



# EXPRO National Manual of Assets and Facilities Management Volume 8, Chapter 8

## Warehousing Management Procedure

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## Warehousing Management Procedure

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# Warehousing Management Procedure

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# Warehousing Management Procedure

## 1.0 PURPOSE

The purpose of this document is to provide guidelines and procedures to the Entity for Warehousing Management. These procedures describe the role of the Warehousing Department (WD) in an Entity that is responsible for coordination of suitable storage, receiving and delivery of all the Entity-procured goods. The service functions include the following:

- Appropriate record keeping
- Monitoring and safeguarding
- Communication of information related to all the goods, equipment, materials, and supplies purchased for use by the Entity

## 2.0 SCOPE

This document describes how warehousing, receiving, and shipping functions are operated under the responsibility of Supply Chain Management (SCM) function within an Entity. It shows how resources are committed to ensure that all goods received by the Entity and/or delivered from the Entity's warehouse to the end user or project/work site are properly documented, logged in, and distributed to the appropriate location(s).

These procedures are applicable to the WD along with all the warehousing facilities that are authorised for managing inventory, warehousing and associated activities supporting the Entity's operations. These shall be reviewed on regular basis. All approved changes/amendments to the procedures shall be incorporated and released in the new version.

## 3.0 DEFINITIONS

Definitions	Description
Supplier	Supplier may refer to a manufacturer, distributor, dealer or wholesaler
Abbreviations	
B2B	Back to Back
DN	Delivery Note
ERP	Enterprise Resource Planning
GRN	Goods Received Note
HW	Hardware
KPIs	Key Performance Indicators
KSA	Kingdom of Saudi Arabia
MO	Move Order
OSHA	Occupational Safety and Health Administration
POD	Proof of Delivery
PO	Purchase Order
PR	Purchase Requisition
RFD	Request for Delivery
SW	Software
SCM	Supply Chain Management
WD	Warehouse Department
WM	Warehouse Management
WMH	Warehouse Management Head

**Table 1: Definitions**



### 4.0 REFERENCES

- American Productivity & Quality Center (APQC) – <https://www.apqc.org>

### 5.0 RESPONSIBILITIES

#### 5.1 General

Responsibilities of the WD include, but not limited to:

- Maintaining an efficient warehouse which is essential for saving time and resources, and providing timely delivery of the goods to recipient end users. A clean and efficient warehouse provides standards to follow for the staff and offers an organized presentation to the stakeholders and contractors
- WD shall verify and determine the accuracy of shipments received before delivering them to the intended recipient(s); and to create and maintain documents/records log for all incoming, outgoing shipments, and returns
- Stock shall be updated immediately when goods are received, issued, and/or returned. All receipt, dispatch and return of goods activities must be entered directly onto the Enterprise Resource Planning (ERP) system from invoices/delivery notes once the goods have been checked and accepted
- No materials, records, assets, personal stall(s) shall be kept in a warehouse on behalf of any employee or department, other than the Entity's own inventory
- All equipment, forklifts and pallet trucks shall be maintained in a good and running condition
- All goods, equipment, forklifts, pallet trucks, and warehousing facilities shall be insured against all risks through an insurance policy. The insurance policy must also cover the movement of goods and transactions inside the warehouse(s) as well as deliveries all the way to and from the end users and up to the project/work site, if any
- Protection of all the warehouse employees from injuries is an important and continuous objective. Maintaining cleanliness standards and safety is everyone's responsibility and is an employment condition as well
- All the workers shall wear appropriate uniform including safety footwear and receive adequate training in their specific work tasks to promote the safety of themselves and others
- The layout of the warehouse must always support safety of the employees e.g., clear passages. The layout shall also ensure clear and easy access and exits as well as optimum flow of movement
- When goods are moved from one point to another, maximum care and safety shall be ensured. Care shall also be taken such that employees are not injured while moving heavy items
- Items shall not be stocked so high that they pose a safety risk
- All warehouse items shall be safeguarded and locked up at all times
- An appropriate firefighting system shall be in place for the entire facility

