

Guide to

Stock control —

Part 5: Storekeeping

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The organizations marked with an asterisk in the above list, together with the following, were directly represented on the committee entrusted with the preparation of this British Standard:

- Association of Stores and Materials Controllers
- British Computer Society Ltd
- British Production and Inventory Society
- British Railways Board
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Foreword

In all manufacturing concerns, capital is tied up in stocks of one form or another. Reducing this capital to the minimum level consistent with efficiency is the objective of stock and inventory control systems.

Undoubtedly, large sums can be saved by effective stock control, particularly in medium to large undertakings, but even in small organizations there is every reason for exercising a form of stock control, with excellent results.

Stock control demands careful preparation, discipline and determination to work amicably in a team involving all the other functions of the organization. However, the reward can more than justify the effort.

This British Standard, in five Parts, gives comprehensive guidance in those areas that are considered essential for efficient stock control. The Parts are as follows:

- *Part 1: Introduction and management of stock control*¹⁾;
- *Part 2: Demand assessment*¹⁾;
- *Part 3: Replenishment*¹⁾;
- *Part 4: Data processing*¹⁾;
- *Part 5: Storekeeping.*

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Summary of pages

This document comprises a front cover, an inside front cover, pages i and ii, pages 1 to 24, an inside back cover and a back cover.

This standard has been updated (see copyright date) and may have had amendments incorporated. This will be indicated in the amendment table on the inside front cover.

¹⁾ In course of preparation.

0 Introduction

0.1 General. This Part of this British Standard is not intended to be definitive, but outlines departmental terms of reference and the organizational structure of a stores unit, and provides a check-list of job requirements and/or documentation.

0.2 Major functions involved in storekeeping (Figure 1). Storekeeping is considered to consist of six major functions, each of which comprises a number of key tasks. The six major functions in logical sequence are:

- a) receiving (see Table 1);
- b) identifying (see Table 2);
- c) storing (see Table 3);
- d) issuing (see Table 4);
- e) accounting (see Table 5);
- f) replenishing (see Table 6).

0.3 Security. The term “security”, when applied to a store, means much more than just making sure that the store is properly locked up at night.

For the contents of the store to be “secure”, they should not be exposed to possible damage nor be allowed to deteriorate; they should be issued only when requested, and their use should be properly accounted for. Thus to be certain that the right level of security is being maintained, it is necessary to adhere to the following routines:

- a) the collection of information on breakages, spoilage and pilferage in the store;
- b) the collection of data on the frequency of errors made on issue (i.e. wrong item or wrong number of items);
- c) stock rotation.

Above all, the main “security” task in the store is to check that the levels of stock of each item correspond to the authenticated documentation relating to receipts and issues. This topic is dealt with in more detail in Table 4.

0.4 The use of computers. Guidance on the application of computers to stock control is given in Part 4 of this British Standard. However it is useful to note that the use of a computer has two major influences at a “storekeeping” level.

- a) The basic input information to any computer-based stock system should stem from the store itself, whether via hand-written documents, or a keyboard terminal to the computer.
- b) The information provided to the stores personnel is generated by the computer, e.g. catalogue, stock levels, preferred items, etc.

1 Scope

This Part of this standard defines storekeeping, and within that definition six major functions are identified (see Figure 1). Each of these functions includes a number of key tasks which are listed in Table 1 to Table 6, and comments are made against each as an aid to those who are setting up a store or who are concerned with storekeeping in an organization.

2 References

The titles of the publications referred to in this standard are listed on the inside back cover.

3 Definitions

For the purposes of this Part of this British Standard the terms and definitions given in BS 3138 and BS 5191 apply with the following addition.

storekeeping

those procedures and means whereby goods are received, identified, stored, issued, accounted for, and replenished in accordance with defined levels of service and with due regard for the statutory requirements for health and safety

