Farm Management

Handout 9
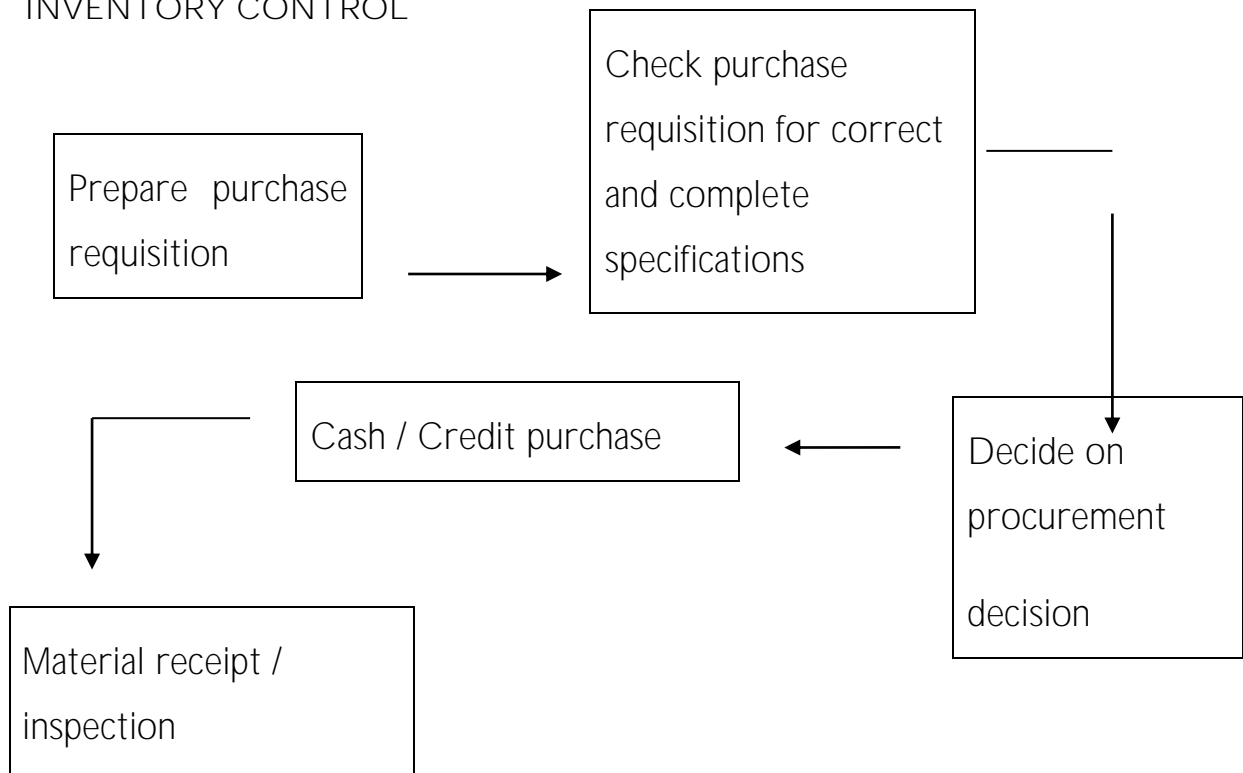
Prosedure for Receiving Delivery of Items

The following are typical procedures when receiving delivery of items:

Item	Procedures
Purchase agreements	Most organisations have standing purchase agreements with specific suppliers, generally due to the cost, safety, consistency and quality considerations. The purchasing manuals or agreements will give specifications for goods as well as agreed prices.
Orders	Be familiar with the orders that have been placed, the delivery dates and the possible time of delivery. This will help you to plan the receiving and checking of goods and to obtain copies of the relevant orders before deliveries arrive. Ensure that an authorised member of staff has signed the orders, received and checked the deliveries.
Delivery note/invoice	When receiving deliveries from preferred suppliers, it is important to check that the items delivered comply with specifications in the purchase agreement or manual. If the wrong items have been delivered, they should not be signed for. When deliveries arrive, ask for the delivery note/invoice/waybill and check that this matches your copy of the order regarding brands, items, sizes, quantities and other specifications. Check that delivery notes or invoices contain the relevant information including: Date, document number, quantity, description of goods, prices, name of the supplier, **supplier's contact details, VAT rate (if applicable) and other matters such as delivery** costs. It is essential to che**ck the expiry or "use by" dates when perishable items such as animal** feed and food tuffs are received. Do not accept any items that conceded the expiry dates. Check that items delivered comply with health and safety regulations and requirements, as specified by your organisation or in the purchasing manual. Tick off each item delivered against the delivery note to make sure that all listed items are unloaded from the delivery vehicle. Always check containers and packaging to ensure that items have not been damaged. Do not sign for damaged items.
Agricultural machinery and equipment and tools	Ensure that heavy machinery items are safely unloaded to avoid damage or injury. Heavy machinery and equipment should be unloaded in an area where it will not cause an obstruction to people or other traffic in the receiving area. Check that machinery/equipment complies with specifications of the order (make, brand, size, type, price etc.). Check that all the necessary attachments and tools have been included with the delivery. Machinery items are very expensive and should only be signed for if you are absolutely certain that you received exactly what was ordered. Machinery items should be safely transported to designated areas or storerooms as soon as possible.
Agro-chemicals	Check that deliveries comply with specifications and purchase orders.

