order that payment will be made within 21 days of the receipt of the relevant Way-Bills duly endorsed by the receiving Department.

OTHER INFORMATION

1. SPILL OVERS:

This is the process whereby indenting Departments are advised of both committed and uncommitted orders two months before the close of each financial year to enable them provide the necessary financial cover in the coming financial year. This exercise affects only Government Departments as unutilized votes allocated for the stores lapse at the end of each financial year. For the committed orders, there is contractual obligation to be honoured by the Ghana Supply Commission and it is essential that they be carried over in order to avoid any breach of contract.

2. INTER-DEPARTMENTAL TRANSFERS:

The Commission has no established machinery for detecting surplus stores in any Government Department. Where the Commission is notified by an indenter of the existence of surplus stores and where the Ghana Supply Commission is aware of a demand from another indenter for similar stores, a transfer of the stores is effected and the amounts involved settled on departmental basis. The transfer is made on a transfer certificate, copies of which may be obtained from the Stores Directorate.

Faulty purchases forms shall be issued to Indentors at the end of each financial year for completion and return to the Commission. Information required shall include the following.

- (1) Cases of unsatisfactory contract performances resulting from:-
 - (a) Inferior item or part thereof.
 - (b) Wrong item or part thereof etc.

- (2) Very late deliveries not beyond the control of the supplier and also deliveries other than those quoted by the supplier.
- (3) Any other information about the supplier, which in the opinion of the Indentor may be vital to the Commission.

The purpose behind this exercise is to be able to compile reliable supply information on only effective suppliers.

GSC. 25/51.6

G.S.C. TENDER SYSTEM

- (i) SUBMISSION OF TENDERS:- The procedure for submission of tenders is usually attached to the tender documents. Due dates for the submission of tenders are also quoted on the tender documents which are either to be deposited in a Tender Box in the Commission designed for that purpose or to be posted to reach the Commission on/about the due date.

It is the requirement of the Commission that offers to be submitted must be on F.O.B. (Free on Board) basis. Where due to the nature of order (including local purchase) the Commission decides that a C.I.F. (Cost, Insurance and Freight) or C. & F. (Cost and Freight) or F.L.S. (Free Along Side) or C. & F. (delivered) order is the most appropriate, the supplier is advised accordingly to treat the contract as such.

- (ii) TENDER OPENING:- Two keys for the 'Tender Box' are held separately by two officers who simultaneously open the Tender Box before the Tender Panel on the due date. Telegraphic tenders are normally not encouraged because of the possibility of leakage of tender information.

- (iii) TENDER ADJUDICATION:- The Commission has a tender panel of four consisting of the Chairman, a Secretary and two other members. The panel sits daily to adjudicate on tenders received and its decision is final. Membership of the panel is on rotation basis and adjudication is carried out under the panel's stated rules and regulations. Representatives of the indenting departments who are advised immediately tenders are issued and also companies submitting, offers may attend any of the tender opening sessions after giving prior notice in writing, to the Chairman of the Tender Panel. Adjudication where possible is carried out under closed doors and the adjudicators who only know the tenders being discussed and examined by H.M.B.M.S and not by H.M.S. are completely insulated from any interferences and carry out their assignment without any fear or favour. The Secretary of the Panel only sees the names of the tenderers and also gives out the full details to the adjudicators and does not himself participate in the adjudication. But where representatives of competing firms are present during adjudication names of tenderers are announced for the benefit of all present in conformity with the rules and regulations of public tender.

(iv) TENDER ACCEPTANCE:- Under normal circumstances it is the lowest offer among quotations for the same specification that is accepted. Tenders are advised that it is the most competitive tender that almost invariably wins the award. Where for any reason the Commission and/or the Indentor accepts a quotation other than the best offer, the necessary justification and reasons are produced to support the acceptance and the particulars are submitted to the Ministry of Finance.

The Commission wishes to assure its suppliers that it will endeavour to maintain the best and the most up-to-date tender system and that queries, if any, arising out of any tender must be addressed to the Managing Director and marked "TENDER QUERY".

ISSUED FROM THE OFFICE OF GHANA
SUPPLY COMMISSION, ACCRA.

THE BUDGET

The budget is an instrument to translate policy objectives into action. To this end the budget indicates the policy objectives of the Government (political function), authorises spending and the levying of taxes (Legal function,) indicates who can spend what and for what purpose (management and accountability function) and shows the economic significance of government activity (economic function). The main policy objectives that are translated into action by means of the budget relate to:

- a. The allocation of resources; this involves determining the level of various government functions (health, education, defense, etc.) and the mix between consumption and investment.
- b. The redistribution of income and wealth among persons and regions, through particular forms of taxation, the provision of subsidies and transfers and the rendering of services, all of which may benefit some more than others.
- c. The stabilisation of the economy through regulating the level of expenditure and taxation so that there is in the economy as a whole a balance between aggregate demand and supply.

The objectives of the government's policy, when state precisely, may be conflicting and a choice has to be made or a compromise has to be found. In addition, almost any activity will have an effect on all objectives, but the effects differ among activities, thus the means to achieve the objectives have to be analysed and chosen carefully.

While the levels of expenditure have an importance of their own, it should be stated that the Composition of expenditure are also equally important. For example, should current expenditures be (on then Capital expenditure) While no specific guidelines can be laid down indicating the optimal mix, some factors affecting the pattern of government expenditures are noted below. These are exhaustive nor is the order indicative of relative importance.

- i. Environmental factors
 - Geography (including climate and location)
 - History
 - Constitutional framework (including legal institutions)
- ii. Technological factors
 - Population growth and age structure
 - Population density and distribution (especially urbanization)
 - Production (and consumption) technology
- iii. Economic factors
 - Growth of national income
 - Distribution of income (including regional distribution)
 - Level and rate of growth of per capita income
 - Rate of price change
 - Productivity changes
- iv. Political factors
 - Ideology
 - Character of political institutions
 - Tax tolerance
 - Occurrence of crises
 - Attitudes to centralization
- v. Administrative factors
 - Nature of budgetary process
 - Nature of bureaucracy
 - Habit

PARLIAMENTARY AUTHORISATION

After the preparation of the revenue and recurrent expenditure estimates, the position would be clear as to whether there was any deficit. In case of any deficit, the Minister of Finance has to propose measures to raise money to finance the deficit so that the budget would balance. The budget is then submitted to the Cabinet for approval after which the estimates are printed for

to Members of Parliament at least before the

Budget Day, as required by the Standing Order of Parliament.) The Budget Day normally falls within the first few weeks of the new financial year.

On the day the budget is read, the Minister of Finance moves in Parliament that the financial policy of the Government for that financial year be approved. The budget speech contains a comprehensive account of the physical and financial position of the government for the previous year as well as that of the ensuing year. The speech also contains an economic survey and forecast, and estimates of revenue and measures to be adopted to balance the budget. After the budget speech, the Parliament adjourns for a few days, normally three, before a committee of the whole house - Committee of Supply - commences debate on the various aspects of the budget proposals. The estimates of expenditure for the various Ministries and Departments are brought under critical examination. The debate in the Committee of Supply can range over all matters relating to the particular services of the Ministries and Departments concerned as well as their overall administration. Ministers then have to introduce separate motions to ask the House to approve the estimates of expenditure for their respective ministries and departments.

The Constitution requires that the estimates of expenditure shall be included in an Appropriation Bill to be introduced in the National Assembly to authorise the issue from the Consolidated Fund the sums of money necessary to meet the expenditure.

Whilst the debate on the estimates of expenditure would require the National Assembly to be in session for a considerable number of days before they received approval, all tax proposals become effective from the Budget Day before they are later embodied in a Finance Bill.

