Standardized procedures for purchase, stores, finance & accounting

Over all flow chart - materials department
The flow of the activities in purchase and stores has been standardized as indicated in annexure :A

Selection of supplier
Agreed that the following criteria will be applied for selecting a supplier
a) Reliability
b) Dependability
c) Consistency
d) Quality
e) Lead Time
f) Terms of Payment
g) Vendor Rating

Purchase order : form & content
While the format has been left to the discretion of the management of the respective hospitals, this will essentially contain the following information
a) Item description - specification
b) Quality
c) Code : ISI/OTHER CODES
d) Quantity
e) Rate per unit of quantity
f) Schedule of supply
g) Terms of supply
h) Terms of delivery: FOR/FOB/CIF/C&F
i) Tax details
j) Terms of payment
k) Freight for return of materials in case of rejection
l) Jurisdiction of
m) P.O No & Date
n) Authorized By /Approved By
o) Validity of P.O
p) Made in quintuplicate and the distribution will be:
   - Supplier
   - Accounts
   - Stores
   - User department
   - Office copy
q) Control number

Indent format
The agreed standardized format is as specified in annexure B

Goods received Note:
The actual format has been left to be decided by the hospital to suit their own needs. However the contents of the goods received note have been standardized as below.
   - Parties name
   - Item description / code No
   - Purchase order reference
   - Quantity ordered
   - Quantity supplied
   - Delivery challan No. and date
   - Invoice No. and date
   - Received by / Quality checked by / approved by

Inventory control:
- Agreed to have a periodical control of the stocks by using ABC analysis which will enable the management to focus their attention on fewer items aggregating to large percentage of value.
- Agreed to have constant monitoring of fast moving, slow moving, and nonmoving items of stock through FSN analysis

Perpetual inventory control system:
- Agreed to have yearly physical verification, matching the same with the records and action initiated to treat the discrepancies in the accounts appropriately
- Also it was agreed to have an on the spot verification of physical stock of items received / issued during the course of the day on a day to day basis by the store keeper himself. This will enable him to satisfy that nothing has gone wrong during the course of the day.

**Control over consumption:**
- Agreed to have data on department wise consumption of medicines / consumables viz. Clinical departments and house keeping, maintenance departments, etc., on a month to month basis to have adequate control over consumption.

**Finance & Accounts**

**Over all flow chart**
- A standardized flow chart for the activities relating to expenses (both capital and revenue) has been finalized and is appended in annexure:C

**Control over income and expenditure :**
- On a monthly basis the percentage of contribution of various elements of income and expenditure to the total will be worked out and constantly monitored to the management for control.
Flowchart for Material Procurement

1. Indents User Depts.
2. Call for Atleast Three Quotations
3. Compare, Negotiate Select the suppliers
4. Place purchase order Schedule the supplies
5. Check: Quality P.O Schedule Rates
6. Found OK
   a. Raise GRN
   b. Forward Invoice GRN Receipted Del Challan
   c. Prepare voucher Journalise the Transaction
   d. Make the Payment
7. Found Not OK
   a. Reject
   b. Send Back to Suppliers

A

Monitor stocks For levels Place P.O.

Issue Indents

Check for quality Quantity

Make the issue

Update the stock
Flow Chart for Finance: Expenses & Payment

Expenses
  └── Authorisation
      ├── Suspension
      │     └── Regular Invoices
      │          └── Settling of suspense
      │
      └── Preparation of Accounting information slip
          └── Authorisation/approval
               └── H.O.D
                    └── Voucher
                         └── Approval
                              └── Payment By
                                   └── Cash or Cheque
                                        └── Signature
                                            └── Payment
                                                └── Despatch
Annexure : B

Standardized Indent Format:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item Code</th>
<th>Item Name</th>
<th>Qty Required</th>
<th>Qty Issued</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

User Department:

Code:                      Date: