

 <p style="text-align: center;">Massachusetts Department of Correction</p> <h1 style="text-align: center;">POLICY</h1>	Effective Date 9/14/2023	Responsible Division Deputy Commissioner, Administration	
	Annual Review Date 9/14/2023		
Policy Name 103 DOC 339 MATERIALS AND SUPPLIES INVENTORY AND CONTROL	M.G.L. Reference: Chapter 124, § 1(c) and (q)		
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Public Access Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		Location: Department Central Policy File Each Institution's Policy File	
<p>PURPOSE: The purpose of this policy is to establish Department of Correction (“Department”) procedures concerning materials and supplies, inventory and control.</p> <p>RESPONSIBLE STAFF FOR IMPLEMENTATION AND MONITORING OF POLICY: Deputy Commissioner, Administration Executive Director, Administrative Services Superintendents Fiscal Officers</p> <p>CANCELLATION: 103 DOC 339 cancels all previous Department policy statements, bulletins, directives, orders, notices, rules and/or regulations regarding materials and supplies inventory and control which are inconsistent with this policy.</p> <p>SEVERABILITY CLAUSE: If any part of 103 DOC 339 for any reason is held to be in excess of the authority of the Commissioner, such decision shall not affect any other part of this policy.</p>			

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339.01

DEFINITIONS

Audit: An examination of agency or institution operations, programs or accounts which is conducted by a person or persons not directly involved in the area being assessed. An independent audit results in an opinion regarding the adequacy of the area assessed.

Expense Item: Materials and Supplies that are received and immediately distributed to end users and therefore not included on the perpetual inventory.

Materials and Supplies: Expense and non-expense items that are requisitioned and received by an institution or division.

Non-Expense Item: Materials and Supplies that are received and stored for future use.

Perpetual Inventory: System of inventory control in which the number of units of any inventory item on any day can be obtained from the stock records. In this method all additions and withdrawals are recorded in inventory cards or an Excel spreadsheet as they occur to provide a running balance of quantity on hand.

Purchase Requisition: An initial request for goods which should include: item, quantity, approximate price, date needed, and proposed vendor. Said requisition is completed by authorized signatories and forwarded to the appropriate Fiscal Office.

Standard Order: Term for a preauthorized periodic issuance of specific items to a specific location.

Storekeeper: Staff member assigned to oversee the safekeeping, inventory, receipt, and issuance of materials and supplies from a general storeroom.

Tickler File: A file that serves as a reminder and is arranged to bring matters to timely attention.

339.02

GENERAL RECEIVING PROCEDURES

- A. All materials and supplies (M&S) received by an institution or division shall be documented by use of a CD-16, Storekeeper's Daily Receiving Record (Attachment #1) unless an alternate method of documenting receipt of materials and supplies is approved in writing by the Executive Director of Administrative Services. The receiving document (e.g. delivery receipt, receiving/packing slips, work orders) must be signed and dated by the staff member that initially received the item(s) from the vendor or carrier on the date the item(s) were received, or the work was

completed. The receiver must sign and print their name on the receiving document or work order in a legible manner.

- B. Fiscal Offices shall distribute a copy of executed purchase requisitions with the assigned purchase order number annotated to the Storekeeper or receiving entity. The receiver shall utilize the purchase requisition to properly compare what was ordered to what is delivered.
- C. All M&S items to be stored at the general storeroom or other designated storage areas (e.g., fuel tanks) under the control of the Storekeeper, except for office supplies and business forms, shall be posted to a perpetual inventory medium as approved by the Executive Director of Administrative Services.
- D. Perpetual inventories are maintained for assurance that institutions have materials and supplies available for day-to-day operations. As such, re-order points should be locally developed so that a reasonable on hand quantity of supplies is available for institution operations.
- E. It is very important that receiving documentation is forwarded daily to respective Fiscal Offices so that vendor prompt pay discounts are not lost.