The budget statement provides figures and necessary information relating to certain payments of a capital nature for which there is statutory power to borrow and which are therefore excluded from the expenditure to be met from revenue. These items and others are set out in the part of the budget which lies.

"below the line". Such items include the following:-

1. receipts applicable by statute to debt interest which would otherwise be paid out of revenue;
2. receipts applicable to debt redemption; and
3. payments for which the Treasury has power to borrow.

Vote on Account:

It normally happens that the estimates of expenditure are not approved by Parliament right at the beginning of the ensuing financial year. Since the government has to carry out its services until Parliament finally approves the expenditure estimates, Provisional Estimates, also known as Vote on Account, which form about a quarter of the draft estimates, are (given approval by Parliament) even before the budget statement come out. In practice, the Provisional Estimates are approved by Parliament without any debate. This procedure is adopted in order to save the time of Parliament. The Provisional Estimates are not scrutinized and debated by Parliament, for the reason that they form only a small proportion of the overall estimate which will come before Parliament for debate after the Budget Day.

BUDGET EXECUTION

After the budget ~~has~~ received Parliamentary) authorisation, the next stage which follows is the execution of the budget. According to the (Constitution) expenditure could be made out of the Consolidated Fund only on the authority of the (Parliament.) The Constitution gives the Minister of Finance the authority to release funds to meet the expenditure requirements of Ministries and Departments as contained in the Annual Estimates. This is done by the issue of the General Warrant by the Minister to authorise expenditure. After the issue of the General Warrant, the Controller and Accountant-~~General~~ will then send out a Treasury Circular to Principal Secretaries and Heads of Departments who are in primary control of the votes under the various items of expenditure. This authority is delegated to subordinate officers to make payments by issuing departmental warrants. The heads of departments have a bounden duty to control the expenditure of their departments. The General Warrant also requires Heads of departments to make expenditure to the tune not exceeding the net

allocation for the quarter under each item of recurrent expenditure or not exceeding the total provision for the year. To make this control effective, Financial Encumbrance is used for recording any expenditure made under each item. To prevent any excess expenditure within any quarter, Ministries and Departments are advised to abide strictly by this regulation. An occasion may arise where, for certain reasons, a particular ministry or department may wish to exceed its quarterly allocation. Application to this effect should be sent to the Budget Bureau for approval.

The nature of control exercised over Development Estimates differs from that exercised over Recurrent Estimates. No expenditure could be made under any sub-item of the development estimates unless the Minister of Finance issues a Warrant signed by himself in respect of the provision in the estimates. Any Ministry or Department wishing to incur expenditure under the development estimates must first submit application to the Ministry of Finance. The schedule officer responsible for that particular ministry or department will scrutinize the application and find out from the cash flow analysis if sufficient funds are available under that sub-item. If the application is found to be in order, a warrant is prepared for the Minister's signature. The warrant when issued will authorise the release of funds under development estimates is so designed to provide information relating to funds already released for the particular project and the percentage of work performed. The warrant also demands details of how the amount required will be spent in respect of the project. Unlike release of funds under recurrent estimates, the system of releasing funds quarterly does not apply to development estimates. Progress on a particular project will determine the amount to be released and when the release should be made. The inspections carried out enable the Ministry of Finance to ensure that money has been spent with judgement and honesty and in accordance with the regulations concerned. Inspections of this nature are primarily the duty of the Ministries and departments making the expenditure, but it has been realised that either these inspections are ineffective or that they are not carried out at all. For that matter, the Budget

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Division does not get the correct budget implementation report. It is therefore necessary that the Budget Division should supervise the programme and policy control carried out by Ministries and departments themselves.

ACCOUNTING AND AUDITING

When Ministries and Departments have available funds which Parliament has voted for them under an Appropriation Act, the spending and accounting for them are the sole responsibility of the ministries and departments alone. The Ministry of Finance does not exercise day-to-day check on expenditure incurred. Proper and up-to-date account of expenditure and revenue receipts, however, should be kept. The Controller and Accountant-General is therefore the chief accounting officer of the government and he has the duty of keeping all the accounts of the government - both expenditure and revenue receipts. He should keep the Accounts in such a form as will make it easy to compare actual revenue and expenditure with the estimates for the year which form the basis of the accounts. He keeps separate accounts for each head of expenditure representing the various ministries and departments. Revenue receipts are similarly classified. To centralise the finances of the government, the Controller and Accountant-General keeps a central account with the Bank of Ghana.

To enable him to perform his duties efficiently, the Controller and Accountant-General has Chief Treasury Officers attached to groups of ministries or departments who keep up-to-date account of any expenditure incurred. It is the responsibility of the Chief Treasury Officers to ensure that all Payment Vouchers are pre-audited before they are passed for payment.

There should be a machinery to ensure that funds are applied to the purposes for which they were voted and also to ensure that all revenue collected is paid into

chest. An Auditor General is therefore appointed under the Constitution to audit and report on public accounts of Ghana and of all public offices, including the Courts, the Central and local government administration, the Universities and other educational institutions, statutory corporations and any organisation established by an Act of Parliament. In the performance of his duties, the Auditor-General has statutory authority to disallow any item of expenditure which is contrary to law and to surcharge such unauthorised expenditure on the person who made it. In respect of revenue, he can invoke the power of surcharge on any revenue collector who fails to bring revenue collected into account. In the event of any loss or deficiency in public funds, the Auditor-General also has the power to surcharge the sum involved on the person through whose negligence or misconduct the loss or deficiency has been brought about. It follows from the above that the Auditor-General, in the performance of his duties of auditing, brings to notice all wasteful expenditures. Like the Controller and Accountant-General, The Auditor-General also has his representatives and supporting staff attached to major government departments who carry out post-auditing of all books of account and issue queries when they realise any irregularities. The Constitution requires the Auditor-General to publish his Audit Report and submit it to Parliament for scrutiny by the Public Accounts Committee.

It is worth noting that the Auditor-General is in a unique position - he is independent of the government and could therefore perform his duties without any fear or favour.

DISPOSAL OF UNSERVICEABLE STORES

Officers who have the use of stores are required to ensure that the best and most economical use is made of Government stores. When they become unfit for further use for the purpose for which they were acquired, the stores must be promptly boarded and disposed of.

Stores which become unserviceable are returned to the store of issue and taken on ledger charge. The officer in charge then request the appropriate authority to arrange for a Board of Survey to examine them for their ultimate disposal.

There are three methods of Board of Survey; these are, Breakages Book, One-Man Survey and Three-Man Board of Survey.

Breakages Book: This method allows for certain pre-determined stores to be boarded by an officer duly authorised to operate a Breakages Book. The stores involved include tools, small mechanical spare parts, crockery, time-expired drugs, school or library books, institutional clothing, bed linen, etc. This Book will not be used for writing off stores which have become unserviceable other than through fair wear and tear in normal use.

One-man Survey: By this method any unserviceable store the original value of which does not exceed \$200 may be boarded by one man usually an officer of the department holding the stores. One-Man Survey may not be held on stores which have become unserviceable other than through fair wear and tear in normal use.

Three Man Board of Survey: In the case of all other stores, i.e. all stores having an original value of more than \$200 and all stores which have become unserviceable other than through fair wear and tear in normal use, a Three-Man Board of Survey, consisting of a President and two other members, one of whom will be an officer from the department controlling the stores, will be held.

When stores of a technical nature are to be surveyed, a technically qualified officer will be co-opted to assist the Board.

In the course of a Board of Survey or One-Man Survey, the store-keeper will be present to help in the survey.

The Board will list all items on Stores Form 10 quoting the date of receipt, original value, condition, cause of unserviceable, etc. A separate form will be prepared for stores which have become unserviceable other than through fair wear and tear.