#### 5.2 Warehouse Manager

The warehouse manager is responsible for:

- Overall warehousing of the facility e.g., inventory control, packaging, shipping and receiving, managing daily activities in these areas
- Ensuring that all the delivery orders are shipped and received on time
- Auditing operations to ensure that standards for warehousing, customer service and safety are being met; and ensuring visits to the suppliers as and when needed
- Reinforcing programs to ensure safety of all personnel, equipment, and property including understanding and compliance with Occupational Safety and Health Administration (OSHA) and other government regulations
- Ensuring that the equipment is maintained and operated in a safe manner
- Conducting accident investigations pertaining to warehouse operations
- Ensuring compliance to legal requirements for dangerous goods' shipments



## Warehousing Management Procedure

- Setting KPIs for all the department processes in order to conform to the internal and external stakeholders' expectations
- Adhering to government roles and policies for import/export activities

### 5.3 Storekeeper

The storekeeper is responsible for:

- Handling all the stock, receipt, physical material issuance, transfer, and return
- Checking the inbound shipments against the shipping documents, bill of loading, shipping invoice(s), packing list, and related purchase order(s); and initiating Goods Received Note (GRN) in ERP
- Sorting and handling the received shipments under relevant categories
- Liaising with suppliers for timely delivery and checking of items' "quality and quantity"
- Ensuring that sufficient stocks are available against Request for Delivery (RFDs) raised by the stakeholders, prepare the related items and quantities for dispatch, and initiate a Move Order (MO) in ERP
- Housekeeping and effective locating systems for the items
- Documenting and providing a clear filing system for stock transactions supporting documents
- Monitoring and checking stock availability on a regular basis
- Initiating stock count on random basis regularly
- Initiating full stock count on regular basis and completing timely reconciliation

## 6.0 PROCESS

### 6.1 Stock Receiving – Local Purchases

Materials delivered to the warehouse by local suppliers shall be received in accordance with the following procedure:

- Local supplier's Delivery Note (DN) and a copy of the commercial invoice shall be submitted to Entity's warehouse along with the materials delivered
- The storekeeper shall perform physical inspection of all the materials received in order to ensure that everything is in a good condition and without any damage(s)
- Storekeeper can ask the end user to obtain support from one of the technicians in conducting the inspection, if necessary, for technical reasons
- In case the item(s) delivered are found to be damaged, the storekeeper must reject the damaged item(s) and ask the supplier's delivery person to return them and mark the same item(s) on the DN hard copy before signing it for receipt
- Storekeeper shall check the materials prepared for receiving against the local supplier's DN and copy of the commercial invoice in order to ensure that all physical items match with the item codes and quantities appearing in the local supplier's DN and copy of the commercial invoice
- Inventory controller shall re check the materials prepared for receiving against the local supplier's DN and copy of the commercial invoice in order to ensure that all the physical items match with the item codes and the quantities appearing in the local supplier's DN and the copy of the commercial invoice
- Storekeeper shall create a GRN only for the item(s) received in good condition
- Storekeeper shall share the GRN copy with end user and procurement
- Storekeeper shall report damaged item(s) and/or shortages to the end user and procurement in order to communicate damaged items/shortage to the supplier
- Storekeeper shall arrange to put away/shift the materials received from receiving floor/area to the assigned location(s) on shelves/racks
- The storekeeper shall arrange to move damaged materials from receiving floor/area to the shelves/racks in the location assigned for the damaged material

Below is the flow chart of stock receiving for local purchases:



## Warehousing Management Procedure

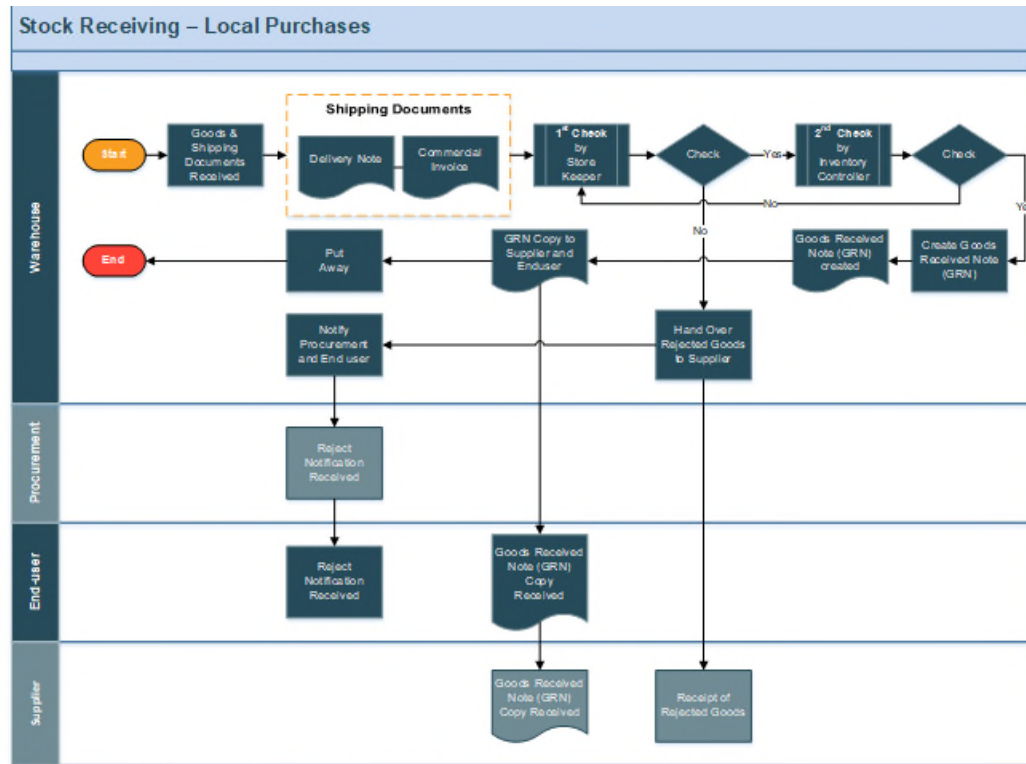


Figure 1: Stock Receiving – Local Purchases

### 6.2 Stock Receiving – Overseas Purchases

Overseas Materials delivered to the warehouse by customs clearance services provider/freight forwarder shall be received in accordance with the following procedure:

- Customs clearance services provider/freight forwarder shall submit the copies of shipping documents (e.g., airway bill/bill of lading, shipping invoice, packing list/slip) to the Entity's warehouse along with the materials
- Storekeeper shall perform physical inspection of all the materials received in order to ensure that they are in a good condition and without any damage(s)
- Storekeeper can ask the end user to seek support from one of his technicians in conducting the inspection, if necessary, for technical reasons
- Storekeeper shall check the materials prepared for receiving against the shipping documents in order to ensure that all physical items match with the items codes and quantities appearing in the shipping documents
- Inventory controller shall re-check the materials prepared for receiving against the shipping documents in order to ensure that all physical items match with the item codes and quantities appearing in the shipping documents
- Storekeeper shall create GRN only for item(s) received in good condition
- The storekeeper shall share the GRN copy with the end user and procurement department
- Storekeeper shall report damaged items and/or shortages to the end user and procurement in order to communicate damaged items/shortage to the supplier
- Storekeeper shall arrange to shift the materials received from receiving floor/area to the assigned location(s) on shelves/racks
- The storekeeper shall arrange to move damaged materials from receiving floor/area to the shelves/racks in the location assigned for the damaged material

Below is the flow chart for stock receiving for overseas purchases:





