

 <b>GUAM WATERWORKS AUTHORITY</b>	<b>STANDARD OPERATING PROCEDURE</b>	No.	SOP-1200-WHS-001
	<b>Annual Physical Count of Warehouse Inventory</b>	Effective Date	2023.8.17
		Final Approver	 Miguel C. Bordallo, P.E. General Manager
		Revision Letter	A

### 1.0 Purpose

This Standard Operating Procedure (SOP) establishes the rules to be observed during the preparation and actual annual physical count of GWA Warehouse inventory.

### 2.0 Scope

This policy and its procedures are applicable to all business units in possession of GWA capitalized or controlled inventory and personnel required to conduct the annual physical count of these assets.

### 3.0 Policy

A physical count of controlled inventory is required each fiscal year in order to ensure accuracy and fiscal accountability.

### 4.0 Definitions

- 4.1. **Auditors:** GWA Internal Auditor and external auditors assigned to conduct random inspection/testing of inventory items during the annual physical count of warehouse inventory.
- 4.2. **Count Team:** A group of GWA personnel tasked to conduct the annual physical count of GWA Warehouse inventory (Warehouse, Finance, Procurement, and other GWA Personnel).
- 4.3. **JD Edwards EnterpriseOne (E1):** Inventory/Financial Software system used by GWA warehouse to record its receiving of goods in the warehouse and subsequent issuance to its End User.
- 4.4. **Location:** A place inside the GWA warehouse that is divided into sections and is identified by alphabetical letters (A, B, C, etc.).
- 4.5. **Mobile Tablet (Tablet):** A mobile device used by GWA Warehouse personnel to record transactions of stock/inventory items, counts, and other information.
- 4.6. **Offsite Location:** An area in GWA facilities designated to store Warehouse inventory.
- 4.7. **Stock/Inventory Items:** Items that hold inventory stock numbers and must be issued in E1>Inventory Issue.

### 5.0 Roles and Responsibilities

5.1.	General Manager (GM)	Approves this SOP and all its subsequent changes.
5.2.	Assistant General Manager for Administration and Support (AGM-AS)	Oversees the development, revision, and implementation of this SOP as the Policy Owner.

5.3.	Supply Management Administrator (SMA)	<p>Provides oversight, guidance, and applicable training to Warehouse personnel to comply with this SOP.</p> <p>Reviews this SOP annually and makes necessary changes to be presented to the AGM-AS for consideration.</p>
5.4.	Inventory Management Officer (IMO)	<p>Supervises Warehouse personnel and monitors compliance with this SOP.</p> <p>Informs SMA of non-compliance to this SOP for appropriate action.</p>
5.5.	Count Team	<p>Strictly abide by the contents of this SOP and conduct activities accordingly.</p> <p>When confronted by a situation not covered by this SOP or requiring clarification, communicate or recommend necessary changes to the respective manager, administrator, or supervisor for resolution or consideration.</p>

## 6.0 Procedure Description

### 6.1. General Preparation:

#### 6.1.1. Cleaning Inside Warehouse

- 6.1.1.1. General cleaning inside and outside of the Warehouse will be conducted in preparation for the annual inventory counting. All shelving and its contents shall be dusted down. Empty boxes and any trash shall be removed and discarded. Floors shall be swept, mopped, and buffed.
- 6.1.1.2. All inventory items shall be arranged on shelving neatly and safely to allow for easy counting access without accident. Ensure that all items are in their proper location. Items that are currently in multiple locations shall be consolidated.
- 6.1.1.3. Shelving labels shall be reviewed to ensure accurate and proper information is visible to counters. Any old or unreadable labels shall be removed and replaced with new ones to ensure visibility, accuracy, and professionalism.

#### 6.1.2. Cleaning Outside Warehouse

- 6.1.2.1. All trash and debris shall be removed and items shall be arranged to allow for easy counting access without accident.
- 6.1.2.2. Ensure that all items are in their proper location.

6.1.2.3. All yard items with larger quantities shall be marked (spray painted in rows of ten) to allow for easier counting.

6.1.3. **Request for Assistance:** Inventory Management Officer (IMO) shall request assistance and pre-schedule with other divisions (Procurement and Finance) for assistance with the annual count.

6.1.4. **No Inventory Movement:** In preparation for the annual physical count, the IMO shall stop the movement of inventory items at a certain date and time, except as approved in case of emergency.

The date and time of the last issuance of inventory items, final key-in of issuances and receiving, and resumption of movement of inventory items shall be announced by the IMO 5 days before he stops the inventory movement.