The Board after examining the items will recommend one of the following disposal actions for each item:-

- (i) by destruction;
- (ii) by sale to the public by auction or by some other means;
- (iii) by salvage; that is, by continued use in the same department (e.g. as cleaning rags in the case of unserviceable linen) at a nil valuation;
- (iv) by transfer to another department at a nil valuation;
- (v) by re-entry in the ledgers of the same department at a reduced valuation;
- (vi) by transfer to another department for entry in the ledgers thereof at a reduced valuation.

All stores which have been recommended by a Board or One-Man Survey other than those recommended for retention in the Service at a reduced valuation will be indelibly marked before the close of the meeting with the inscription "GG/BS".

All unserviceable stores recommended for disposal by a Board of Survey or One-Man Survey will remain on charge until approval has been given for their disposal. When approval is given the stores concerned will be issued off charge by preparing S.I.V. and quoting the relevant authority on the voucher.

Write-off authorities are as for loss of STORES under (a).

In 1973 an Interim Procedure for the disposal of stores was introduced to ensure prompt disposal action. This interim measure became necessary as a result of a survey which revealed that thousands of items which should have been disposed of years ago were still held in stock.

The continued presence of these old stocks burdened Ministries/ Departments not only with locked up capital but also, with unnecessary operating expenses by way of accommodation, accounting and auditing costs.

It was realised that the accumulation of unwanted stores could mainly be attributed to the cumbersome nature of the old procedures for disposal of stores. For this reason a Ministry of Finance Circular No. C.2/73 dated 24th September, 1973 was issued to replace, temporarily, the then existing procedures in order to clear the back log of unwanted stores from storehouses and stock yards. Accordingly the circular suspended the operations of:-

- (a) Store Regulation Chapter XVI, Paragraphs 202-224 "Disposal of unserviceable stores and Equipment".
- (b) Store Regulation Chapter XVI, Paragraphs 225-228 "Authority for Write-Off Stores".

The operation of the Interim measure can be summarized as follows:-

- (1) Departments will notify the Supply and Stores Inspectorate of the existence of unserviceable, surplus or obsolete stores.
- (2) The Inspectorate will send a Supply Officer to inspect the stores with an officer from the department concerned. They will determine the disposal action necessary for each item and recommend accordingly. All items will be listed on a Certificate of Unserviceability/Surplus (Pre-numbered and prefixed 'A') and the two officers jointly signing the Certificate. The issue of the certificate authorises the striking off the items from ledger charge.

Items of a technical nature are examined by technically qualified officers who are requested to issue reports and give an estimate of the scrap value. The reports are attached to the certificate.

Certificate of Unserviceability/Surplus is distributed as follows and under covering letter by the Inspectorate:-

- (a) The Head of department concerned
 - (b) The Principal Secretary, Ministry of Finance (Control Division)
 - (c) The Controller and Accountant-General
 - (d) The Auditor-General.
- (3) When stores are recommended for Destruction; the two officers will cause the items to be destroyed promptly and issue a Certificate of Destruction (Pre-numbered and prefixed 'B'). The certificate which will indicate the method and place of destruction will be signed by the officers who carried out the destruction and is distributed as at (2) above. The certificate will show the relative certificate of unserviceability.
 - (4) Stores recommended for sale on the originating Certificate of unserviceability will be sold by the department concerned in the manner recommended on the certificate. When sale is to be by public, auction, the covering letter from the Inspectorate distributing the forms will indicate that it should be done within 30 days. Amount realised from the sale will be paid to the chest by the department and the treasury receipt together with the auctioneer's sales account will be sent to the Inspectorate for the issue of a Certificate of Sale (pre-numbered and prefixed 'C'). The certificate is distributed as at (2) above.

The interim procedures for the disposal of stores will remain in force until new procedures to be embodied in new stores Regulations being drafted and promulgated.

STORES SECURITY AND PRESERVATION

Mr David Lynch.

To ensure security of goods stored, it is of primary importance that the storehouses and yards should be of reasonably substantial construction. Buildings, fences and other enclosures should be strong and durable enough to stand the risk of fire, breakage and other physical and adverse climatic conditions.

It is advisable to provide the minimum number of doors fitted with adequate locks but which should not impair efficient operations within the stockyard.

All windows and skylights should be securely fastened and where possible additional protection in the form of bars or wire mesh should be provided.

It is advisable also to arrange the internal layout of the storehouse to provide an issue counter or bay remote from the main storage area, and where possible this should be enclosed.

Stockyards should be adequately secured with suitable fencing with lockable gates.

Custody of Keys

As a further measure in ensuring security of the stores, precautions should be taken to avoid loss or misplacement of keys. All keys belonging to the storehouses and stockyards are numbered and registered and written instructions are issued nominating the persons responsible for them. During off-duty hours, keys are kept in a locked key safe in some convenient place such as the lodge at the entrance gates of the establishment and every one collecting or depositing a key is required to sign the register on each occasion. The number of duplicate keys is carefully restricted and they are deposited in the keeping of some senior officer who has a safe. In the event of keys being lost, mislaid or stolen, the fullest possible inquiries are made, and, if there is any uncertainty, a new lock is fitted.

Access to Premises

Storekeepers are responsible for the care and custody of all materials placed in their charge from the time of delivery until the time of issue. The storekeeper therefore must exercise supervision over his own staff and ensure that access to the storehouse or stockyard is strictly limited.

Apart from employees themselves, all other persons, should as far as practicable not be admitted into the storage area. This includes drivers of vehicles who even when admitted because they are in-charge of their various transport should be under supervision of a member of staff.

During closed hours it is necessary to maintain a duty watchman inside the stockyard with a patrolling watchman making occasional visits. In recent times experience is proving that even the duty watchmen are sometimes not very reliable and it is necessary to augment his services with a team of guards who would be perambulating the perimeter of the stockyard.

...

The modern times security alarm is being used either to warn off people or to call for help in cases of arrest.

Marking the Stores

Pilfering and major thefts in some of our storehouses and stockyards have been on the increase because most of the goods are not marked at all or not adequately marked with identification marks, which generally scare people from taking and secondly help identifying the goods when stolen. In the past many goods particularly the attractive ones brought into this country were either marked with W/D or M/D or some watermark of a design (Crown & gents) and this made it difficult for the item to be stolen and at least reduced the occurrence of pilforages.

Discretion should be exercised in this matter; many items, e.g. forgings, castings, heavy steel special components, etc. are not worth the trouble of marking, but articles suitable for domestic use, such as hand tools, soap, towels, clothing, toilet rolls, electric lamps, etc. will usually require some attention. For valuable portable equipment, such as micrometers, surveying instruments, ammeters, etc. and for such items as vehicle types and batteries the principle of marking may well be carried so far as to give each individual item registered serial number and to check that all articles of their kind are eventually returned to store when their useful life has expired.

Pilfering items

All attractive items should require extra security precautions. Such items include those mentioned already under markings. In the case of other items such as gold fountain pens, lighters, antibiotics, and other expensive drugs separate locked enclosure cupboards should be provided and placed in the case of one particular person who would be held responsible for the care and custody of such items.

Supervision

The security measures introduced is often not efficiently carried out due to lack of proper and adequate supervision. To ensure an efficient operation therefore it is required of the Storekeeper or the supervisor to make inspection at intervals to satisfy himself that everything is in good order and that physical conditions are up to the required standard.

Fire Precautions

Safe and security measures are not complete if no provision is made to guard fire outbreaks or arrangements are made to fight outbreaks or fires. The extent of fire risks depends upon the construction of the building or stockyard and the nature of the stock held. However, risks of fire have been found negligible in most stockyards.