## Warehousing Management Procedure

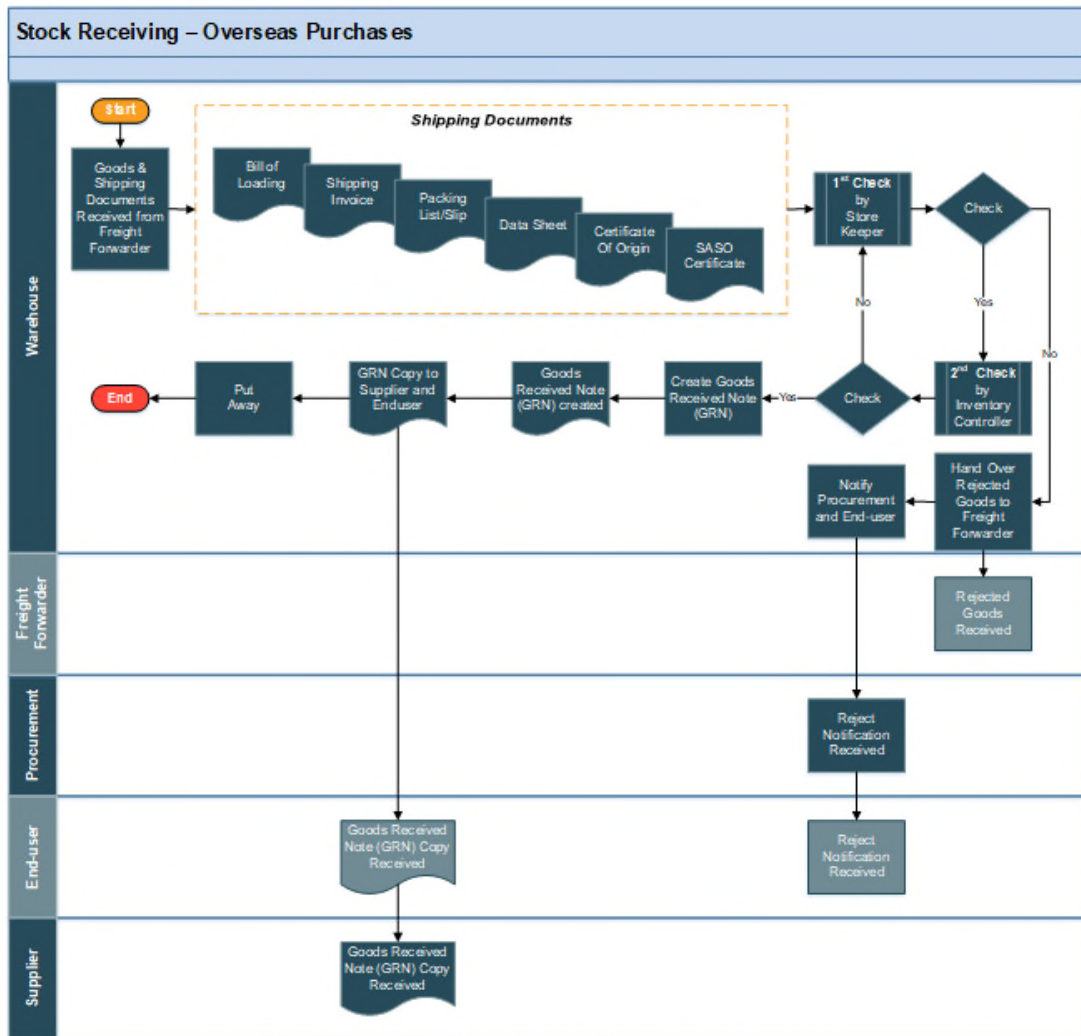


Figure 2: Stock Receiving – Overseas Purchases

### 6.3 Stock Transfer

#### 6.3.1 Stock Transfer Procedures between Warehouses

Stock transfer can be done from one warehouse to another within the ERP inventory module in order to meet any requirements raised for the re-allocation of materials, in accordance with the following procedure:

- Materials delivered/assigned to a certain warehouse should not be re-allocated to another warehouse unless the RFD raised by the requesting warehouse is approved by the Head of Warehouse Management Department
- Once the RFD is approved, MO can be raised in ERP followed by delivery of material to the requesting warehouse in accordance with the procedure specified in **Section 6.5**.

