



AMBASSADOR

Education Group

Inventory & Stock Control (Food) Procedures

EHS Department 2023/2024

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1. PURPOSE

A key component in effective canteen management is inventory control. By knowing what supplies are on hand at a given time, the F&B manager will be able to plan food orders, from the previous inventory, and make menu item changes if needed. By keeping an eye on inventory, it is possible to note potential problems with pilferage and waste.

2. SCOPE

This procedure applies to all AEG schools' canteens, under the AEG ESMS.

3. RESPONSIBILITIES

3.1 The AEG Food Committee has an active consultation with representatives for students, parents and staff to discuss menus, and to suggest new dishes.

3.2 The Food Committee is reporting to the EHS Committee of the School.

4. DEFINITIONS

Terms	Definitions
EHS Committee of the School	EHS School
Food Committee	FC

5. PROCEDURES

Effective inventory control can be broken down into a few important steps:

- Set up systems to track and record inventory.
- Develop specifications and procedures for ordering and purchasing.
- Develop standards and procedures to efficiently receive deliveries.
- Determine the frequency and processes for reconciling inventory.
- Analyse inventory data and determine any areas for improvement.

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5.1 Setting Up Systems to Track and Record Inventory

Using a spreadsheet to list down all the products that are regularly purchased, with the current prices and the numbers on hand at the last inventory count. The prices can be updated regularly as invoices are processed for payment, and a schedule can be set to count the product on hand.

5.2 Incoming Inventory

The primary reason for establishing a consistent method for accepting ordered goods is to ensure that the schools receive exactly what has been ordered. Errors frequently occur, and unless the quantity and quality of the items delivered are carefully checked against what was ordered, substantial losses can take place.

5.3 Invoices

Whenever possible, the food receiver should check the invoice against the purchase order or purchase request slips. This will ensure that the quantity of the goods shipped match those listed on the order form. If the invoice is not checked against the purchase order when the goods arrive, there is the possibility that missing products happen or receive products that were not ordered or are in incorrect quantities.

In addition, the quality of the goods should be determined before they are accepted. For example, boxes of fresh produce and frozen foods should be opened and inspected to ensure quality.

5.4 Outgoing Inventory

Knowing what has arrived and what gets used every day can easily be reconciled by doing a regular count of inventory.

Accurate records of incoming and outgoing supplies are kept, so knowing what is on hand is a simple matter of subtraction.

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5.5 Requisitions

To control inventory in a larger canteen, it is necessary to set up a requisition procedure where anything transferred from storage to the kitchen is done by a request in writing. The requisition form should include the name and quantity of the items needed by the kitchen. (*Figure 1*).

Figure 1: Sample Requisition Form

Date: _____

Department: Food Service

Quantity	Description
6 #10 cans	Kernel corn
25 kg	Sugar
20 kg	Ground beef
6 each	Pork loins

Catering Dept.

Chef

5.6 Inventory Record Keeping

There are two basic record keeping methods to track inventory. The first is taking *Perpetual Inventory*. A perpetual inventory is simply a running balance of what is on hand. Perpetual inventory is best done by keeping records for each product that is in storage, as shown in *Figure 2*.

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Figure 2: Perpetual Inventory

Item: <u>Canned Peaches</u> Reorder Point: <u>10</u>				Purchase Unit Size: <u>540 mL</u> Par Stock: <u>15</u>			
	In	Out	Balance		In	Out	Balance
Date	Carried Forward <u>15</u>			Date	Carried Forward ____		
6/16		3	12				
6/17		3	9				
6/18	6		15				
6/19		2	13				

When more of the product is received, the number of cans or items is recorded and added to the inventory on hand; when some of the product is requisitioned, the number going out is recorded and the balance is reduced. In addition, the perpetual inventory form can indicate when the product should be reordered (the reorder point) and how much of the product should ideally be on hand at a given time (par stock).

The second inventory record keeping system is taking a *Physical Inventory*. A physical inventory requires that all items in storage be counted periodically. To be an effective control, physical inventory should be taken at least monthly. The inventory records are kept in a spreadsheet or in another system reserved for that purpose.

The inventory sheet (**Figure 3**) can list the items alphabetically or in the order they will appear on the shelves in the storage areas.

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Figure 3: Physical Inventory Form

Physical Inventory Form: March

Product	Unit	Count		
Lima beans	6 #10	4 1/3		
Green beans	6 #10	3 5/6		
Flour	25 kg bag	3		
Rice	50 kg bag	1		

The physical inventory is used to verify the accuracy of the perpetual inventory.

5.7 Computerized Inventory Control

Schools can use computerized systems or a spreadsheet to calculate, track, and extend inventory. These systems enable the canteen to have a much tighter and more accurate control over the inventory on hand.

Having access to information such as ordering history can help the purchaser predict demand levels throughout the year.

5.8 Physical Inventory

A method to assure the stock has rotated properly and is known as the **FIFO** (first-in first-out) system. Then, if records have been kept up to date, it is possible to determine the stock more accurately on hand.

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5.9 Inventory Turnover

The stock turnover ratio measures how quickly inventory is used and replenished. By calculating this ratio, each school can assess the efficiency of their stock control procedures and identify slow-moving items or excessive stock levels.

5.10 Market Sourcing

Establishing strong relationships with suppliers is crucial for stock control. Maintaining open communication, negotiating favourable terms, and ensuring timely deliveries can help prevent stockouts and streamline the purchasing process.

- Regularly evaluate supplier performance
- Communicate stock requirements and lead time effectively
- Consider alternative suppliers for diversification.

5.11 Food stock control

Consider grouping items based on their nature, such as perishable, non-perishable, or high-demand items. Additionally, ensure clear labelling and adequate storage conditions to prevent confusion and spoilage.

Set Par levels and Reorder Points.

Establishing par levels and reorder points helps maintain optimal stock levels. Par levels represent the *minimum quantity of each item required to meet demand until the next order arrives*. Reorder points indicate *when to initiate the replenishment process*.

- Regular review and adjust par levels based on demand fluctuations.
- Monitor stock levels to ensure timely reordering.

Consider lead time when setting reorder points.

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Monitoring and analysis

Continuous monitoring and analysis of stock control allow each school to identify areas for improvement and make informed decisions. Consider the following practices:

Regular stock audits

Conducting regular stock audits helps identify discrepancies between recorded and actual stock levels. By reconciling inventory records with physical counts, each school can identify theft, spoilage or inaccuracies in stock management.

- Perform surprise audits to discourage theft.
- Train staff on accurate stock counting techniques
- Investigate discrepancies and take necessary measures.

6. RECORDS

7. REFERENCES

8. DOCUMENT CHANGE CONTROL

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00	R. Diep	First Edition	J. Paolo	P. Farran	26/12/2023	January 2024

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