

Consumables Tracking Guidance

Introduction

Departments are responsible for consumable inventory and must maintain proper inventory control. Proper inventory control involves keeping track of the number of items or if appropriate the weight or volume of the consumable and clearly accounting for the monetary value of inventory transactions and balances.

Definitions

Consumables - are items, solids, liquids, or gasses, which are consumed during the normal business of the University. For the purposes of tracking the concern is only with large quantities of consumables which can easily disappear. Changes in consumption should be analyzed to determine the cause. Small quantities of consumables should also be watched and if changes in consumption are noticed should also be investigated. Especially if the small quantity of consumable has a high cost amount. (IE. Gold, Palladium, Uranium, etc).

Inventory Accountability - Tracking an item from the inception of the initial order to receipt of the item. Further movement of the item is tracked to disposal. Provide checks and balances so that no one single employee has the ability to commit Fraud Waste and Abuse.

Risk Assessment

Departments which handle large numbers of consumables should identify those consumables which may easily be removed from the premises and implement a process of accountability for them.

The risk assessment should consider consumable controls and adequate separation of duties when assigning departmental roles such as:

- a. counting initial purchases and reviewing/approving counts.
- b. reconciling inventory purchase tracking records to Finance Mart purchase records to assure completeness.
- c. distributing/releasing items from inventory and reviewing/approving distributions.
- d. monitoring and reporting usage and any usage anomalies.
- e. performing and monitoring periodic physical inventories, to confirm reported values.

Inventory Tracking Methods

Perpetual and periodic inventories are methods which can be used to track consumables.

Perpetual Inventory – items are added to or subtracted from the inventory totals immediately upon receipt, consumption, or removal. This provides a running count of the inventory on hand.

Periodic Inventory - items are received and issued without being added to or subtracted from the inventory totals. A physical count or measurement must be conducted to provide the quantity of, volume, or weight of the consumable in the inventory.

Recording and Tracking of Consumables

Inventory lists should be maintained timely for purchases and usage to ensure that resulting inventory records are accurate and include the following;

- A description of the item(s).
- A serial number, model and/or other identifying number, if available.
- The acquisition date and original cost of the item(s).
- The location, use and condition of the item(s).
- Additions and occasional transfers of item(s).
- Ultimate usage or disposition data including the type and date of use/disposal, and value of consumable(s) at disposition, if disposed.

Inventory accountability should also dictate physical security of consumables purchased and how to maintain chain of custody when transferring items to/from locked storage areas with the inclusion of checks and balances and reference to periodic internal audit.

Consumable examples:

- Example 1: Department A determines 1,000 cases of a certain consumable is used in a year and each month they use varying number of cases of this consumable. Department A this year had to order 200 additional cases over the 1,000 normal ordering. Department A needs to analyze and determine why there was a need to order extra. This could be because of increase of students, new areas served, or it could be a person or persons has been removing some of the consumable.
- Example 2: Department B supplies several science departments with a liquid. They average 500 liters of liquid consumable per year. This year Department B is half way through the Spring Semester and has already used 500 liters of the liquid and needs to order more to continue supplying the departments. Department B should analyze and determine the cause of the excessive use. Was there a spill and there was wastage? Was there an increase of attendance?
- Example 3: Department C on average buys 10 cases of paper a year and consumes 10 cases of paper a year. The year is only half way through, and Department C has already gone through 10 cases of paper and needs to order more, why?



Record Retention

Record retention policies and procedures are located on the USF Procurement website
<https://www.usf.edu/business-finance/purchasing/staff-procedures/records-retention/index.aspx>