339.03

THE GENERAL STOREROOM

- A. Articles received at the general storeroom or at a location under the control of the Storekeeper which are to remain there for future use shall be recorded on a perpetual inventory medium. The only exception shall be office supplies and business forms. Goods which are impracticable to be delivered directly to the general storeroom such as: animals, fuels, or other items in large quantities may be delivered and stored in other locations that are under the control of the storekeeper.
- B. If articles received at the general storeroom or at locations under the charge of the storekeeper/receiver are not to be stored for future use, then the Storekeeper shall accept, receive and then arrange delivery or have them picked up by the pertinent division, department, or area in the institution. These items shall be considered to be expensed and shall not be entered into inventory.

339.04

STORAGE AREAS NOT CONTROLLED BY THE STOREKEEPER

Expense items used by the carpenter, plumber, electrician, garage, etc. that are kept for future use in the storage areas belonging to said employees shall be received at the general storeroom and forwarded to and stored in those specific areas. Since they are "expensed", no entries shall be made for them in the perpetual inventory medium. However, articles used by said areas but stored in

the general storeroom shall be considered M&S items, recorded in the inventory and treated like other stock items, in regard to their issuance.

339.05

BREAKAGE, DAMAGE, SPOILAGE, AND TRANSFERS

Items removed from inventory due to breakage, damage, spoilage, or transfer to other institutions shall be documented and approved by the Manager or designee that oversees the storage area. In no instance shall such approval be made by the Storekeeper or entity that maintains the perpetual inventory. Such items shall be entered into the perpetual inventory record as issued. Transferred items shall also be entered as received into the perpetual inventory record by the institution the items were transferred to. Approval documents shall be retained for audit purposes.

339.06

THE MATERIALS AND SUPPLIES INVENTORY AND CONTROL CYCLE

A. The purchase of Materials and Supplies

1. The Fiscal Office shall order materials and supplies upon receipt of a properly authorized purchase requisition and evidence of available funding. (Policy 103 DOC 340, *Departmental Purchasing Procedures* can be reviewed for a detailed view of the various purchasing methodologies).
2. All institution/division purchase requisitions for items \$10,000 and over must be approved by the Superintendent/Division Head or their designee as well as the respective Assistant Deputy Commissioner (ADC) prior to sending to fiscal for processing. If there is no ADC for the division, the purchase requisition must be submitted to the respective Executive Staff member that the division reports to for approval prior to sending to fiscal for processing.

The “Reason for Need” section on the requisitions must be completed to provide justification for the purchase. An original, wet-ink signature of the specified staff approving the purchase requisition is required.

If the purchase requisition is denied, it will be returned to the respective institution/division to obtain any further information/signature(s).

3. The Fiscal Office distributes the purchase orders (encumbrance documents) as required and sends a copy of the executed purchase requisition with the purchase order number annotated on it to the

receiving area. The receiving area shall place the executed purchase requisition in a tickler file pending delivery.

B. Receiving Materials and Supplies

Materials and Supplies are received from vendors by institutions and divisions in multiple ways. Deliveries are made by a variety of entities including freight haulers, package delivery companies, the post office, and the supplier. Additionally, materials and supplies can at times be picked up from local companies by authorized staff. Storekeepers and other staff involved in the process of obtaining and receiving materials and supplies need to ensure timely and appropriate receipt of those materials and supplies allowing the Fiscal Office to make payments while taking advantage of prompt payment discounts and stretching our budget dollars. Multiple delivery methods require different responses. Section one below discusses how to handle a delivery from a freight hauler or other entity when the receiver is presented with only a delivery receipt that documents the number of pallets or packages. The remaining sections establish procedure for the next steps for such deliveries and how receiving should be accomplished for all other types of delivery.

