



The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

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Title Procedure for purchasing and counting Food Service inventory.

Statement

This procedure provides the guidelines for purchasing and counting inventory items in the Food Service units of The University Corporation, (TUC).

Background

Food Service unit managers and supervisors are responsible for maintaining an inventory of products relative to sales volume. Purchasing is performed on a daily or weekly basis and follows TUC policy number *AC007 Purchasing Policy*. When products arrive at a location, items and prices are verified by a manager, supervisor, or shift leader who then signs the delivery paperwork. This paperwork can include a packing slip, bill of lading, or invoice. All delivery paperwork is forwarded to the office of an Associate Director, Commercial Services for matching and approval prior to submittal for payment.

Due to the nature of the food service business at CSUN, there are occasionally only one or two people working at one time in some units. Inventory takes place monthly and is conducted by two or more employees to provide a check and balance. In the convenience store operations, this effort may include an even greater number of participants due to the much larger number of items.

Procedure:

1. Ordering of Products –
Unit managers or supervisors order product for their units on a daily, biweekly or weekly basis. Most orders are placed by telephone, some with the vendor on site, and some orders are placed online via the vendor's website. The approval threshold for a Food Services unit supervisor is \$5,000. If an order is placed that is greater than the allowed threshold, a second approval from an Associate Director or Director of Commercial Services is required. **An order may only be placed with a vendor from the approved**

vendor list. All new vendors have to be approved in advance an Associate Director of Commercial Services.

2. Receiving Products -

Products are delivered to individual locations. See TUC policy number *AC009 Vendor Receiving Policy*. Once all products are unloaded and counted by receiving personnel, the delivery paperwork is signed by the respective manager, supervisor or shift leader. The unit manager or supervisor reviews the delivery paperwork, stamps it with the unit's name, and sends it to the TUC corporate office. **The following mitigating controls have been put in place; a) the person who can both order and receive product can not approve the invoice for payment; b) a physical inventory is conducted each month, c) food unit cost of goods sold percentages are reviewed monthly by senior TUC management.**

3. Approving Invoices –

Food Service personnel in the corporate office match the delivery paperwork with the respective invoice and review the account coding. The invoices are forwarded to an Associate Director, Commercial Services for approval. Approved invoices are then forwarded to Accounting for payment.

4. Taking Inventory -

Inventory is taken at the end of each month. An inventory count sheet including item descriptions, item price, and a blank quantity counted field is used as the source document to conduct inventory. (*See attachment 1*) Managers, supervisors, shift leaders and other TUC employees may participate in the inventory process. One person counts while another records the information on the count sheet. Due to staffing limitations, one person occasionally performs both duties but is then required to be randomly audited by another employee. Some locations such as the convenience stores that offer over a 1,000 different products, can engage anywhere from 4 to 10 inventory counters. All inventory data is input by a TUC employee and stored in the Commercial Services Drive under Inventories or in Computrition. Source documents are normally kept for two months except for year ending information which is kept in storage and maintained via TUC records retention policy. Inventory information is reviewed for accuracy prior to submittal to Accounting. A cover sheet is printed with current and previous month's inventory information and submitted to Accounting.

All inventory counts will be conducted with a minimum of two people. Occasionally one person can perform both duties but is then required to be randomly audited by a senior food services manager.