The usual precautions where fire is inevitable are:-

1. Forbidding of smoking on the premises or within the stockyard, with notices posted out at vantage points to this effect.
2. Appropriate and adequate fire-fighting equipment seen as extinguishers, ladders, axes, firebuckets, hoses, hydrants, etc. should be provided. Automatic overhead sprinkles system should be provided if it can be afforded.
3. Stores personnel should be trained in fire-fighting techniques, and occasional exercises should be carried out.
4. Sufficient advice, which must be posted within the stockyard with regards to movement in and out in times of fire outbreaks should not escape the attention of the storekeeper or supervisor. or instructions on the drill to be observed in case of fire str posted up on the notice board.
5. The procedure for calling the fire service in case of need is thoroughly publicised.
6. Inflammable store should be segregated in a separate building or separate stocks. Usually inflammables are kept at a distance not less than 50 yards from the general storeroom. The range actually varies from 75 feet to 704 feet.

Prevention of Deterioration

In order to ensure that materials which cost a lot of money to purchase should not deteriorate or be damaged during storage it is necessary to lay down a programme that will ensure adequate conditions for preservation care and maintenance of the stocks.

Stores deteriorate either due to the time for which they were stored, e.g. fresh fruits and vegetables; or due to unsuitable conditions to which they are stored, e.g. cement in moist conditions becoming damp and caking, steel becoming rusty or stationery becoming dirty and damage in the store through accident or bad handling, e.g. electric bulbs being dropped and getting broken, watches, compasses and other precision instruments being dropped and becoming faulty.

Time Certain items such as drugs - (antibiotics) are by their nature time dated, i.e. they lose potency on the expiration of certain specified period. However, it is incumbent on the storekeeper or whoever is responsible to ensure that stocks are received from fresh consignments to guarantee longer shelf-life; providing that they are stored in the most suitable conditions, i.e. if required to be in cold and dry storage then it is always there.

Quite apart from items with specific shelf-life, other items such as fresh fruits and vegetables deteriorate if they are stored longer than necessary from time of harvesting.

An antidote to such situations as mentioned above is that the storekeeper must always ensure that goods leave the stores in the manner in which they came, and this is sometimes described as the storekeeper's "Golden Rule" "First-in-first-out".

Unsuitable Conditions

Cement by its nature solidifies if it gets damp. It is essential therefore to stock cement in dry, well heated area; in general, should be stacked not more than 6 to 8 bags high; should be stored off the ground on dunnage, as far as practicable, the first-in-first-out procedure should be adopted during issues.

Tyres: All articles made of rubber cannot stand too much heat and must therefore be kept away from heaters and radiators and other heat sources, and tyres are not exception.

Metals: These are liable to corrosion when required to be kept for long periods they should be protected with a coating of oil, grease or some other slushing compound produced for that purpose.

Exception to this is iron-castings which may be stored outside deliberately for purpose of "ageing".

Tool Handles: These are best stored flat in a cool dark store. They are likely to warp if placed in containers or stood up.

Timber Sawn: These should be stored inside the storehouse or under open-sided sheds. If it becomes wet it is attacked by fungi, so please keep them always dry. Boards should be stacked with scantlings in between for air to circulate.

Gas Cylinders: Empty cylinders should be kept separate from full cylinders. Store rooms should be well ventilated above and below. Oxygen should not be stored mixed with combustible gases such as acetylene. Acetylene cylinders should not be stacked out always stored upright. Oxygen cylinders should be stored horizontally.

Special Storage: Special precautions are necessary for some categories of supplies. Explosives must be kept in specially designed magazines located as far away as possible from premises occupied by people and stores. Generally the storage of explosives is governed by special government regulations. Acids and inflammable stores must be stored away from main store buildings and in specially designed buildings protected by ramparts. Vaccines, Sera and certain drugs must be kept in cold rooms in order to preserve them in a condition fit for issue. Radio active materials require very special storage and are handled only under technical supervision. Refrigeration rooms must be provided for perishable foodstuffs such meat, fish, poultry, butter and cheese.

WORKSHOP ON STORES AND SUPPLY MANAGEMENT
16th SEPTEMBER - 6TH OCTOBER, 1979
FOR SENIOR MINISTRY OF HEALTH OFFICERS
LEGON, ACCRA.

SUMMARY OF 1ST WEEK

Programme of Course Content: This was based on the knowledge, experience and expertise of the Directorate of the Inspectorate Division, Ministry of Finance, and also on the result of the analyses of the responses to the pre-course questionnaires sent out to participants prior to the commencement of the course.

Objective of the Pre-course Questionnaire: The main purpose of designing and administering the questionnaire was to ascertain the degree of differences between the course organisers' objectives and the knowledge, skill and attitude of participants on the job situation. This was necessary in order to (a) design a specific programme which would bring about an improvement on the performance of participants after training and (b) to prepare lecturers, discussions leaders etc. on the level of sophistication, the pitch and mode of teaching which would be most appropriate for this high level of participants.

The course programme was divided into three, each part with its specific objectives:

The Objectives of the First Week: i. To provide a congenial learning atmosphere from which participants can select those areas most pertinent to their needs for training.

ii. To give participants a general overview of all the aspects of stores and supply management and also to introduce participants to one of the methods which will be used to evaluate the course, namely their ability to solve simulated problems presented in the form of a case study.

iii. To emphasise the need for team work in any management situation by grouping participants into three matrices or groups for the purpose of solving a problem or problems in a group. (Group dynamics)

Monday 17th September: The formal opening ceremony by the Director of Medical Services could not come on owing to unavoidable circumstances. However, Mr. S.K. Kwafu, the Deputy Executive Director of the Ghana National Family Planning Programme was able to attend and welcome participants to the course.

"Ice Breaking" Each person introduced the person next to him or her and by the time of the mid-morning break, there was one group instead of individuals from different regions.

Course Overview and announcements followed the introductory session.

The 'ice breaking' exercise and the overview of the programme took care of the first objective; i.e. creation of a learning - teaching atmosphere.

Course Administration: The participants were divided into four administrative groups or committees as follows:

- | | | |
|--------------------------------|---|---------------------------|
| 1. Steering Committee | - | Chairman Mr. J.A. Charway |
| 2. Medical/First Aid Committee | - | " Ms. Agnes Brown |
| 3. Entertainment Committee | - | " Mr. P.K. Amodzin |
| 4. Catering Committee | - | " Ms. Alma Adzraku |

Feedback of analyses of Questionnaires

Each of the answers to the questions was discussed to try to lead participants into the areas where differences between their answers and the trend of thinking of the course content designers existed. In other words the 2nd objective of the first week was achieved to a large extent. All the questions could not be discussed in view of the time available. From observation, the class was alerted and ready for the work which was ahead.

This first day's programme, was deliberately relaxed, fairly unstructured and experiential to a certain extent;

- i. to make room for late arrivals
- ii. to afford the organisers and participants the opportunity to study one another and to choose the most appropriate strategy. (for the participants a strategy for learning, for the organisers a strategy for teaching methodology).