| Item	Procedures
and fertilisers	Check the containers for leaks, breakages or other damage. Check that containers are clearly marked and correctly labelled according to contents. Check expiry dates on all cleaning and chemical products. If necessary, wear protective clothing when handling hazardous chemicals and cleaning agents. Cleaning agents should be quickly and safely moved to storage areas that are designated for this purpose.
Delivery discrepancies	Any damaged items need to be recorded on the delivery note or appropriate documentation and reported to your supervisor immediately. Any items that are short need to be recorded on the delivery note and a follow up done as to when they will be delivered or if a credit note is to be issued. This needs to be reported to your supervisor as well. Do not sign a delivery note unless you are sure that all deliveries are correct. Report to your supervisor or foreman if you are unsure.
Recording deliveries	Tick off all the items on the delivery note that were received correctly. Record incorrect items and follow procedures for reporting incorrect deliveries. All items need to be checked against the invoice for price irregularities. It is not usually your job to know the prices of the items as this will be checked by your team leader, **supervisor, foreman or the accountant's office. However, if the item was priced at R1.00** and there were 10 of them, then you would need to ensure that the total was R10.00 and not anything different to this. Sign the delivery note when all items are correct and in good order. Always retain a copy of the signed delivery note for stock control and administration purposes. The delivery note/invoice/waybill must be given to the foreman or responsible person immediately. Items need to be moved to the storage areas as soon as possible to avoid losses or damage as well as to ensure that the receiving area is clear to prevent accidents occurring.

INVENTORY CONTROL

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┌──────────────────────┐        ┌──────────────────────────┐
│ Prepare  purchase    │        │ Check purchase           │
│ requisition          │ ─────▶ │ requisition for correct  │
│                      │        │ and complete             │
└──────────────────────┘        │ specifications           │
                                 └──────────────────────────┘
                                                        │
                                                        ▼
        ┌──────────────────────┐        ┌──────────────────────┐
        │ Cash / Credit purchase│ ◀───── │ Decide on            │
        └──────────────────────┘        │ procurement          │
              │                          │                      │
              ▼                          │ decision             │
┌──────────────────────┐                 └──────────────────────┘
│ Material receipt /   │
│ inspection           │
└──────────────────────┘
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PURCHASE REQUISITION

COMPANY NAME	PR No. _____
PURCHASE REQUISITION	Date: _____

Requesting Department: _____

Item #	Qty	Ref #	Description	Purpose	Price / Unit

Deliver to: _____	Required date of delivery _____
Suggested Suppliers: _____ _____ _____	Signed Approved

INVENTORY CONTROL MODEL
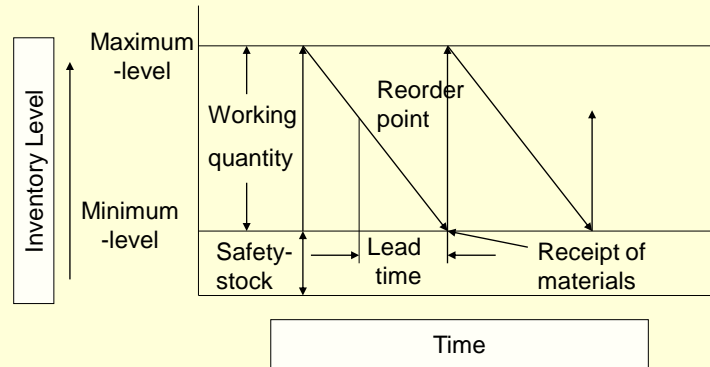
Types of material required