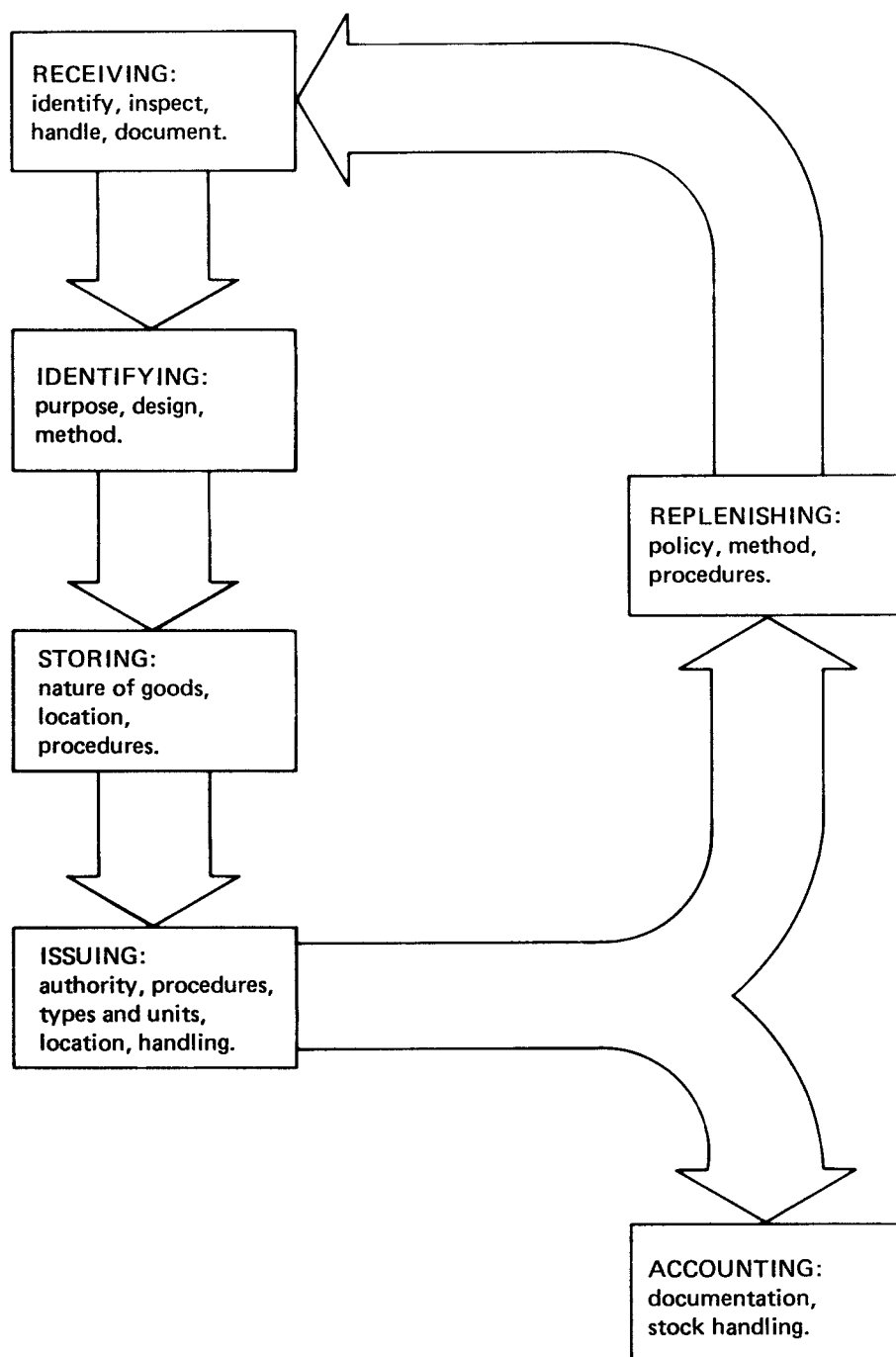


Figure 1 — Storekeeping: functions and key tasks

4 Tables

Table 1 to Table 6 list the various functions and related tasks of storekeeping.

Table 1 — The receiving function

Key task	Comment
1. Identifying the goods on arrival at the store	This task is normally facilitated by documentation. Six basic documents are used for this purpose. 1) <i>Copy order</i>: issued by the company's own purchasing department, the copy order normally states what is required, the quantity expected and the name of the supplier. It may say when delivery is expected, but it will generally NOT indicate how transport is arranged. 2) <i>Advice note</i>: issued by the supplier, the advice note describes the goods and states the quantity being supplied, method of transport, and date dispatched. It should preferably also indicate the receiving company's order number for cross-referencing to a copy order. The advice note is often sent by post to arrive before the goods themselves arrive. Sometimes it is handed over by the person making the delivery. 3) <i>Consignment note</i>: generally used where an independent transport organization is responsible for delivery. The consignment note should show the names and addresses of consignor and carrier and an outline description of the goods (number of packages, or weight, etc.) and some details of the vehicle used. This note may be sent by post, but it is normally handed over by the carrier's personnel. The consignment note may be additional to, but should never replace, the supplier's advice note. 4) <i>Packing note</i>: invariably issued by the supplier, the packing note normally refers only to the content of a particular package. It is usually inside the package, or it may be attached externally. The packing note may be a specially prepared document or merely a copy of the advice note. 5) <i>Delivery note</i>: prepared by the supplier and generally a copy of the advice note, the delivery note always accompanies the goods being delivered. 6) <i>Receipt note</i>: in the absence of the above documents or perhaps in addition to them, the receiver of the goods may generate his own receipt note.
2. Inspecting the goods delivered	There are two general levels at which inspection may be carried out. 1) <i>Quantity and description only</i>: whereby the stores department accepts responsibility for ensuring that the right number of items have been received and that those items conform (<i>in description only</i>) to the items ordered. NOTE Description may vary from a one-word description (e.g. "valve") to a lengthy description in words together with complete dimensions and/or detailed part or catalogue numbers. 2) <i>Quality^a or "fitness for purpose" inspection</i>. It is unlikely that stores personnel will be required to inspect the arriving goods for quality or performance: this task is generally given to a quality/inspection department. NOTE For general guidance on quality assurance see BS 4891. However, where such inspection can be undertaken by stores personnel, they should always be given precise instructions and all the necessary equipment and training. It may sometimes be convenient to indicate these instructions on the order.

