

## STORES MANAGEMENT

### Introduction

In providing hotel services, there is always the need to keep sufficient stock of goods/equipment to cater for the demands of users (e.g. F & B supplies, utensils, toiletries, uniform, and minor repair equipment). An effective store control system is important to prevent malpractice (e.g. pilfering of goods or improper disposal of usable items) which may lead to financial loss to the hotel, and also corruption if the malpractice has the connivance of compromised or colluding supervisors.

### Company Policy and Guidelines

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The hotel should make known to all staff the **company policy** that any misuse or misappropriation of the company's assets and resources is prohibited and any contravention of the policy or malpractice is subject to disciplinary action and may be reported to the Police as appropriate.

The hotel management should issue **clear guidelines** to staff on the handling of stores, covering the procedures for acceptance, issue, replenishment and disposal of stock and specifying the different levels of authority for various store control functions.

### Segregation of Duties

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To enhance **checks and balances**, the duties for ordering stocks, receiving and issuing goods, and stocktaking should be assigned to different staff members as far as practicable.

## Receipt and Issue of Stores

The following measures are recommended for the control of receipt of goods to ensure the quantity and quality are as specified in the purchase orders and goods issued are accounted for:

- A supervisor or a designated staff member not involved in the placing of orders should conduct **inspection or random counter-check** on the goods received against the purchase order before authorization of payment.
- Procedures for **reporting and handling damaged goods, short-delivery or over-delivery of goods** should be clearly laid down.
- **Serially numbered receipts** recording the goods received (e.g. a description of the goods and quantity) should be issued to the supplier with a copy to the accounting department.
- All issues of stores to users should be supported by **properly approved vouchers** and acknowledged by both the storekeeper and the recipient. The storekeeper should be required to issue items on a **"first-in-first-out"** basis, in particular the items with a specified shelf life.

## Physical Security

To prevent theft or pilfering, store items should be kept in a **secure place** and access to the storage area should be restricted to authorized staff only. Goods of high value should be kept under lock and the key holders should be held accountable for the stock.



## Independent Stock Checks

Surprise stock checks could help detect and deter malpractice in stores management. An independent team of staff could be assigned to conduct periodic stocktaking exercises whilst the supervisors should make regular surprise stock checks. A stocktaking mechanism should include the following safeguards:

- A **master inventory record** of all stock items should be compiled to facilitate stock checks.
- If a full stock check is not practical, there should be **random selection** of a lot or a batch of items for checking.
- The **results of stock checks** should be reconciled with the inventory records.
- Procedures should be in place to handle **discrepancies** (e.g. missing stock), including requirements for documentation, investigation and reporting to the appropriate authority.
- Staff at the appropriate level should be designated to approve any **amendment of stores records** as a result of the stock checks.

## Disposal of Stores

Procedures for **disposal and writing-off stock** (e.g. circumstances under which disposal is justified and approval authority) should be established to ensure that the goods are disposed of or written off properly without causing unnecessary loss to the hotel. Disposals should be subject to **audit-checks** to ensure compliance with the established policies and procedures.