

The Speaker
Cllr M. Siyonzana

APPROVAL OF MANGAUNG ANNUAL STOCK COUNT FOR THE FINANCIAL YEAR END 2018/2019

1. PURPOSE

To obtain approval on the stock that was counted for the financial year end 2018/2019.

2. BACKGROUND AND DISCUSSION

It is a statutory requirement that all municipalities should at least once or twice a year, conduct a stock count on all stock related items. The outcomes of the stock count must be compiled and be submitted to Council for consideration and approval.

The counting of stock was conducted as per stock count year end plan 30 June 2019. **(See Annexure A).**

Stock Count Notifications: Annexure B

- ✚ On the 26th of April 2019, the Chief Financial Officer issued out a circular to all users notifying them of the year end procedures including stock taking procedures and the dates. **(See annexure B1).**
- ✚ On the 13th June 2019 the Chief Financial Officer issued out a reminder to Departments about financial year end stock count. **(See annexure B2)**
- ✚ On the 13th June 2019, the Chief Financial Officer issued out an invitation to partake in stock count to the office of Auditor General. **(See annexure B3)**
- ✚ On the 13th June 2019, the Chief Financial Officer issued out an invitation to partake in stock count to the office of internal Auditor. **(See annexure B4)**

Appointment of the Stock count teams: Annexure C

- ✚ The Stock teams were appointed by the Acting General Manager: Supply Chain Management to physically count stock **(see appointment letters with instructions annexure C1).**
- ✚ Attendance register was signed by all stock counters **(see annexure C2).**

✚ The instructions were read to the group of stock counters which includes:

- Roles and responsibilities
- Procedures during stock count.
- Separation of stock counters team
- Issuing of stock papers

3. The actual physical stock count was conducted on the 25th of June 2019 in the warehouses of Supply Chain Management. **(See Annexure D).** There was no stock delivered during stock count. The following is the summary of stock balances per warehouse:

**STOCK TAKING AS AT 30 JUNE 2019**

STORE	STOCK VALUE
General Store	R 3 656 942.87
Mechanical Store	R 260 570.17
Consumable Store	R 949 282.39
Stationery Store	R 651 215.20
TOTAL	R 5 518 010.63

Damaged Stock

There was no damaged stock identified during stock count.

Redundant and Obsolete Stock: Annexure E

The following slow moving stock items are regarded as obsolete. Users cannot withdraw them any longer:

CONSUMABLES

ITEMNO	SHELF NO	ITEM DESCRIPTION	QTY	UNIT PRICE	AMOUNT	LAST ISSUE
60200138	40	Floor brush for polishing.	36	R8,97	R322,92	8-Mar-18
62300104	41	Water Bags 27.9 X 35.5 X 6.8L	25	R76,00	R1900	13-Dec-17
Total					R2 222.92	

✚ **Stock Take Adjustments & Shortages: Annexure F**

One item was identified as a shortage because the store man issued an extra item to Department.

NO.	ITEM NUMBER	ITEM DESCRIPTION	QTY	UNIT PRICE	AMOUNT	REASONS	RETURN NUMBER	RETURN DATE
1	70200513	Blade	1	R11.17	R11.17	Issued in excess	n/a	n/a

✚ **Surpluses:**

There was no surplus stock identified during stock count.

✚ **Slow Moving Stock: Annexure G**

Items from:

- Mechanical Stores
- General Store

✚ Although, there were slow moving stock items identified during June 2019 stock count, they cannot be removed from the shelves as they are still in use.

✚ **Stock Control Vote Balancing: Annexure H**

4. **LEGAL IMPLICATIONS**

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

5. **FINANCIAL IMPLICATION**

- ✚ An amount of R11.17 which resulted in shortage of one (1) item to be written off.
- ✚ Consumable stock items amounting to R2222.92 to be declared as obsolete and be disposed by means of an auction.

6. **Recommendation:**

It is recommended that:

1. That the Council take note of the stock count amounting to **R 5 518 010.63** for the financial year ending 2018/2019
2. The Council approves stock count report, shortage and obsolete items for the financial year end 2018/2019.

Submitted by:

Recommended by:

Approved by:



**Mr S. Mofokeng
CFO**



**Adv Tankiso Mea
City Manager**



**Councillor SM Mlamleli
Executive Mayor**