

MONSANTO CHEMICAL COMPANY
TEXAS CITY, TEXAS

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STORES DEPARTMENT FUNCTIONS AND PROCEDURES

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STORES DEPARTMENT FUNCTIONS AND PROCEDURES

INTRODUCTION

The purpose and functions of the stores department is to:

Maintain an adequate inventory of various supplies and spare parts essential to maintain the operating and service equipment of the plant --

Receive, check and record the various shipments arriving in the plant --

Properly bin and tag various materials --

Warehouse and store supplies and equipment --

Issue various materials as required --

Inventory, control and expedite materials to their proper destination --

Make shipments of various containers, returnable material, equipment and finished products --

Order materials and supplies as required either by special order or by Kardex minimum --

Provide information on various materials.

INVENTORIES

Stores Stock Authorization:

When new items are required to be carried in the stores inventory, a form, MT-274 - Stores Stock Authorization, is prepared showing the quantity and description of the material, as well as the minimum and maximum to be stocked. After the form is complete and signed by the person requesting the material, it is given to one of the following for approval:

Production Superintendents
Director of Research
Personnel Director
Control Laboratory Supervisor
Plant Engineer

When the stores department receives the authorization, the material will be ordered on a regular Purchase Order Requisition, Form MT-10, and will follow the regular channel to the purchasing department.

Stores Stock Authorization: - Cont'd.

This control is needed to keep down the number of items carried in stores inventory which now number close to 35,000.

After the purchase order is placed and the stores department receives their copy, a set of stock cards will be made up for the Kardex record, showing the minimum-maximum, requisitioner's name and the date.

Items not carried in stock and needed on a one-time basis will be ordered through section 19-154.01-50 ( ) special account.

Spare Parts Authorization:

The stores department is required to have on hand as spares a supply of various repair parts for machinery and equipment. In order to properly list and order these items a Spare Parts Sheet has been set up and functions as follows:

A rough copy of the spare parts form is made out by the area engineer and distributed for approvals and corrections. This form lists the functional item number, description, serial number, etc., of the equipment, the minimum-maximum, and the description of the items to be stocked as spares.

After the form has been approved, it is sent back to the area engineer who has final copies made and distributed to the various persons involved (See Bulletin P-16).

When the stores department copies are received, the items are ordered on an "S" requisition and the sheets are placed in a catalog binder for reference.

Other copies are placed in a binder in functional item order.

Stores and Supplies:

Stores inventory is divided into various sections according to type and class of materials. By this method the dollar value of the section can be determined.

The sections are as follow:

19-154.01-01	Bolts, Nuts and Washers
02	Brick and Building Material
03	Lumber
04	Electrical
05	Chemical Supplies
06	Hardware
07	Miscellaneous
08	Iron, Steel and Brass

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Stores and Supplies: - Cont'd.

19-154.01-09	Janitor Supplies
11	Welding Rod and Supplies
12	Insulation Material
13	Porcelain Pipe and Fittings
15	Packing and Gaskets
16	Paint
17	Valves and Valve Parts
17A	Reconditioned Valves
18	Pipe and Pipe Fittings
19	Instruments and Instrument Parts
20	Spare Parts
21	Physics Supplies
22	P/E Spare Parts
23	P/E Valves
24	P/E Fittings
25	P/E Tubing
30	Super Pressure Valves
50	Materials Charged Direct to Jobs
154.02	Packing Supplies
154.06	Gasoline and Oil
154.12	Used Single-trip Containers

Inventory:

An inventory is taken of each section once a year. This is spread over a nine month period. A schedule is prepared at the first of the year and so arranged that the sections are inventoried about the same time each year.

Using a colored pencil, the inventory clerk marks on the Kardex record card the quantity counted, date and his initial. At the time he makes the count, the bin is flagged to indicate that the count has been made and material issued thereafter should be noted on the issue requisition.

If there is a discrepancy in the inventory count and the Kardex record, the card is flagged and when that particular tray is completed it is turned over to the assistant storekeeper who checks the discrepancies.

When the section is completed, the bin tags are picked up and held for further use.

At the end of the month, after the current month's receipts have been posted, this Kardex balance is underlined indicating the figure to be used as the inventory quantity.

When this is completed the Kardex is turned over to a typist for typing. Stencils are made and the required number of copies are run off and distributed.

Inventory Relief

This procedure is set up in order for the stores department to charge off items in stores inventory which became spoiled, damaged or unusable.

In order to obtain approval, it is necessary for the storekeeper to write a letter to the chief accountant listing the items, the cost, and a reason why it is necessary to obtain relief.

After the request has been approved by the plant engineer, plant manager and chief accountant, the stores department is notified and the items are removed from the Kardex records and the material disposed of.

Material Return to Stores:

Quite often the occasion arises where material bought out of stores is not used. Rather than have this material go to waste, it is returned to the storeroom by using Form MT-13, Return to Stores. The job from which the material is returned should be credited and the material charged into the proper inventory account.

The materials should be listed and identified on the form and it should be signed by the person returning the material.

Only one job and one class of material should be listed on the form; if more than one job or one kind of material is involved, separate forms should be used.

This form is also used for items bought direct to jobs and not required, and on materials fabricated in the shops for the stores department.

PROCUREMENT:

Material Ordering:

Materials are ordered by requests from various authorized persons and from the Kardex records when a minimum has been reached.

Stock Replacement Orders:

When an item reaches the minimum amount as set up on the Kardex record, the clerk flags the Kardex to indicate that the item has reached the minimum. When ordering, the clerk pulls the corresponding purchasing department requisition from the file cabinet and enters the amount to be ordered. These purchasing department requisitions are sent each day to the purchasing department. After the material has been ordered the requisition card is returned to the stores department and filed.

Special Orders: - (Account 19-154.01-50)

This account has been set up for ordering materials not carried in stores stock but required for a specific job or one time only needs.

Form MT-208, Stores Department Want List, should be used when ordering materials into this account. The form should be filled out completely, giving as much information as possible, signed by the requisitioner, and sent to the stores department office. It will then be typed on Form MT-10, Requisition to the Purchasing Department. After approval by the storekeeper, this form will be distributed as follows:

Original	-	Plant Engineer for approval; then forwarded to the purchasing department
First Carbon	-	Filed in stores department
Second Carbon	-	Requisitioner

Emergency Orders:

In the event of an emergency the person requiring materials will come to the Stores department office with a want list. A purchasing department requisition will be typed and a "Special Handling" tag will be attached. Then the requisitioner will proceed to the purchasing department, where the requisition will be processed.

New Items:

See "Stores Stock Authorization" in this Bulletin, Page 3.

Petty Cash Purchases:

Occasionally the stores department is requested to send to town to purchase small items or pay bus charges. This is handled by petty cash in the following manner:

> A merchant's transfer truck is dispatched to town to pick up the required item. When he presents a paid sales ticket he is reimbursed from petty cash. A receiving report is written in the usual manner.
>
> Bus charges are handled in the same manner.

A Request for Reimbursement of Miscellaneous Petty Cash Expenditures, Form MT-84, is made on each transaction and approved by the purchasing department. The accounting department then reimburses the petty cash fund.

Shop Fabrication:

Many spare parts items are fabricated in our shops. In order to obtain accurate costs on these parts the following system has been set up:

When a minimum has been reached on an item to be fabricated in the shops, the Kardex clerk notifies the storekeeper. A minor repair order is written and the costs are accumulated on the minor repair and charged to account 371.00. When the job is completed and the material is returned to stores, the job is closed. The accounting department advises the stores department of the cost at the end of the month. This price is then entered on the Kardex record.

Fabricated Items:

When items are to be fabricated for stores stock by concerns outside the plant and materials are to be furnished by Monsanto, the following information must be given on a Stores Department Want List, Form MT-108):

1. quantity
2. full description of the item
3. drawings when necessary
4. quantity and description of materials to be furnished
5. location of materials
6. who will advise vendor that he should pick up material

After the requisition arrives in the purchasing department, a Shipping Request will be made and sent to the shipping department, when instructions listed on the request will be carried out, and the material will be moved out of the plant.

After the material has left the plant, the Miscellaneous Shipping Request will be distributed. A requisition will be written from the stores department copy charging the fabrication (Account 19-108.14-000) and crediting the proper stores section for the cost of the material.

When the fabricated item arrives in the plant, a Receiving Report will be written with a foot note "Material Furnished by Monsanto."

A Return to Stores, Form MT-13, will then be written to credit the fabricator (Account 19-108.14-000) and charge the proper stores section for the cost of the material.

The fabrication costs and the material costs will be averaged to arrive at a new average cost.

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Purchase Orders:

Purchase order copies No. 3 and No. 4 are sent to the stores department and are used as a means to give advance notice of materials ordered.

Purchase order copy No. 3 is received and processed in the following manner:

1. Listed in numerical order for reference.
2. Separated (stores items from others).
3. Stores items are checked against purchase requisitions.
4. Purchase order number and vendor are listed on "S" requisitions.
5. Purchase orders are given to Kardex clerk to be posted on stock order record.
6. Filed in alphabetical order.

In the event new items are ordered for the stores inventory, the purchase order is given to a typist to have new Kardex cards typed.

Purchase order copy No. 4 is filed in numerical order in the receiving department.

Blanket Purchase Orders:

Blanket orders are written to expedite the purchase and delivery of certain items and materials that are required continuously and where frequent delivery is necessary. Blanket orders are also used for emergency material to be picked up from local merchants.

RECEIVING

All machinery, equipment, material and supplies ordered by the purchasing department and delivered to the plant by truck, express, railroad, parcel post, or picked up by company employees must be checked by the receiving department.

NOTE: All items, no matter how small, should be processed through the stores receiving department.

Freight and Express Bills:

Quantity and description of items listed on freight or express bills should coincide with quantity of items received. Shortages must be noted on freight bills and express receipts and signed by the driver.

Checking:

A receiving report is written as packages are opened and materials are identified, counted, and checked.

When the shipments are opened for identification and counts, the packing list should be located and contents checked against it. If there is a difference between the packing slip and the checkers count, the following exceptions should be noted on the receiving report.

If the shipment checks over, and the material is acceptable, this notation should be made -- "Overage acceptable by _____." If the material is rejected, the following notation is made: "Overage not acceptable by _____."

The material will be tagged and held for disposition.

Distribution of Materials:

After the materials have been checked and identified, the expediting clerk will notify the various persons and departments for whom the materials were ordered and make arrangements to move items to destination. Items ordered for stores stock will be turned over to the stock clerks for storage and binning.

Concealed Damage:

If an item is found to be damaged after the package is opened an OS&D form is filled out and copies are mailed to the carrier and to the purchasing department.

Visible Damage:

If a shipment arrives where visible damage is noticed, exceptions must be noted on all dray tickets with driver's signature.

Carload Damage:

If damage is noted on a carload shipment, unloading of car should be stopped and claim agent notified. He will determine if and when inspection is necessary.

Seals:

Box car seals should not be broken until clerk inspects and notes numbers. Broken seals should be noted on the receiving report.

Inspection:

Materials and equipment requiring inspection, such as items fabricated or ordered to specifications, will be inspected, accepted or rejected by the persons designated. Inspector signs the checkers

Inspection: - Cont'd.

recap sheet before the receiving report is typed. Inspection should be made as quickly as possible so the receiving report may be released without delay.

Receiving Reports:

Receiving report sheets are checked against the purchase orders to determine correct quantities and descriptions; also to note substitutions, overages and shortages.

When the receiving reports arrive in the storeroom office each morning they are grouped in alphabetical order and the corresponding purchase order copy is attached to the receiving report. Each receiving report is then checked in the following manner:

Purchase order number, vendor's name, shipper's name, shipping point.

Freight and express bills, prepaid or collect.

Quantities and description, substitutions, damages, shortages and other notations.

Quantities received are circled on the purchase order. Items not circled indicate material has not been received.

Materials previously received are noted as over-shipments.

After it has been determined that the receiving report is in proper order it is run off on a ditto machine. Copies are distributed to the various departments and persons involved.

Receiving Report Pricing Copy:

As it is necessary to establish a cost on items carried in stores inventory, the following procedure is used:

A copy of the receiving report will be used as a pricing copy for stock items. This copy will be sent to the purchasing department at the time of distribution. When the purchasing department has matched the invoices to the receiving reports, a stores clerk will go to the purchasing department and list the costs on the pricing copy. The pricing copy is then given to the Kardex clerks, who will enter the receipts on the stock cards.