1. Upon delivery of items by carrier the Storekeeper shall review the delivery receipt. A delivery receipt typically will only list the number of packages being delivered and may only list the number of pallets. The Storekeeper shall gain assurance that the delivery is expected and supported by a pending executed purchase requisition.
 - The carrier will identify the number of packages that make up the shipment.
 - The Storekeeper shall inspect the shipment for completeness and condition. The receiving document (e.g. delivery receipt, receiving/packing slips, work orders) must be signed and dated on the date the item(s) were received. The Storekeeper must sign and print their name on the receiving document in a legible manner.
 - Any discrepancies, damage or suspected concealed damage shall be brought to the attention of the delivery person and noted on the bill of lading or carriers' delivery receipt.
 - If discrepancies are detected prior to the carrier's departure the Storekeeper shall have the delivery person sign the delivery receipt to acknowledge the noted discrepancies. If the carrier has departed prior to the discrepancy being detected the Storekeeper will note the discrepancy on the delivery slip. Corrective action will also require the following steps:

- The shipment shall be kept in the delivered state if possible and all cartons and packaging retained.
- Notify the Treasurer/Fiscal Office immediately to bring a resolution to the problem.
- Do not open any of the packages or use any of the products until authorized by the Fiscal Office.
- When all problems with the delivery receipt have been resolved, Storekeeper may complete the receiving process.

2. Completing the receiving process:

- The Storekeeper/receiver shall open the cartons and packages and compare the contents to the accompanying packing slip and to the executed purchase requisition.
- It is important that the packing slip accurately matches the description and count of the physical product. If a discrepancy is detected note it on the CD-16 as an exception.
- It is important that the packing slip and items delivered accurately match the executed purchase requisition (purchase order). If a discrepancy is noted, such as the wrong item was delivered, notify the Treasurer/Fiscal Office for direction and resolution of the problem.

3. All materials and supplies received by an institution or division shall be documented by use of a CD-16, Storekeeper's Daily Receiving Report (Attachment #1). This record should be completed by the Storekeeper/receiver. A separate CD-16 book should be maintained for M&S items and expense items when applicable.

4. A storekeeper's Daily Receiving Report (CD-16) provides space to record:

- a. Date of receipt
- b. Purchase order number
- c. Vendor
- d. Carrier
- e. If the order was complete or partial
- f. Exceptions; which are any differences between what the packing slip states was delivered, and what was actually received.

5. The Storekeeper shall send the original copy of the Storekeeper's Daily Receiving Report along with signed and dated packing slips to the appropriate Fiscal Office to be processed for payment.

Packing slips shall be cross referenced to the CD-16 by annotation of the CD-16# upon the packing slip to eliminate confusion if the documents become separated. The duplicate copy of the CD-16 shall remain with the Storekeeper for the receiving department records. The Storekeeper shall add all non-expensed items to the perpetual inventory.

- Note: It is extremely important that receiving is accomplished daily and that receiving documentation is forwarded promptly to respective Fiscal Offices. Any delay in the receiving process may result in the loss of vendor prompt pay discounts and reduce the overall buying power of each institution/division and the Department.

C. Issuing Materials and Supplies

1. The three-part, Store's Requisition Form (CD-8A, Attachment #2) is filled out by the area or cost center that is requesting materials and supplies from the general storeroom. The CD-8A includes the following information:
 - a. Date;
 - b. Requesting area (cost center);
 - c. The signature of the supervisor of the area that is requesting the issuance of goods;
 - d. Item and description;
 - e. Quantity requested;
 - f. The signature of the manager or designee responsible for approving the issuance of goods;
 - g. Initials of the individual issuing the items;
 - h. Signature of person items are delivered to.
2. The original and first copy shall be sent to the manager or designee responsible for the oversight of the storeroom who shall review the request, make any required adjustments and then forward the approved requisition request to the Storekeeper so that the order can be processed. The second copy shall be retained by the requesting entity pending delivery of the items.
3. The Storekeeper shall then issue the goods, obtaining a signature of receipt from the person accepting delivery or picking up the order. The Storekeeper shall provide the first copy of the CD-8A as a receipt to the individual signing for the goods.