6.1.4.1. In case of an emergency, the issuance of stock items shall be recorded through *Issuance Receipt (Attachment 1)*. After the inventory counting and reconciliation are completed, the Utility Storekeeper shall enter the details of the emergency issuance in E1 as provided in the "Offline Recording of Issuances" in *SOP on Warehouse Issuance of Materials/Supplies*.

6.2. **Safety Protocols:** Warehouses contain many hazards and opportunities for accidents and injuries to occur. The IMO shall, as soon as the composition of the count team is determined, email each team member a copy of the *SOP on Warehouse Security, Safety, and Good Housekeeping*, and the team members shall read it prior to the start of the counting. The IMO shall also orient all non-Warehouse personnel participating in the annual physical counting of warehouse inventory, of the content of the mentioned SOP before the start of the counting procedure.

6.3. **Inventory Count:** The annual physical count shall be held in September of every year and the IMO shall determine and announce its schedule.

6.3.1. **Objective:** The goal is to conduct a thorough count of each inventory item inside and outside of the Warehouse in the most efficient and accurate manner possible.

6.3.2. **Count Team:** All staff participating in the annual count will be divided into 4 count teams, each with 4 personnel.

6.2.2.1 Composition of each count team:

- 1 Guide & lead recorder (Warehouse personnel);
- 1 Counter/Verifier (Finance personnel);
- 1 Recorder (Finance personnel); and
- 1 additional counter (any GWA Personnel).

6.2.2.2 Warehouse personnel shall be the "leader" of each count team and escort their count team around the Warehouse during the counting.

6.2.2.3 At least fifteen (15) minutes before the start of the counting, a briefing/orientation shall be conducted by the IMO & Safety Officer for all members of the count teams.

6.2.2.3 Count teams are required to count each inventory item in their assigned location. All items are properly tagged for size, description, and stock number for count identification.

6.3.3. **Location/Off-site Location:** Each section of the Warehouse will be divided up and referred to as a *location (Attachment 2)* identified by an alphabetical letter, designated area for the returned items is not part of the annual counting. Count teams will each be assigned to a location to begin their 1st verification count on a *Manual Count Sheet (Attachment 3)* and 2nd count entry on a Mobile App Tablet. After each count team is through counting their first location, they shall await further instructions before proceeding to another location.

Two count teams will be designated to count inventory items at off-site locations. The leader of these count teams shall have general knowledge of the inventory items at off-site locations and will assist in identifying these items.

6.3.4. **1<sup>st</sup> Count:** After counting an inventory item, 1st count will be logged into the *Manual Count Sheet* by Finance Personnel-Recorder.

6.3.5. **2<sup>nd</sup> Count:** A second count of each inventory item will be conducted by and verified by additional Finance staff and keyed into E1 by warehouse staff directly by use of a Mobile Tablet.

Note: 1st and 2nd count verifications will be done by each count team. Also, the Mobile Tablet contains a complete listing of all inventory items to be counted. Each time the counter enters the inventory quantities on hand for a specific item, the tablet reduces the remaining number of items to be inventoried. This also aids the counters so that all stock is accounted for.

6.3.6. **Final Inventory Count:** The Lead Recorder will be responsible for collecting the total *Manual Count Sheet* for all the 1st counts. 2nd count tablet entries will be verified in the E-1 entry online module. Data entered from the *Manual Count Sheet* and Tablet entries shall be compared for accuracy by IMO and Finance. In case of any variances in the first and second entry of data arise a third physical count of the inventory item shall be performed for final verification. Any variances will be reviewed, researched, and justified by IMO and Finance. When all count totals are reconciled, the final count will be updated in the E1 cycle count by IMO.

6.3.7. **Reconciliation:** Any variances between the physical count and inventory ledger shall be reviewed, researched, and justified by IMO.

6.3.8. **Random Testing by the Auditors:** The External and Internal Auditors will arrange with the IMO to conduct their random testing of the warehouse inventory. This is usually done when the Count Team has covered 80% of the inventory count.

## 7.0 Document Approvals

Role	Position	Name of Approver	Approval Signature	Date Approved
Author	Inventory Management Officer	Albert T. Perez II	Approval on File	On File
Policy Owner	Assistant General Manager for Administration and Support (AGM-AS)	Christopher M. Budasi	Approval on File	On File
Final Approver	General Manager	Miguel C. Bordallo, P.E.	Page 1	Page 1

In accordance with existing Guam and Federal laws, the contents of this SOP were reviewed thoroughly by its Policy Owner and were found to be:

- appropriate for publication on the GWA website without compromising the security of GWA's system or the public's health and safety.
- not appropriate for publication on the GWA website because it might jeopardize the security of GWA's system or the public's health and safety.