When entering the cost on the pricing copy it is necessary to convert the cost from the manner in which the material is paid for to the most convenient issuing unit, such as pounds, gallons, feet, etc. Carload freight charges are added to the invoice cost.

Carload Arrival Notice:

On carload shipments, the traffic department notifies the receiving department a day in advance that a carload shipment is due, giving the car number, commodity, vendor and purchase order number. The head stores clerk makes advance arrangements with the labor department for unloading. After the car has been unloaded, the labor department notifies the traffic department so the car can be switched out of the plant.

Trucks:

When a truck enters the plant, the driver will be directed to the receiving platform where the receiving clerk will inspect the freight bills and shipments. All material of a general nature will be unloaded on the platform or at the two-story warehouse. If the shipment consists of such items as steel, pipe, machinery, etc., which should be delivered to another part of the plant, the head stores clerk will phone the maintenance department for necessary manpower and equipment to handle the shipment. A clerk will then proceed with the driver to the proper location where the truck will be unloaded and the freight bills signed.

Inbound and Outbound Freight:

All freight and express bills are entered on Form 104 daily. This form is used to keep a record of shipments received. The original is mailed to the traffic department each day.

Tagging Equipment:

Capital equipment checked in the receiving department is identified and tagged with a property tag before it is delivered to the assigned location.

The receiving clerk writes up a receiving report on capital equipment and turns it over to the clerk assigned to tag equipment. The clerk notes the equipment number designated and makes up a metal tag and installs it on the equipment. He then makes out a Tagging Report, Form MT-187, and forwards the original to the property accounting department. The carbon is filed in the stores department.

In cases where the equipment is delivered directly to the job site, the tagging report and metal tags are passed on to the property accounting clerk who assigns a machinist to the job.

Form MT-98, Transfer of Machinery and Equipment, is made out and sent to the area engineer or department supervisor for signature and distribution.

ISSUING

Storeroom Requisition, Form MT-168, is used to withdraw material and supplies from the storeroom and warehouse.

In order to withdraw materials from the storeroom, a requisition is presented to the stores clerk who checks to see that the requisition is properly filled out. The material is then issued to the requisitioner.

Materials are also delivered by truck. See Bulletin P-40.

At noon each day, requisitions are collected and sent to the stores office where they are separated into sections by the Kardex clerks. Each section is posted separately. In posting to the Kardex the following chronological order is followed:

Enter date of requisition.

Enter job number.

Enter quantity issued and subtract from balance shown on stock card.

Check balance on hand against minimum, and if balance is below figure shown, flag card for reordering.

Post unit cost on requisition.

Extend and total unit prices.

Number.

Double tape a grand total.

The requisitions are then sent to the tabulating department and returned the following day.

A file clerk will separate into job classification, then into department and job number order and file requisitions.

If incorrect job numbers are discovered, the accounting department will request the file clerk to give them the name of the requisitioner, his badge number and the date the requisition was written.

The accounting department will then submit to the stores department a list showing the wrong number and the correct number.

This list is filed in date order and will be used to locate the requisition after it has been filed, either from the Kardex record or from the area engineer's job order number.

Stores Sales To Employees:

A procedure has been set up to handle sales of various stores items to employees. Plant needs will be considered first and sufficient stock must be on hand before sales to employees will be considered.

When an employee wishes to make a purchase from the stores department he will proceed to the storeroom office and make arrangements to buy a certain item. A requisition will be written, priced and turned over to the storeroom cashier who will collect the money, issue a gate pass and see that the purchaser obtains the materials.

Requisitions will be made in duplicate and distributed as follows:

Original	-	Filed in stores department
Duplicate	-	Sent to accounting department cashier, together with the cash received

Material will be sold at cost, plus 10 per cent overhead.

In instances where items are priced on our Kardex at 50% or less than market value, the new price will be used in selling to employees.

Expensing:

In order to eliminate having to write a requisition each time for small items, an "Expensing" procedure has been set up to take care of such items as machine screws, nuts, washers, etc. This also eliminates all the detail work of Kardex posting, extending job posting, etc., for these small cost materials.