Tuesday 18th September

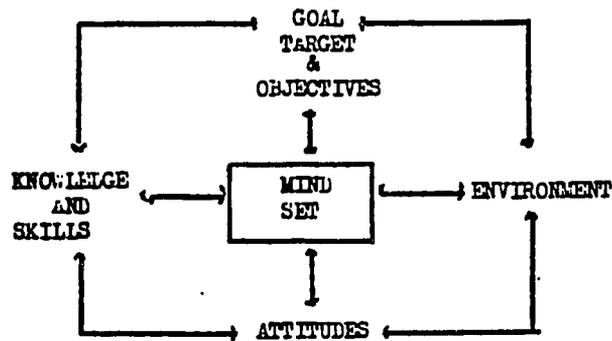
Introduction

One of the essential elements in effective and efficient management is the "Mind Set" of the Manager irrespective of the level of the manager in the organisational setting or what it is which has to be managed. Management is a process which goes on at all levels of any organisation or enterprise from the grass-roots to the top administrator's level. At any of these levels, whether at the messenger, field worker or community worker level, supervisory or directorate levels; Management By Objective (M.B.O.) can be effectively executed if the following are clarified;

- a. The ultimate goal of the organisation of which the Manager is a part.
- b. Knowledge and skills of the nature of the functions to be performed and the conditions under which one will operate
- c. Understanding of him/herself (the manager), his/her attitude towards the organisation and other people in the organisation and the attitude and needs of the consumers or recipients of whatever services the organisation provides.
- d. The target or targets to be achieved
- e. The micro or immediate environment of the manager and the macro or broader environment within which the organisation

as a whole exists.

The above can be represented diagrammatically thus:



The manager of stores and supply, the objectives, knowledge and skills required for efficient and effective stores functioning were introduced by the Director of Supply and Stores, Mr. I.K. Osei in a pace-setting introductory lecture to the academic content of the course.

A Summary of each of the academic areas covered in the first week have been stated below.

General Stores Function, Description and Identification

Target and Objectives: The stores and supplies manager is a member of a team whose ultimate goal is the physical, mental and spiritual well being of individuals in the community.

His specific or immediate sub-objective towards the organisational goal is to help minimise the costs of the industry (in an industrial enterprise) or the government organisation, in this case the Ministry of Health, by maximising the utility received for the money spent in procuring and consuming the goods and services needed by the organisation while at the same time minimising operational costs or losses from shortages caused by untimely deliveries.

From clearly defined objectives such as the above one can see that the stores and supply manager should know (knowledge) what to do; (a) maintain a vigilant eye on both the usefulness of an item as well as its costs in procurement, storage etc. He/she can also understand the criteria by which his/her managerial competence will be evaluated, that is in terms of the operational costs to the organisation.

The Target or recipients are the persons needing health (mental, physical, spiritual health) services.

Knowledge: Understanding and appreciation of the following:
The advantages and disadvantages in these processes:

- i. What is meant by utility
- ii. Types of utility (a) Form (c) Time
(b) Location (place) (d) Possession

- (iii) Price or cost
- (iv) Quantity
- (v) Identification
- (vi) Issue and despatch
- (vii) Stores accounting
- (viii) Storage and preservation
- (ix) Salvaging/utilization
- (x) Essential steps in procurement
- (xi) Purchase Request format
- (xii) Ascertainment of needs and who decides on those needs
- (xiii) Physical, chemical and performance specifications.

Knowledge of:

- (i) Needs assessment skills and communication of needs effectively to the source/supplier. Understanding the use of the various forms, formats and authoritative source.
- (ii) Analysis of proposal
- (iii) Issuing of purchasing contract
- (iv) Follow up
- (v) Inspection and receipt drill
- (vi) Stocking and Issuing procedures
- (vii) Completion of Records
- (viii) Advantages and disadvantages of the various methods of description of quality
- (ix) Careful selection of Vendor(s) to avoid overdependency on manufacturers and unnecessary costs.

Understanding the Environment(s): An understanding of the operational environment: MICRO AND M.CRO

- (i) Understanding the manufacturers' concern for changing the utility value of form in order to make profit.
- (ii) Understanding the supply administrators' concern for changing utility of place, time and possession for the benefit of his/her organisation.
- (iii) Understanding the use of the item and the form in which it will be most useful; the conditions of storage and preservation and possible substitutes which can achieve the same organisational goals at minimum cost.

Skills: How to manipulate the immediate environment which is under the control of the stores and supplies manager to achieve his/her objective and sub-objectives.

Various methods of maximising the utility per cost ratio of an item e.g. By (a) Keeping the cost of the item constant while at the same time deriving other uses from it. e.g. instead of buying a drug for the prevention of pregnancy and another drug for regulating ovulation, one drug can

can perform both functions will be a better buy than 2 different drugs at a higher price or

- (b) Maximise utility value and minimise cost at the same time by buying the drug/item which is cheap but which can perform several functions effectively.

Group work on Case Study

Introduction and guide lines. The main purpose of working in groups is to foster team spirit, leadership roles and to enhance the participation and contribution of every individual. The operative word being co-operation instead of competition.

Wednesday 19th September

Following on from the general orientation and crude pace setting lecture on Stores and Supplies Management and functions by Mr. I.K. Osei, Director of Supply and Stores, the rest of the week was devoted (as will be subsequent weeks) to in-depth treatment of each subject area. Thus on Wednesday the following were the areas discussed.

Description of Stores and Identification of Stores

Purpose: The need for meticulous description of an item in supply management are:

- (i) To avoid the danger of purchasing an unsuitable item.
- (ii) To avoid possible confusion of stores accounts
- (iii) To avoid paying for an inferior article/item with the price of a superior one.

Aids in the correct identification of an item

- (i) Description of specification (physical, chemical or functional)
- (ii) The Code
- (iii) Stock or Pattern numbers

Although Brand names also aid in the process of specification, their use is to be avoided as much as possible as they are likely to vary.

The importance of Description of Specification cannot be stressed enough and many Manufacturing concerns endeavour to compile and review catalogues of the products for this purpose.

In Ghana the need to aid in the specification of items' and description have led to several attempts at trying to compile stock vocabulary and to code common stock items; by various organisations such as the Public Works Department, Ministries of Agriculture, Health etc.

As managers of supplies and stores the onus of educating the rest of the health team members on the accurate specification of their needed items should form part of the on going O.J.T. On the Job Training .

This has the two fold advantage of lessening the workload and responsibility of the stores manager as well as providing the needed motivation for stores workers and the rest of the staff. All workers should be familiar with the various methods and forms for description of items.

When there is no vocabulary or stock code available for the purposes of description and identification of a stores item or article, it is essential that a comprehensive description or specification (with drawings if necessary) be provided instead of resorting to the use of Brand Names as some non supply officers may sometimes do. To facilitate the work of the manager of supply and stores, it is essential that he/she explains the rationale for the accuracy in the description of store items to both peers, superiors and subordinates.

Several examples were cited in the "hand-out" of the kinds of information needed to describe:

- Motor vehicle spare parts,
- Electricity conduit cables
- Bowls
- General stores items etc.

During the discussions which followed this lecture, it was apparent that the compartmentalisation of the various functional units and divisions in a health team was one of the major obstacles in the efficient management of stores and supplies. e.g. it was observed that the stores and supply management personnel appeared to be on the defensive and not aggressive enough to influence the purchasing and use of hospital items. Items are ordered some where in the top administrative set up and given to the stores management.

It was felt that an efficient and effective association of stores management needed to be established and secondly that the managers of supplies and stores be involved at the initial stages of planning, allocation of funds and supply, storage, monitoring of stores from source to user. This kind of rapport between the stores managers and the rest of the health team should be initiated by the stores managers. Here the "mind set" of the stores manager is a useful tool for effective manipulation of attitudinal change within the health team.

Again from first two-days' discussions, although the several problems which emerged could be grouped under a major heading of Communication, it was nevertheless felt necessary to offer participants the opportunity to state their objectives for attending the course. Participants were asked to state;

- (1) Their individual expectations/objectives from a course of this nature. i.e. did participants come merely because they were asked to attend the course or did they feel a specific need to learn/revise special areas of skills, knowledge and attitudes.

- (ii) The kinds of changes participants would wish to see in their operations as a result of attending the course, say within the next 6 months.
- (iii) The objective, strategy and criteria for self appraisal or evaluation of those changes which they envisaged.