## 8.0 Records of Revisions

All suggestions for improvement shall be directed to the Policy Owner indicated below. The Policy Owner will consider the input received, develop recommendations on how to address the suggestions, and obtain authorization to make the recommended changes. Updates, revisions, corrections, and waivers to this SOP shall be made in writing and approved by the GM.

- 8.1. Policy Owner: Assistant General Manager for Administration and Support (AGM-AS)
- 8.2. Authorization: General Manager

Effective Date	Revision Letter	Document Author	Description of Change
Page 1	A	Albert T. Perez II	Initial Release of Policy/Procedure

## 9.0 References

- 9.1. Physical Inventory Summary Instructions
- 9.2. SOP on Physical Inventory drafted by the warehouse team, November 2022
- 9.3. 2022 Count Sheet P01WKBOOK provided by the Fixed Asset Accountant, January 2023



**Attachment 2: Warehouse Location to be Counted**

1. Shelve A, B, C, D, E, F, G, H, I, J, K
2. A-Floor, B-Floor, C-Floor
3. Yard 1 Warehouse Yard (where the 2 containers are located)
4. Yard 2 The Fenced area on the west side exit of the Warehouse
5. Off-site Locations
  - Agat Treatment Plant
  - Dededo Lab
  - Agana Treatment Plant
  - M-21
  - Ugum Water Treatment Plant
  - NDWWTP

Annual Physical Count of Warehouse Inventory

**Attachment 3: Manual Count Sheet**

Guam Waterworks Authority  
Print Cycle Count Sheets

(Full Name) Counted By: \_\_\_\_\_ Sign/Initial: \_\_\_\_\_

(Full Name) Counted By: \_\_\_\_\_ Sign/Initial: \_\_\_\_\_

Cycle Count Number: 24 Cycle Count

Count Date: \_\_\_\_\_

Count Quantity	Item Number	UM	Description	Designated Area	Location	Remark
	68339	EA	FREIGHT CHARGES		0 A.50	
	110597	EA	GAC 400 NORIT		0 A.50	
	1054	EA	CORPORATION STOP 1 1/2 X 2CC	A	A.50	
	1089	EA	NIPPLE, BRASS 2 X 8	A	A.50	
	1100	EA	CORPORATION STOP 1X 1 1/4 CC	A	A.50	
	1151	EA	CORPORATION STOP 3/4 X 1 CC	A	A.50	
	1222	EA	NIPPLE, BRASS 2 X 4 NO LEAD	A	A.50	
	1388	EA	NIPPLE, BRASS 2 X CLOSE	A	A.50	
	1775	EA	NIPPLE, BRASS 3/4 X 4	A	A.50	
	1919	EA	NIPPLE, BRASS 3/4 X 2	A	A.50	
	1978	EA	COUPLING METER 3/4 X 2 TAILPI	A	A.50	
	2014	EA	COUPLING METER 3/4 X 1 1/2TA	A	A.50	
	2161	EA	NIPPLE, BRASS 3/4 X CLOSE	A	A.50	
	3113	EA	NIPPLE, BRASS 1 X 4	A	A.50	
	3535	EA	VALVE, BALL BRASS 3/4	A	A.50	
	3631	EA	VALVE, BALL BRASS 1	A	A.50	
	4108	EA	CONNECTOR, EXPANSION 5/8x3/4	A	A.50	
	4132	EA	VALVE, INVERTED 5/8X 3/4	A	A.50	
	4415	EA	BUSHING, RED. BRASS 2X 3/4	A	A.50	
	4431	EA	NIPPLE, BRASS 1 1/2 X 4	A	A.50	
	4440	EA	NIPPLE, BRASS 1 1/2 X 6	A	A.50	
	4458	EA	BUSHING, RED. BRASS 2X 1	A	A.50	
	4466	EA	BUSHING, RED. BRASS 1 1/4X 1	A	A.50	
	4474	EA	BUSHING, RED. BRASS 2X 1 1/4	A	A.50	
	4554	EA	BUSHING, RED. BRASS 1X 3/4	A	A.50	
	4669	EA	VALVE, BALL BRASS 2	A	A.50	
	4706	EA	ELBOW, BRASS 1 X 90 DEG	A	A.50	