^a See BS 4778 for definition and concept of quality and BS 5750 for quality systems specifications.

Table 1 — The receiving function

Key task	Comment
3. Handling the goods	When goods are being received into a store it is necessary to recognize at least four different areas of reception, each of which has a specific use. 1) <i>Off-loading area</i> into which road or rail vehicles can be positioned for unloading by whatever means is available (mechanical or manual). Any simple quantitative inspection is normally carried out during or immediately after the off-loading process, and in any case <i>before</i> the departure of the vehicle. 2) <i>Holding or "bonded" area</i> where goods remain after off-loading whilst awaiting clearance by a more formal, or qualitative/quantitative inspection. Under some circumstances a separate "bonded store" may be used to house goods that are subject to government control and/or issue. 3) <i>Marshalling area</i> where accepted goods are held: a) prior to their disposal to the appropriate location in the store; <i>or</i> b) prior to their distribution to the appropriate store (may be located some distance away); <i>or</i> c) awaiting collection by the user (where an item goes through the stores procedure, but is not taken into store, or is not a stock item). 4) <i>Reject/despatch area</i> in which goods that have failed inspection are held awaiting despatch to the supplier or goods that cannot be properly identified are being investigated. Returnable containers could also be held in this area. NOTE The reject/despatch area may be peculiar to the stores, or it may be part of the company's general despatching process.
4. Documenting the receipt of goods	The process of receiving goods invariably starts with the identification of the arriving items (see key task no. 1 of Table 1). Having been identified and off-loaded or unpacked, the goods should be inspected at the level of detail laid down by the management of the receiving company. This process of receiving and inspecting should be documented in some way so that invoices can be passed for payment by the company's accounting department. All control documents used in these procedures should preferably be identifiable by the use of a unique numbering/coding system. Several types of document may be involved. 1) <i>"Goods inward book"</i>. This is usually a daily log of all arrivals giving brief details, and may be in a "loose-leaf" form. 2) <i>"Goods received note" (G.R.N.)</i>. This note should show complete details of the arriving goods, and make reference to the supplier's advice note, delivery note, etc. and the company's order number. Note should also be made on the G.R.N. of any returnable containers that are included in any delivery. Sometimes, where a G.R.N. is not raised by the receiving company, the supplier's packing or advice note is used instead. 3) <i>"Damage/shortage report"</i>. When the goods have been unloaded and/or unpacked, a simple visual inspection may indicate missing or damaged items. The damage should be documented by writing out a damage report (on a form supplied by the company) and/or by suitably annotating the delivery note, advice note, packing note, copy order. NOTE Where goods are examined only after the supplier's representative has departed, any receipt provided by the company should be marked "received unexamined". Where a separate document is made out it is normal for this to be countersigned by the person making the delivery and for copies to be given/sent to the company's accounting department, to the supplier and to the carrier. If appropriate, a copy can also be sent to the company's quality assurance department so that a proper inspection can be made, and a formal acceptance/rejection note issued.

Table 1 — The receiving function

Key task	Comment
4. Documenting the receipt of goods (<i>concluded</i>)	4) “ <i>Rejection note</i> ”. Damaged or unsuitable goods, and/or shortages or excesses should be observed during the off-loading and/or unpacking process. However, where goods have to undergo a more rigorous inspection prior to acceptance by the company, it is unlikely that the carrier’s personnel will be present; thus it would not be possible to notify the supplier/carrier directly. The results of the acceptance tests or inspection are normally documented in an inspection certificate. This document is normally completed not by stores staff, but by an inspector. For details of acceptance sampling inspection procedures, see BS 6000, BS 6001 and BS 6002. However, if goods cannot be accepted, a “rejection note” should be completed by the inspector and handed to the stores personnel (or given directly to the accounting department). The rejected goods should be identified in some way and moved to the “reject/despatch” area pending further instruction.
5. Specifying the procedures to be used by stores personnel concerned with the reception of goods	Although the comments in 4 of Table 1 may appear to define systems and procedures, they are only examples. Clearly, circumstances within each company differ and there should be some authority within any company to state what should be done for any circumstance that may arise during the reception of goods. The following check-list is given as a guide to those concerned with specifying procedures. WHAT... - pre-printed forms will be used? - equipment is provided? - tests should be done by <i>stores</i> personnel? - is the organization of the stores personnel? WHERE... - will off-loading be done? - will inspection be done? - will rejects be held? - will returnable containers be held? - will accepted goods be held? - will documentation be filed? WHEN... - will goods be accepted into the store? - will goods be inspected? - will documentation be done? - must stores personnel refer to higher authority? WHO... - will off-load goods? - will unpack? - has authority to reject goods? - has authority to signify the correct receipt of goods (and thus initiate the payment of the supplier)? - will complete the documentation? - is the next level of authority? - is in charge of the reception of goods? - is responsible for the movement of goods? HOW... - are goods off-loaded? - are goods moved within the store? - are the various forms completed? - are goods inspected?