❖ Raw materials for producing the end product

❖ Spare parts for repair and maintenance

❖ Consumables for repairs and maintenance of machinery and also for support functions necessary to run the farm such as cleaning materials for up-keep of the buildings

❖ Uniforms and safety gadgets such as helmets, shoes and goggles etc for safety of persons

STOCK LEVELS

Stock levels must be kept as low as possible in order that the costs of holding them is minimised. At the same time stocks must not be allowed to run out. If they do run out production is halted. A number of factors influence stock levels:

▪ <u>The nature of the product</u>. For example, is the stock perishable? It is not practical to hold large amounts of stock that will go off very quickly.

▪ <u>The facilities available</u>. For example, the more warehouse space you have the more stock you can hold.

- Suppliers. For example, how often do they deliver and how reliable are they? If they deliver frequently and are reliable the farmer will not have to hold so many stock because they know they can rely on prompt delivery of more stock if needed.

- Stock holding costs. For example, if stock is expensive to hold due to special requirements such as having to be kept refrigerated or under security, then only a small quantity will be held.

- Lead time. This is the amount of time it takes for an order to be delivered and ready for use. If the lead time is fairly long the business will hold more stock so they can continue to operate while waiting for fresh deliveries to arrive.

- Stock pile. Farmers may build up stock to deal with seasonal demand.

Minimum stock levels

It is the level below which the inventory is not allowed to fall.

Maximum stock levels

It is the inventory level beyond which the stock level is not allowed to exceed.

Safety stock

It is the level of inventory which is to be maintained always to take care of unforeseen factors.

Re-order point

It is an important tool for controlling inventory and to ensure that there is no stock out.

Re-order level

- Crossing the maximum level means over stocking

- When the inventory level goes below the minimum level, it could result in stock out

- A re-order point is set between these two set points, i.e. the maximum and minimum level of inventory

- Order for material is placed when the re-order point is reached

- The re-order point is set in such a manner that ordered material is received before the stock level reach the minimum stock level

- ⨆ An order is placed for the working quantity of the material

- ⨆ On receipt of material, the stock level of inventory jumps to the maximum level

REMEMBER!!

For good stock control, it is advisable to have separate books, ledger sections or stock cards for each type of vaccine. If a book is used to record vaccine, label each section of a ledger clearly with the vaccine type. Enter each delivery of each vaccine in the record system as it is received. If stock cards are used, open a new card for each new delivery and record only one vaccine batch or lot on each card.

If a consignment of vaccine is received in dry ice, the shipment should always arrive with the correct quantity of diluents for reinstituting the vaccine when it reaches the user. For such shipments, the following details must also be checked and recorded for the accompanying diluents:

- The type of diluents (i.e., for use with which type of vaccine)

- The quantity received (in doses)

- The diluents manufacturer

- The expiry date(s)

COUNTING AND RECORDING STOCK ISSUED AND RECEIVED ON A RECORD SHEET

The figure below is an example of a stock record for vaccines and diluents used for an animal farm. **The record clearly indicates the store's name and l**ocation, the batch number, the expiry date and the quantity received and issued. This record shows the volumes that remain and this enables the storekeeper to determine when to re-order stock. These records also act as a record for volumes used over time.

Example of a stock record sheet or card for vaccine and diluents for animals:

VACCINE STOCK RECORD

Store Name: _____ Vaccine: _____ Vial Size: _____

Region: _____ Province: _____ District: _____

Date	From: Manufacturer/ Supplier	To: Store/ Health Unit	Batch Number	Expiry Date	VVM Status	Vaccine Quantities			Remarks
						Received (doses)	Issued (doses)	Balance (doses)	
-	-	-	Vaccine carried forward from previous sheet:-						
-	-	-	Diluent carried forward from previous sheet:-						
	(vaccine)								
	(diluent)								
	(vaccine)								
	(diluent)								
	(vaccine)								
	(diluent)								
	(vaccine)								
	(diluent)								
	(vaccine)								
	(diluent)								
			Totals (vaccine):						
			Totals (diluent):						
			Physical Stock Check (vaccine):						
			Physical Stock Check (diluent):						
			Carried Forward (vaccine):						
			Carried Forward (diluent):						