4. The Storekeeper shall post the issuance to the perpetual inventory and file the original copy of the stores requisition slip as supporting documentation for the issuance.
5. The Storekeeper shall file supporting documentation for issuances by operational area or cost center to facilitate reviews of issuance to that operational area/cost center as required.
6. It is acceptable that approved Standard Order Forms be copied and utilized in lieu of CD-8A's as supporting documentation for approved standard weekly/monthly issuances. Any issuance quantity changes to the standard order should be annotated on the copied document.

D. Inventory Procedures

1. Physical inventories of all Materials and Supplies shall be taken, at the minimum, twice annually including June 30th. Physical inventories shall be properly supervised and/or spot checked by the manager or designee that oversees the storage area.
2. The physical inventory of stock M&S items shall be compared to the perpetual inventory. Differences shall be noted, investigated, and where needed adjustments shall be made to the perpetual inventory. All such adjustments shall be reviewed and authorized by the manager or designee that oversees the storage area. In cases where adjustments appear to indicate the misappropriation or mismanagement of inventory goods, the Manager or designee shall notify the Superintendent and the Executive Director of Administrative Services.
3. Overall shortages/overages shall be summed and the Report on Unaccounted for Variances, Losses, Shortages, or Thefts of Funds or Property (Attachment #3) shall be completed and sent to Support Services who shall consolidate said reports Department-wide and forward to the Office of the State Auditor as required.

339.07

ACCESS TO RECORDS

The Executive Director of Administrative Services or their designee shall have access to all institutions and their fiscal records for audit purposes to determine compliance with this policy.

339.08**RETENTION OF ACCOUNTING RECORDS/SOURCE DOCUMENTS**

The Department (facility/institution) copy of all fiscal documents shall be systematically filed to facilitate later retrieval for audit purposes.

339.09**RESPONSIBLE STAFF**

The Executive Director of Administrative Services or their designee, under the supervision of the Deputy Commissioner of Administration, shall be responsible for implementing and monitoring this policy throughout the Department. Also, the Executive Director of Administrative Services or their designee shall have access to all institutions and their fiscal records. Each Superintendent and Department Head shall be responsible for implementation of this policy in their institution or division and for development of any and all necessary and appropriate institution/division policies and procedures.

DOC FORM CD-16

No.

STOREKEEPER'S DAILY RECEIVING RECORD

Date _____ 20____

Purchase Order Number	Received From	Complete	Partial	Received VIA (Carrier)	RECIPIENT
NOTE EXCEPTIONS:					
Purchase Order Number	Received From	Complete	Partial	Received VIA (Carrier)	RECIPIENT
NOTE EXCEPTIONS:					
Purchase Order Number	Received From	Complete	Partial	Received VIA (Carrier)	RECIPIENT
NOTE EXCEPTIONS:					
Purchase Order Number	Received From	Complete	Partial	Received VIA (Carrier)	RECIPIENT
NOTE EXCEPTIONS:					

THIS COPY TO BE SENT TO: FISCAL SERVICES (DAILY)

(STOREKEEPER)

FORM CD-8A

Date _____

No. _____ - _____

Requisition for: _____

Requested by: _____

[illegible]

Issued by _____

Delivered by _____

Received by _____

**Report on Unaccounted for Variances, Losses
Shortages, or Thefts of Funds or Property**

TO: Office of the State Auditor

From: _____

Date: _____

Agency: _____

Address: _____

Agency Contact (Name, Title, Phone #): _____

Date Detected: _____

Explanation of Condition:

Cause of Condition:

Amount of Funds Involved:

Appropriation Accounts, Trust Funds, Checking Accounts, ect. involved (List all the particulars, i.e., account numbers, banks, amounts, ect.)

Agency Division or Section Involved:

Individual (s) Aware of Incident:

No. of Individuals Having Access to Accounts / Funds Affected:

Other Pertinent Information:

Report Completed By (Name, Title, Phone #):

Send To: Office of the State Auditor
One Ashburton Place, Room 1819
Boston, MA 02108