Asset and Inventory Management Manual

Bahirdar

Ethiopia

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1. Introduction

Beza Lehiwot Development Organization (BeLDO) values the effective and efficient management of its assets and inventory. This manual provides clear guidelines and procedures to ensure that BeLDO's assets and inventory are managed responsibly, accounted for accurately, and maintained for optimal use. Effective asset and inventory management is essential to maintaining the integrity of the organization, ensuring proper stewardship of resources, and ensuring compliance with legal and regulatory standards.

2. Purpose and Objectives

- **Purpose**: To provide a structured approach for managing BeLDO's physical assets and inventory, ensuring proper documentation, safeguarding assets, and preventing loss, theft, or misuse.
- **Objectives**:
    1. To establish clear procedures for acquiring, recording, and maintaining assets and inventory.
    2. To implement controls for safeguarding assets and inventory against theft, damage, or unauthorized use.
    3. To ensure accurate and timely reporting of asset and inventory status.
    4. To ensure compliance with applicable laws, regulations, and best practices in asset and inventory management.

3. Definitions

- **Asset**: Any tangible or intangible resource owned by BeLDO, such as equipment, vehicles, furniture, technology, land, and intellectual property, which has a useful life of more than one year.
- **Inventory**: Items that are used in day-to-day operations, including supplies, consumables, materials, and stock intended for distribution or use within a given period.

- **Fixed Asset**: A long-term, physical asset with a useful life of more than one year (e.g., computers, vehicles, furniture).
- **Consumable Inventory**: Items that are used up within a short period and are regularly replenished (e.g., office supplies, cleaning materials).

4. Asset and Inventory Management Responsibilities

4.1 Asset and Inventory Management Officer (AIMO)

The AIMO is responsible for overseeing and coordinating all aspects of asset and inventory management, including:

- Maintaining up-to-date records of all assets and inventory.
- Coordinating periodic physical counts and reconciliations of assets and inventory.
- Ensuring that assets and inventory are properly safeguarded and that their use is in accordance with organizational policies.
- Ensuring the proper disposal of obsolete or unserviceable assets.

4.2 Department Heads and Managers

Each department head is responsible for:

- Ensuring that assets and inventory within their departments are properly used, stored, and accounted for.
- Reporting any discrepancies, damages, or losses related to assets and inventory.
- Ensuring that department staff are properly trained in asset and inventory handling and reporting procedures.

5. Asset Management Procedures

5.1 Acquisition of Assets

- **Purchase**: All assets should be acquired through formal procurement procedures, ensuring compliance with BeLDO's procurement policy.
- **Donations**: Donated assets must be documented properly, including their condition, value, and intended use.
- **Approval Process**: Acquisitions must be approved by the appropriate level of management, with supporting documentation provided (e.g., quotes, purchase orders, invoices).

5.2 Asset Registration and Tagging

- **Asset Register**: A comprehensive asset register must be maintained for all fixed assets, detailing the following information:
    - Asset description
    - Unique identification number (asset tag)
    - Purchase date and price
    - Location and department
    - Expected useful life
    - Depreciation details (if applicable)
- **Tagging**: Each asset will be assigned a unique asset identification number, which should be physically attached to the asset (e.g., via barcode or RFID tag) for tracking and identification purposes.

5.3 Asset Maintenance and Usage

- **Routine Maintenance**: All fixed assets should be maintained according to a predefined schedule to ensure they remain in good working conditions.
- **Responsible Use**: Employees assigned to assets are responsible for their proper use and care. Misuse or neglect should be reported to management immediately.

5.4 Depreciation and Disposal

- **Depreciation**: Fixed assets must be depreciated over their useful life in accordance with BeLDO's accounting practices.
- **Disposal**: When assets reach the end of their useful life, they should be disposed of through an authorized process:
    - Assets that are no longer functional or needed should be sold, donated, recycled, or destroyed, depending on their value and condition.
    - Proper documentation and approval must be obtained for asset disposal.

6. Inventory Management Procedures

6.1 Inventory Acquisition and Receiving

- **Inventory Procurement**: Inventory items should be acquired through the same procurement process as assets, with detailed purchase orders and vendor documentation.
- **Receiving and Inspection**: Upon receipt of inventory items, a designated staff member must inspect and verify that the items match the order in terms of quantity, quality, and specification. Any discrepancies should be reported immediately.

6.2 Inventory Storage and Safeguarding

- **Storage**: Inventory items should be stored in a designated area that is secure and organized to prevent damage or loss.
- **Access Control**: Access to inventory storage areas should be restricted to authorized personnel only. A log should be maintained to record all access.

6.3 Inventory Tracking and Movement

- **Inventory Register**: A detailed inventory register must be maintained for all consumables and materials, including:

    - Item description
    - Quantity on hand
    - Location
    - Reorder level
    - Supplier information
- **Inventory Transfers**: Any movement of inventory, whether within departments or to other locations, must be properly documented with an inventory transfer form. This helps to ensure that items are accounted for and prevents unauthorized movements.

6.4 Inventory Stocktaking

- **Periodic Counts**: Regular physical counts of inventory should be conducted at intervals defined by BeLDO (e.g., quarterly or annually). These counts should be compared against the inventory register to detect discrepancies.
- **Reconciliation**: Any discrepancies between physical counts and recorded inventory must be investigated, and corrective actions should be taken.

7. Safeguarding Assets and Inventory

7.1 Security and Protection

- **Physical Security**: Assets and inventory should be stored in secure areas, locked when not in use, and monitored by security systems where necessary.
- **Insurance**: BeLDO should insure valuable assets against theft, fire, or other potential risks.
- **Staff Training**: Employees responsible for managing assets and inventory should receive regular training on safeguarding procedures, handling procedures, and emergency protocols.

7.2 Loss or Damage Reporting

- **Incident Reporting**: In the event of loss, theft, or damage to an asset or inventory item, the responsible staff member must report the incident immediately to the Asset and Inventory Management Officer (AIMO).
- **Investigation and Action**: The AIMO will lead an investigation into the cause of the loss or damage. Depending on the outcome, corrective measures will be implemented, which may include improving security, revising procedures, or disciplinary action.

8. Record Keeping and Documentation

8.1 Accurate Records

- All assets and inventory must be documented accurately in registers and inventories. This documentation must be updated in real-time to reflect changes such as acquisitions, disposals, transfers, and stock movements.

8.2 Retention of Records

- BeLDO must retain asset and inventory records for a period determined by legal and regulatory requirements or BeLDO's internal policies. These records should be stored securely, either electronically or in hard copy.

9. Reporting and Accountability

9.1 Internal Reporting

- The AIMO must report on the status of assets and inventory regularly to the management team, providing insights into stock levels, usage, asset condition, and any issues arising in asset and inventory management.

9.2 Annual Review

- An annual review of assets and inventory will be conducted to assess the effectiveness of management systems and identify areas for improvement. This review will be followed by a report with actionable recommendations.

10. Conclusion

Effective asset and inventory management is key to the successful operations of BeLDO. By following the guidelines set forth in this manual, BeLDO will be able to safeguard its assets, maintain operational efficiency, and uphold its commitment to transparency and accountability. Each employee, department, and stakeholder have a role in ensuring the proper management of BeLDO’s resources.