The purpose of the above questions were as follows:

- (a) To brief the lecturers and resource personnel to meet the requirement of participants.
- (b) To have a means of evaluating the effectiveness or otherwise of this first course in 6 months time and to ascertain strategies to be adopted for future courses and other non training administrative impediments to the success of efficient and effective stores management at all levels.
This evaluation, 6 months hence (March 1980) will form the basis for subsequent design of refresher courses.
- (c) To organise "Team building" refresher courses on regional basis by July, August 1980, using participants as the key resource personnel. Such courses will involve, Regional planners, medical officers, accountants, nurses, Finance and Economic Planning officers.
- (d) To be able to complete the training, with a final local course for the same participants by September - October 1981.

Case Study in the Three Syndicates.

Thursday 20th September

Having agreed that several persons in the Ministry of health can place orders for various stores items, a procedure which is not very satisfactory, however, at present since that is the modus operandi, what does the stores manager do when the goods arrive at his/her department? Several procedures which collectively are called Receipt Drill must be followed.

Receipt and Inspection of Stores

There are two main sources from which to expect the arrival of stores and supplies i.e. (a) from outside sources e.g. other government Departments or from overseas; and (b) from internal sources within the stores organisation e.g. transfer of goods from one place to another, returns from on-going projects etc.

On arrival of stores items: The items must be inspected by matching the carriers or consignor's accompanying Notes and waybills with the ordered quantities as well as the physical goods using
Provisioning and Stock Control Cards (P.S.C.C. Card)
Tally cards
Stores Receipt Vouchers etc.

Examples of the information on the documents by which stores can be inspected are cited under the following headings:

- (a) Goods Inward Register or Goods Received Register or Log.
- (b) Store Receipt Voucher (S.R.V.)
- (c) Register of store Receipt voucher.

In large store keeping organisation there are four central points for receipt and inspection prior to routing to their allotted store house. These are:

1. Receiving Bay
2. Bonded Store House
3. Marshalling Store Area
4. Capital Goods Storage area.

At smaller storekeeping departments, there are usually no central goods receiving points and the functions of receiving storage and issuing are relegated to the store keeper.

The salient point to remember from the Receipt and inspection drill are the various columns of information to be completed on the various forms. Examples of such forms would be appreciated as not all participants and resources personnel are familiar with these forms.

Friday 21 September

As with the receipt drill, there are also laid-down procedures concerning the issuing and despatch of items.

- Issues must have the approval of the authorised approving officer. The approval may be in writing or in the form of verbal instructions, without such approval goods/items should not be withdrawn from store houses.
- Identification of requirements
- Timing of Issues
- Various methods of issues:
 - i. Immediate issues (written)
 - ii. Issues made after the receipt of an issue by post
 - iii. Immediate issues on verbal request to a known employee of the organisation.
 - iv. Improst issues.
- Replacement of issues
- Loan issues
- Despatch
- Replacement issues
- Cost allocation.

The rationale for the above and the procedures have been described in detail in the "hand out".

Saturday 22nd September

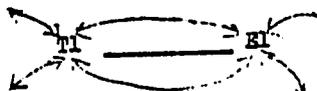
Field visit to the Central Medical stores at Tema to observe the processes concerning the topics discussed during the first week. A detailed report on the visit is expected from the steering Committee.

REVIEW OF 1ST WEEK

Friday 21st September: The Turn up of the number of participants was rather poor. However those present thought that;

- The pace of lectures and modalities of teaching were just right; neither too fast nor too slow.
- To some of the participants the course was a new experience and to others a revision of what they already know but have lapsed between the ideal situation and procedures and what they were accustomed to doing. All those present gave an impressive account of what each person had been able to assimilate.
- There appeared to be a concentration of information on one side and not enough in the rest of the organisation as regards ^{to} stores function, issues despatch and issue.
- To some the course was a re-union and an opportunity for making new friends.
- One subject area which participants remembered most was the discussion on the various forms of the utility ratio to cost.

At this stage, evaluation was concentrated at level 1 i.e. T1 - E1.



PROBLEMS OF PARTICIPANTS

On the Job Situation

1. The need for adequate transportation facilities
2. The need for adequate storage facilities
3. The need to involve stores personnel in planning and decision making concerning the ordering of stores.
4. The communication gap between the Medical, Nursing professions and the stores managers.

Regarding the first week of the course:

No problems as yet

The trip to the central Medical Stores at Tema was a little unexpected but worthwhile.

Trainer's Comment: The number of participants who turned up (31 - out of 40) was encouraging so was the high level of participation in group and class discussions.

G.E. ADDO (M.B.S)

WORKSHOP ON STORES AND SUPPLY MANAGEMENT
14TH SEPTEMBER - 6TH OCTOBER, 1979
FOR SENIOR MINISTRY OF HEALTH OFFICERS
AT LEGON, ACCRA

SUMMARY OF 2ND WEEK
MANAGEMENT & INTRODUCTION TO ADMINISTRATION

In my summary of the first week of the workshop, I tried to introduce the nature of managerial work, the manager as a man and the major components he/she has to co-ordinate, monitor and evaluate: The kind of Mind Set, attitudes knowledge and skills etc, required for effective management, and attempted to sum up each of the components of the 'mind set' in the introductory lectures delivered and discussed during the first week.

An attempt was also made to highlight the need for clearly defined, specific, attainable and meaningful targets. Some of the objectives were related to the total or ultimate value objective of the Ministry of Health, while others related to specific functions such as the duties of the procurement officer; description and Identification of stores

Receipt and inspection of stores

Issue and despatch of stores.

These specific functions related to certain individuals and units within the entire Health Delivery system, these individuals are from the Pharmacy, storekeeping, purchasing and supply units.

The careful readers of the first weeks' summary will have noted that, in terms of time, some objectives are long-range, some, short range and others immediate. These objectives provide not only a means for planning for procurement/despatch etc, of subsequent action but also for controlling the process and ensuring its smooth running in key areas. A manager cannot be everywhere at the same time, but he/she must have a thorough overview of the entire process and select the problematic areas which need his personal managerial competence and supervision and those areas which can be delegated to other workers. Thus, the second week of the workshop delved into the understanding of the key areas in the cycle of supply and stores; the processes for indenting, local and overseas purchasing by Ghana Supply Commission, priority controls over budget expenditure and supplementary expenditures, Trade and Import Licensing procedures and finally functions or task analysis of the stores accountant and stock controller.

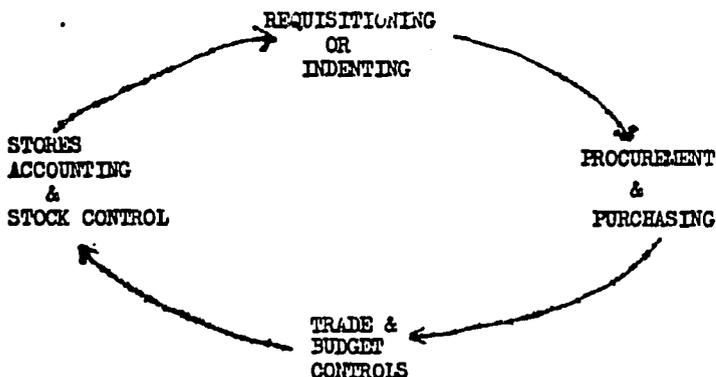
Knowledge and Skills

- Knowledge of terminologies, documentation and procedures associated with specific subject areas covered in the General Stores function which was treated in the 1st week.
- Knowledge of conventions, classifications and methodologies or processes associated with indenting, purchasing, procurement, stock control and pricing.
- Knowledge of theories, principles and generalisations pertaining to trade, purchasing etc.

Comprehension - Mental skills associated with comprehension behaviour, understanding the various components in the cycle of stores Management. Paraphrasing, translation or coding into meaningful stores language.

Analysis - The form or organisation of the various Ministries, stores and supply management - Tendering in G.S.C. and Ministry of Health, Commercial and government purchasing procedures etc.

STORES AND SUPPLY MANAGEMENT CYCLE



1. (a) The Indenting procedures and the location of sources of supply have been itemised in the hand-outs - "Ghana Supply Commission Indenting Procedure" and also "Ghana Supply Commission Tender System."
- (b) Indenting and purchasing procedures from the Ministry of Health's view point with particular reference to drugs was also discussed. Please see 'hand out' "Drug Indenting and Purchasing."
- (c) Purchasing as a distinct function from provisioning has also been discussed in the documents above as well as the procedures for each function.

2. Trade and Budget allocation to medical stores and supplies, terms for consideration of supplementary budgets and priority ranking of purchases and Import Licence controls and decisions were discussed.
3. Adequacy of supplies, lead times, availability of supplies on a continuing basis in terms of quantity and monetary cost or value were discussed under;

Maximum	}	levels, with a reminder to review such levels annually.
Ordering		
Hastening		
Safety/buffer)		

Stockcontrol in terms of cost of storage and other expenditure, such as stationery, timely ordering etc were discussed in detail.

Although the time table did not sequence the teaching/learning in the cyclical order above, it is felt necessary to present the second week's presentation's in this order. Some participants are 'au fait' with all the aspects of supply management others are not, some participants might have felt that certain aspects were not pertinent to their job situation. Nevertheless one does not know what the future holds, and it is better to grasp the rudiments of processes, procedures and terminologies as well as constraints involved in the effective and efficient management of supply and stores so that if for some reason one is called upon to handle a new schedule or another aspect in the cycle, one will have at least a working knowledge of one's functions and can refer to the appropriate section of the hand-outs.

This second week our objectives are as follows:

1. Working together i.e. knowing the various sections through which an item is processed before it is finally ready to the user. In this, we have the Ministries of Health, Trade and Industries and Finance as well as Ghana Supply Commission and the Bank of Ghana all handling aspects of the system.
2. Comprehension and application of knowledge and skills; Understanding the roles of the various components, functions and processes in obtaining, issuing, controlling, pricing and coding so that when a new item e.g. a contraceptive item is introduced into the health system it can be effectively managed to ensure that those who need them get them at the right time.

In addition to the mental skills, practical exercises were conducted by participants on:

- (a) Task/people oriented manager
- (b) Actual filling of forms
- (c) Assignments of writing out lecture notes not completed in the first week.

The chronological (not the learning sequential) order in which the seminar/workshops were presented, have been summarised by MR. DAVID LEMCH. Please see pages (.....⁶.....; to.....⁸.....)

Comprehension was further increased in a final seminar on Pricing Conditions for tender selection, Coding and a graphic representation of Opportunity Cost.

A. Pricing Definition according to Wilbur England:

" A fair price is the lowest price that ensures a ⁽¹⁾ continuous supply of ⁽²⁾ proper quality to him ⁽³⁾ who needs it, ⁽⁴⁾ where and ⁽⁵⁾ when he needs it, at a ⁽⁶⁾ Cost to him commensurate with that of his competitors and that makes it possible for the user to be reasonably assured of a material cost such that, in so far as the cost of the item purchased enters into the selling price of his end product, the finished product can be sold in a competitive market at a profit over the long run.

Methods of obtaining fair prices: These include the following:

1. Open advertised Competitive Tendering
2. Closed Advertised Competitive Tendering
3. Closed Selective Competitive Tendering (e.g. use of L.P.O.)
4. Single source quotation
5. Negotiation

Conditions for tender/vendor selection

1. Must be Responsible
2. Must be Responsive to one's requirement
3. Must be (considering the above definition), the lowest tender to make.

B. Coding: A short-hand of elaborative description of an item which enables the various parties in the supply cycle to communicate to each other with relative ease and precision.

Advantages

- (a) Avoids repetitive description of stores
- (b) Gives accurate identification of stores

- (c) Prevents duplication of stores
- (d) Provides standardization and simplification
- (e) Promotes easy communication in an organisation
- (f) Facilitates mechanisation
- (g) Facilitates purchasing
- (h) Used for stock location.

1. Methods of Coding:

- (1) By nature of the Item
- (2) By nature of the end use of the item
- (3) Sometimes a combination of 1 & 2 is employed.

Examples of coding system were provided.

Report on field visit

Detailed report on the field visit to the Central Stores at Tema was given by the steering committee.

Practical assignment: This took the form of (a) practicing filling of the forms used in supply and management such as - Way Bills

- Indents
- Combined Requisition and issue voucher
- Packing Note.

(b) A review of the Ghana Supply Commission's classification Groups - which is under review and therefore subject to amendments.

Evaluation was in the form of written statements on relevant and irrelevant sections to each participant of all that had been learnt to date. This was unstructured.


C.E. ADDO (MISS)
A.D. I/C TRAINING
G.N.F.P.P.

SUMMARY OF SECOND WEEK

BY

MR. DAVID LYNCH, USAID
MANAGEMENT CONSULTANT

Monday was a National Holiday in Ghana for the transfer or hand-over of Government from A.F.R.C. to the new President, Dr. Hilla Limann.

Tuesday and Wednesday were devoted to:-

- (1) Stores Accounting and Stock Control, and
- (2) Budgeting and Financial Control.

Mr. Ahoma and Mr. Adapoe presented hand-out which describe in detail the definitions of terms used in lectures and all aspects of procedures in monitoring, storing, issuing and accounting for stock supplies. These hand-outs can be retained by workshop participants for future handy reference if clarification of problems or reasons for actions taken or required is needed in Stores Supply Management.

The lecturers covered related subject matter which included:-

- (1) Quantities to maintain levels
- (2) Units of Issue
- (3) Over shipments - Under shipments
- (4) Processes involved in stock control
- (5) Space utilisation
- (6) Shelf life
- (7) Objectives of stock control
- (8) Unwanted stock
- (9) Costs - direct and indirect distribution
- (10) Periodic review of stock levels
- (11) Ascertaining value, pricing
- (12) Stock account records
- (13) Allocated stores
- (14) Unallocated stores
- (15) Stock controls
- (16) Overstocking evils
- (17) Understocking evils
- (18) Importance of written record.

Mr. D.K. Antwi and Mr. Owusu-Agyei discussed the budgeting process from origin of the estimates to approval by Parliament. These discussions included:-

- (1) Purpose of budgeting
- (2) Revenues and expenditures
- (3) Ministry estimates
- (4) Line item adjustment approval
- (5) Adjustments to other programs of unused end of year funds
- (6) Overstated estimates for items not required in quantity requested
- (7) Advance payments - discontinuance.
- (8) Effect of inflation.

Mr. Antwi used examples of personal household budgets to illustrate similarity of problems in any budget.

Participants were given a form, designed for self-assessment by a Management Firm, as an interesting questionnaire to indicate performance in relation to people and tasks.

Thursday - 22nd

Mr. ~~Antwi~~ of the Ghana Supply Commission discussed in detail the indenting procedures.

The indents are prepared in four different colors - each color indicates the urgency of the requirement... White for normal annual replenishments, yellow for urgently required supplies to prevent break-down of essential services, pink for extreme urgency in unexpected emergencies such as wars, riots, civil commotions etc, and blue for proprietary or specialty stores.

The timing of submitting and the information required to be shown by Departments on the indents submitted to the Commission for consideration was discussed.

Payment of freight and methods^{of} shipping FOB, CIF, C and F, FAS were defined. A booklet "Equal Terms" was recommended as obviously advantageous in negotiating with suppliers in many countries which accept the International standardized terms therein quoted or defined. "INCOTERMS"

Overcentralization was viewed as some problem in that country wide knowledge of availability of special equipment may not be accomplished.