Several Rotary unit bins have been located in the shops and larger bins in the storeroom and stocked with various items. As these items are used, they are replenished by the stores clerks and charged to expense.

Each month the accounting department prorates the cost and charges the various operating department.

Salvage Requisitions:

In order to obtain a stabilized price on material issued by the salvage department, the salvage requisitions are priced and extended in the stores department.

Salvage tickets are priced at 50% of the Kardex value. The original is held in the stores department from which a weekly summary is made. The duplicate is mailed to the salvage department.

Salvage Requisitions: - Cont'd.

Salvage tickets covering sales to employees will be made out by the salvage department and brought to the stores department by the purchaser for pricing and payment. A Gate Pass, Form MT-77, will then be issued.

This covers items listed on the Kardex only. The plant engineer handles all other salvage sales.

Salvage Sales:

Materials sold as salvage or surplus are credited to account 731.

When surplus materials are sold to outside concerns, a Shipping Request, Form MT-142, is sent to the shipping department. The shipping clerk assembles the items listed and has a miscellaneous shipping order typed with necessary bills of lading, etc.

After the shipment is turned over to the carrier, the forms are sent to the storeroom office for distribution.

If a sale is made to an employee, he presents the salvage requisition to a designated clerk in the storeroom office. The requisition is priced; the money collected; and a gate pass issued to remove the material from the plant.

SHIPPING PROCEDURE

A Shipping Request, Form MT-142, is used to authorize the shipping clerk to ship various items and materials out of the plant.

When it is necessary to ship material out of the plant, the person who wishes to make the shipment will contact the purchasing department. They will issue a shipping request to the shipping clerk who will get the material ready for shipment, such as weighing, packing, etc.

The request is then given to a typist who will type up a Miscellaneous Shipping Order, Form MT-112, and the necessary labels, tags, express bills or freight bills. These are turned over to the shipping clerk who obtains signatures when the shipment is given to the carrier.

The shipping order is distributed as follows:

Copy No.	1	Purchasing
	2	Purchasing
	3	Stores
	4	Accounting
	5	Requisitioner
	6	Shipping Notice (Traffic mails to consignee)
	7	Packing List (Placed in weatherproof envelope and attached to shipment)
	8	Gate Pass (Given to driver)

SHIPPING PROCEDURE - Cont'd.

Shipping requests on all returnable containers, such as drums, cylinders, etc., are made out by the stores department (See Bulletin P-27).

Returnable Containers:

Master Return Order, Form PU-3, has been set up to keep a record of returnable containers.

The purchasing department makes up the above form and sends it to the stores department where it is filed in an open file in alphabetical order. When containers are to be returned to the vendor a shipping request is made out from information listed on the MRO.

After the shipping order is completed, the shipping order number is listed on the MRO and the amount shipped is deducted from the quantity listed. If the balance is zero, the MRO is placed in the completed file (See Bulletin P-27).

Material Returned to Vendor:

Often is is necessary to return material to the vendor after it has already been charged into stores inventory. The following procedure is used for accounting purposes and to keep a correct balance on the Kardex card.

The purchasing department is given details concerning the wrong material and after permission is obtained from the vendor to return the item, a Shipping Request, Form MT-142, is sent to the shipping clerk who dispatches the material out of the plant (see Shipping Procedure in this Bulletin).

A Stores Issue Requisition, Form MT-168, is written, charging material to account 19-108.14000 (accounts receivable) for the items shipped.

Material received which is not acceptable and which has not been charged into stores inventory is charged to 19-371.00 (sundry deferred charges). This is cleared by the purchasing department.

Repairs:

Items to be sent out for repairs are authorized by "MG" requisitions to the purchasing department where a form MT-142, Shipping Request, is prepared and sent to the shipping department.

Product Samples:

Product samples from the research and sales department are handled by express receipt only. (See Bulletin P-26).

LOAN PROCEDURE

In order to control all loans the following steps will be used:

1. A Shipping Report (MSO) will be made on all stock materials going out of the plant.

2. A Receiving Report will be made on all loans returned to the plant. The Receiving Report will show "Return of Loan."

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