Further discussion was held on various types of purchases and the submission, opening, adjudication and acceptance of tenders.

Again, to the appreciation of participants, hand-outs in complete narrative form were distributed to use for refresher reading and reference.

Identification numbers on each Indent are for the purpose of showing to which Ministry the goods are to be supplied.

Mr. Haizel, Ministry of Trade, discussed Import Licensing in Ghana. The effect of import control and the objectives including benefits to the economy, employment rate, balance of payments, selectivity of items makes such controls desirable even though, historically, imports have not been reduced since controls were imposed. Licenses are written or free (unwritten) depending upon the product involved.

Friday - I did not get to Legon until 11 a.m. so I missed Mr. Adapoe's presentation.

Mr. E. Osei-Tutu discussed purchasing and indenting pointing out that indenting is normally applied to overseas trade.

The function of purchasing was broken down into quality, specifications, price, delivery and suppliers, General discussion of each component was held to complete the picture.

The tenders on drugs are usually opened in the presence of a Committee of Pharmacists whose decision or recommendation is always observed and taken. Local Pharmacy Companies are naturally given first chance to supply what can be developed in Ghana. Some drugs cannot be imported unless local market cannot supply the required quantity for Ghana. Main suppliers are

- (1) G.I.H.O.C. Pharmaceutical Division
- (2) ICAP
- (3) Danafco Limited
- (4) Intravenous Infusion Limited
- (5) Seraphim Textiles Limited.

Questions raised by participants prompted interesting possible ways of reducing waste of medicines not consumed when prescribed.

A handout distributed will be helpful for retention by participants for future reference and refreshing reading.

MARINE INSURANCE CLAUSES

- (1) **NULL & MACHINERY CLAUSES**
- (2) **CARGO CLAUSES**

Policies operate when Loss/Damage is caused by Insured (Marine) Perils

- (4) **AVERAGE HEARS LOSS**
- (3) **PARTICULAR AVERAGE**
- (5)a

P.A. & G.A. STATEMENTS PREPARED BY AVERAGE ADJUSTERS

- CLAIMANTS DOCUMENTS:-**
- (a) BILL OF LADING
 - (b) SUPPLIERS INVOICE
 - (c) CERTIFICATES
 - VIZ: SHORTLANDED DISCREPANCY & I.P.O.
 - (d) ACTUAL CLAIM IN WRITING

- (3)
- (6) **GENERAL AVERAGE**

- DOCUMENTS:-**
- (a) BILL OF LADING
 - (b) LLOYD'S AVERAGE BONDS
 - (c) GUARANTEE FORMS
 - (d) SUPPLIERS INVOICE
 - (e) DEPOSIT FROM CONSIGNEES/ CONSIGNORS/SHIPPERS
- by insurers

- (7) **NOTE OF PROTEST & SURVEY REPORT**
- (9) **TYPES OF TOTAL LOSSES:?**
 - (a) CONSTRUCTIVE TOTAL LOSS.
 - (b) ACTUAL TOTAL LOSS
 - (c) AGREED TOTAL LOSS

- OTHER CLAIM DOCUMENTS:-**
- (a) WAREHOUSE RECEIPT
 - (f) LANDING TALLIES
 - (g) WEARFINGERS RECEIPT
 - (h) BILL OF ENTRY
 - (i) SLIPS MANIFEST
 - (j) SURVEY REPORTS
 - (k) OFFER & ACCEPTANCE

N.B. The ff. Contribute to G.A. Ship, cargo, freight

COMPILED BY:
A. O. POTI NENSAH
INSURANCE OFFICER
BLACK STAR LIFE
ACCRA

MARINE INSURANCE

(1) PRINCIPLES

- (a) Interest (Insurable)
- (b) Utmost good faith
- (c) Indemnity:-

- I. subrogation
- II. contribution

Types of Interest:-

- I. Absolute Ownership
- II. Partial Ownership
- III. Contingent Interest
- IV. Defeasible Interest
- V. Bailee eg. BSL

MISCELLANEOUS COVERS

- Port Risks
- Floating Policies
- Open Covers
- (I) Transit
- (II) Warehouse to Warehouse

(2) TYPES OF INSURERS (3)
Underwriters,
Brokers & Agents,
Self Insurers.

(5) SUBJECT MATTER OF INSURANCE (6)
HULL & MACHINERY
(i.e. SHIPS & CRAFT)
Time Basis

CARGO (MERCHANDISE)
BASIS OF VALUATION
(a) C & F, F O B
(b) C & F + % agreed upon
Voyage Basis

(8) TYPES OF POLICIES

- (a) ALL RISKS
- (b) F.P.A.
- (c) TOTAL LOSS ONLY
- (d) P.P.I. . . .
- W.A. etc

MARINE PERILS

(4)
Collision, contact, fire
grounding, heavy weather
deviation, sinking
stranding, negligence etc

- (7)
- (a) 3RD PARTY LIABILITIES
vis
 - (b) $\frac{1}{2}$ R.D. CLAUSE
 - (c) INJURY & ILLNESS
COVER FOR S.I.P.S
PERSONNEL
 - (d) FREIGHT, DEMURRAGE &
DEFENCE
 - (e) DAMAGE TO FIXED OBJECTS

ANCILLIARY INSURANCES

- (a) TRANSHIPMENT
- (b) DECK EQUIPMENT
- (c) ANTI-DATED BILLS OF LADING

COMPILED BY

A. OUPOTI NENSAI
INSURANCE OFFICER
BLACK STAR LINE
ACCRA.

Officials Contacted
Listed alphabetically by Agency

APHA	Mr. Howard Hough, Project Coordinator, International Health Program
AID/W-DS/POP	Mr. Gerard R. Bowers Mr. Robert Haladay Mr. Leonard Robinson
FPIA	Mr. Ernest Murphy
USAID/Ghana	Mr. Irvin Coker, Mission Director Mr. Lowell Diamond, Supply Management Officer/Acting Executive Officer Mr. Raymond Martin, Population Officer Mr. George Smith, Deputy Controller Mr. Richard P. Solloway, Controller Mr. John Wiles, Acting Chief, Health, Population, Nutrition Office
Gov't of Ghana GNFPPS	Miss Catherine Addo, Ass't Director, Training Mr. Allen Anetame, Ass't Reg. Coordinator, Ho Dr. A.A. Armar, Executive Director Mr. Isaac David Eshun, Ledger Clerk Mr. Osei Kissih, Deputy Exec. Director Mr. S.K. Mills-Thompson, Sr. Stores Officer
M.O.H.	Dr. Y. Aboagye-Atta, Dep. Dir. Medical Services, PH and MCH-FP Dr. V.K. Agadzi, Chief of Epidemiology Mr. W. Hansen, Principal Supply Officer Dr. H. Menokpor, Regional Med. Officer, Ho Mr. E. Osei-Tutu, Dir. Pharmaceutical Serv.
MOFEP	Mr. A. Achiampong, Principal Supply Officer Mr. SK. Ahoma, Senior Supply Officer Mr. D.K. Antwi, Financial Control Officer Mr. I.K. Osei, Director of Supply, Inspectorate Division
M.O.T.	Mr. J.E.B. Haizel, Sr. Commercial Officer Mr. K.M. Kesse, Sr. Commercial Officer
G.S.C.	Mr. T.A. Aitkens, Procurement Manager
Consultant	Mr. S.K.K. Adapoe, Principal Supply Officer (Retired) P.W.D. Central Stores, Accra
Black Star Line	Mr. A. Okpoti Mensah, Insurance Officer
Westinghouse	Mr. John Hayes, Project Manager