Below is the flow chart of stock transfer between warehouses:



## Warehousing Management Procedure

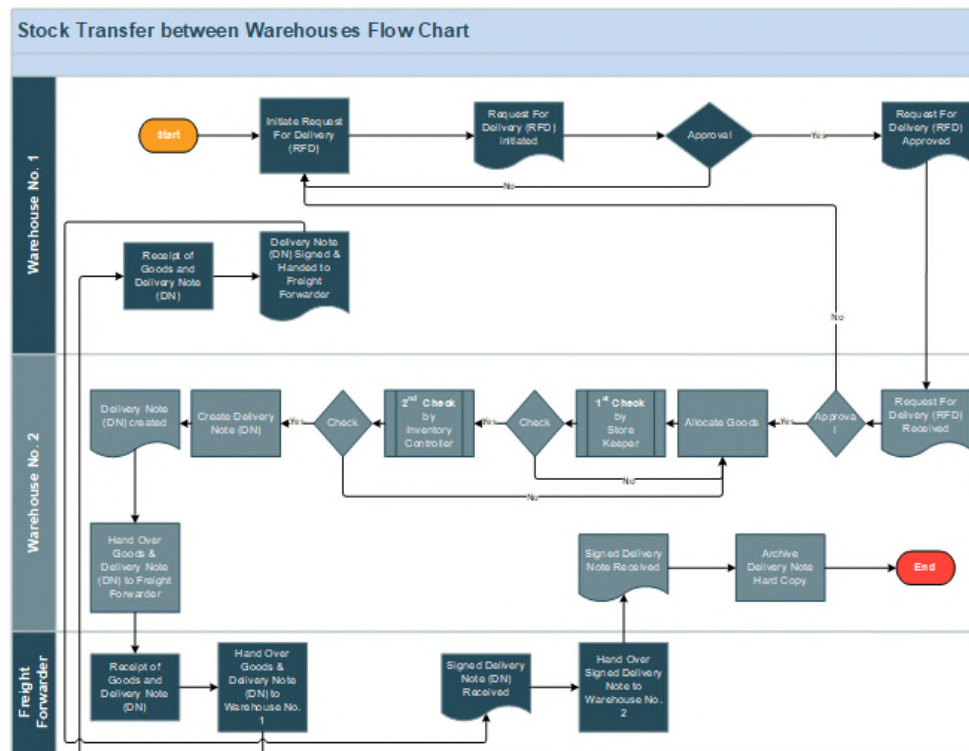


Figure 3: Stock Transfer between Warehouses

### 6.3.2 Stock Transfer Procedures between Sub Inventories

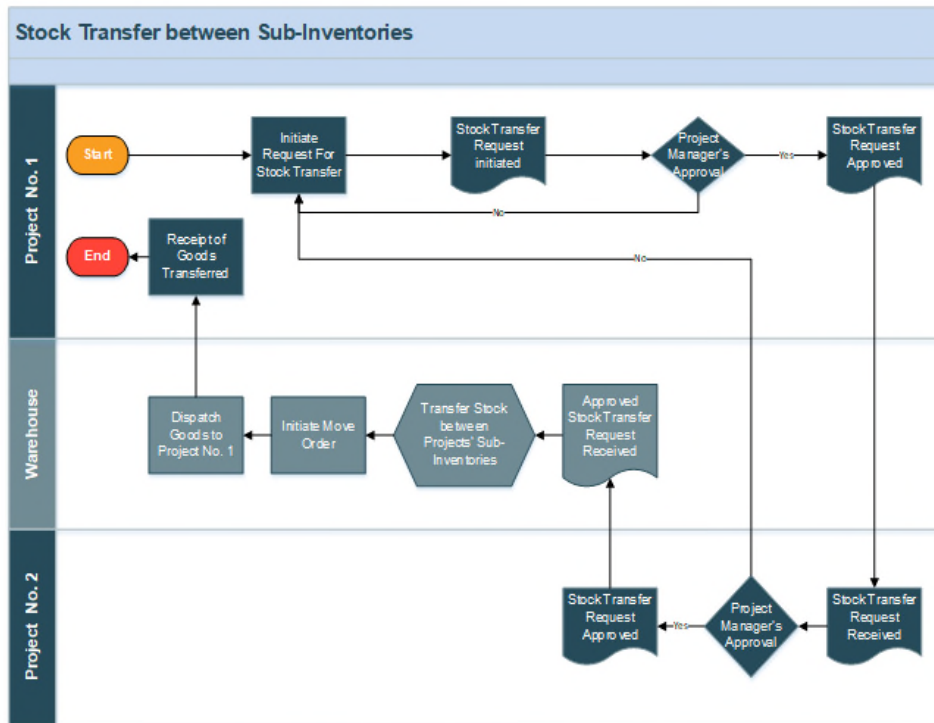
Stock transfer can be done from one sub inventory to another within the ERP inventory module in order to meet any requirements raised for the re-allocation of materials, in accordance with the following procedure:

- Materials assigned to a certain project should not be re-allocated to any other project unless the re-allocation request raised by end user is approved by the project manager
- Once a re-allocation request is approved, stock transfer and MO can be raised in ERP followed by delivery of material to the project/work site

Below is the flow chart of stock transfer between sub-inventories:



## Warehousing Management Procedure



**Figure 4: Stock transfer between Sub- Inventories**

### Direct Delivery

Local purchases related to projects/work site can be delivered directly from the supplier's warehouse to the project/work site unless consolidation, special preparation, and/or configuration are needed to be done in the Entity's warehouse before final delivery to the project/work site.

Similarly, overseas purchases can also be delivered directly from the overseas supplier to the project/work site based on the project requirements, urgency, and the nature of materials (e.g., software, license).

Following procedure shall be applied for all direct deliveries:

- End user shall define the delivery point against each item within the Purchase Requisition (PR) initially created by him/her to secure the requirements, which will then be incorporated into Purchased Order (PO) shared with the supplier
- Supplier shall arrange delivery in accordance with the delivery point assigned against each item within the PO issued
- Proof of Delivery (POD) for direct delivery is the responsibility of supplier who should arrange to get the DN signed by the end user for goods delivered to the project/work site
- Supplier should attach POD along with the related invoice submitted for payment
- Warehouse personnel shall create the GRN and MO as back to back (B2B) against the related PO in ERP, and based on POD and invoice submitted by the supplier

Below is the flow chart of direct delivery procedure:



## Warehousing Management Procedure

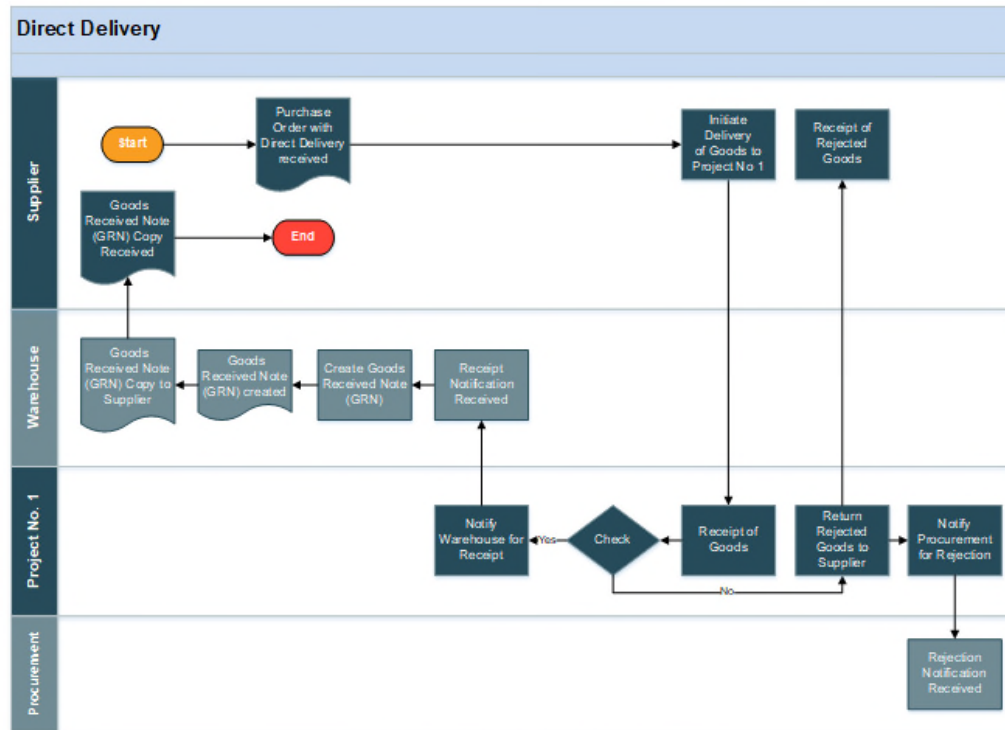


Figure 5: Direct Delivery

### 6.4 Stock Dispatch/Issue

The stock dispatch/issue and delivery to the end user or project/work site shall be done in accordance with the following procedure:

- End user shall raise the RFD in ERP with details of item codes, description, airway bill number, project details, mode of shipment and the delivery due date
- Storekeeper shall arrange to prepare the material and the DN in accordance with the RFD raised
- Storekeeper shall check the materials prepared for delivery against the RFD raised and the DN in order to ensure that all items are matching the RFD item codes and quantities
- Inventory controller shall re check the materials prepared for delivery against the RFD raised and the DN in order to ensure that all items are matching the RFD item codes and quantities
- Warehouse shall instruct the logistics service provider to proceed for delivery and to get the DN signed by the recipient
- Logistics service provider shall take over the materials and proceed for delivery to the project/work site and get the DN signed by the recipient
- Storekeeper shall create MO in ERP for materials handed over to the logistics service provider in accordance with the initial RFD raised, as soon as the material is dispatched
- It is not permitted to keep material which has been issued to a project or individual through the ERP in a warehouse on behalf of the end user or project manager
- Storekeeper shall keep and maintain records for original DN signed by the recipient

Below is the flow chart of stock dispatch/issue procedure:



## Warehousing Management Procedure

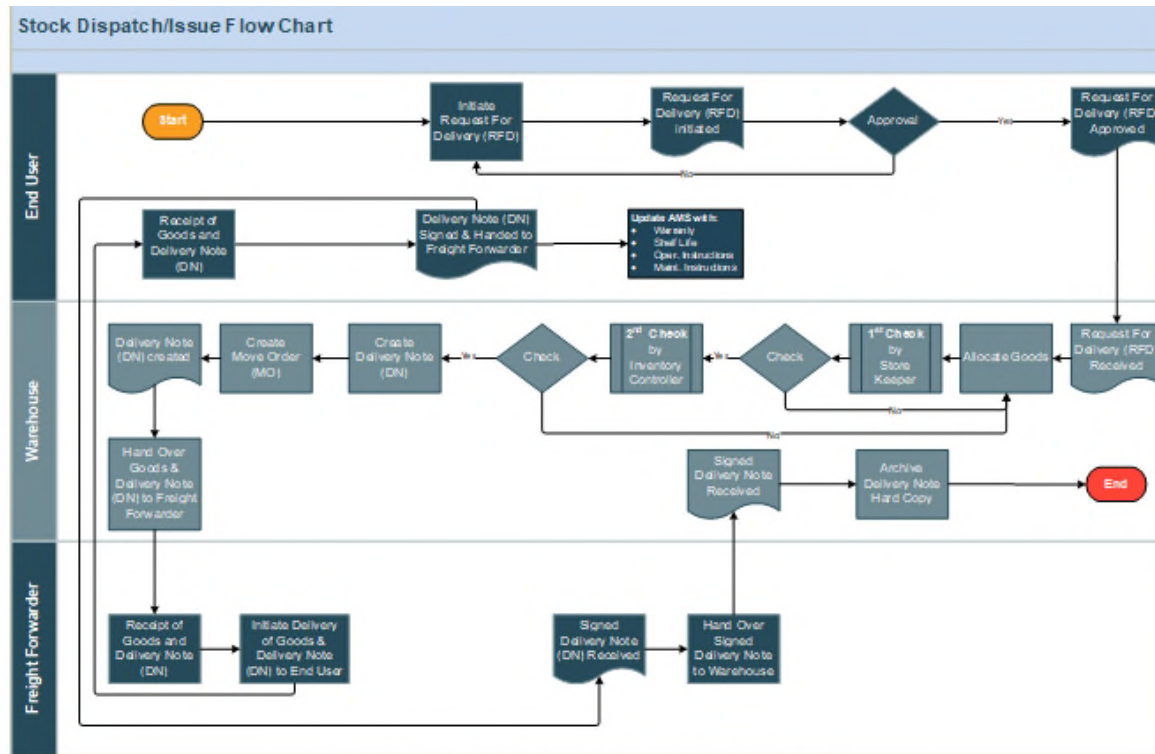


Figure 6: Stock dispatch/Issue Flow Chart

### 6.5 Stock Demo

Materials can be issued from the warehouse on a demo basis, for internal departments or for external usage with projects, in accordance with the following procedure:

- Request for demo should be raised by the end user in ERP, approved by department head and then by manager of the project/work site to whom the material was initially allocated
- Request should indicate the item code(s), description, quantity, reason for demo, internal department/project and the period for demo
- Storekeeper shall arrange to prepare the material and the DN in accordance with the request for demo raised
- Storekeeper shall check the materials prepared for delivery against the Request for Demo raised and the DN, in order to ensure that all items are matching the Request for Demo item codes and quantities
- Inventory controller shall re check the materials prepared for delivery against the Request for Demo raised and the DN, in order to ensure that all items are matching with the request for demo item codes and quantities
- Warehouse shall arrange delivery of demo material up to the end user department in case of internal demo and DN should be signed as received by the end user
- In case of an external demo, the delivery shall be arranged up to the project site and DN should be signed by the project representative/manager
- Warehouse shall ask logistics service provider to proceed for delivery and to get DN signed by the recipient
- Logistics service provider shall take over the materials, proceed for delivery to the project/work site, get the DN signed by the recipient, and return it to the warehouse
- Warehouse shall maintain a log and keep records for all demo items requests issued from the warehouse
- The log shall be updated as and when materials are requested, issued, followed up and/or returned to the warehouse



## Warehousing Management Procedure

- The materials issued on demo basis shall be returned to the warehouse by end of the demo period. Otherwise, the warehouse shall follow up with end user for returns of the materials
- The materials issued on demo basis shall be returned to the warehouse in excellent condition and original packing with carton/box. Otherwise, the warehouse shall not accept the return and notify the Finance Department to charge the material's cost to the end user's department in case of an internal demo. In case of an external demo, the cost of the damaged materials shall be charged to the project account

Below is the flow chart of stock demo:

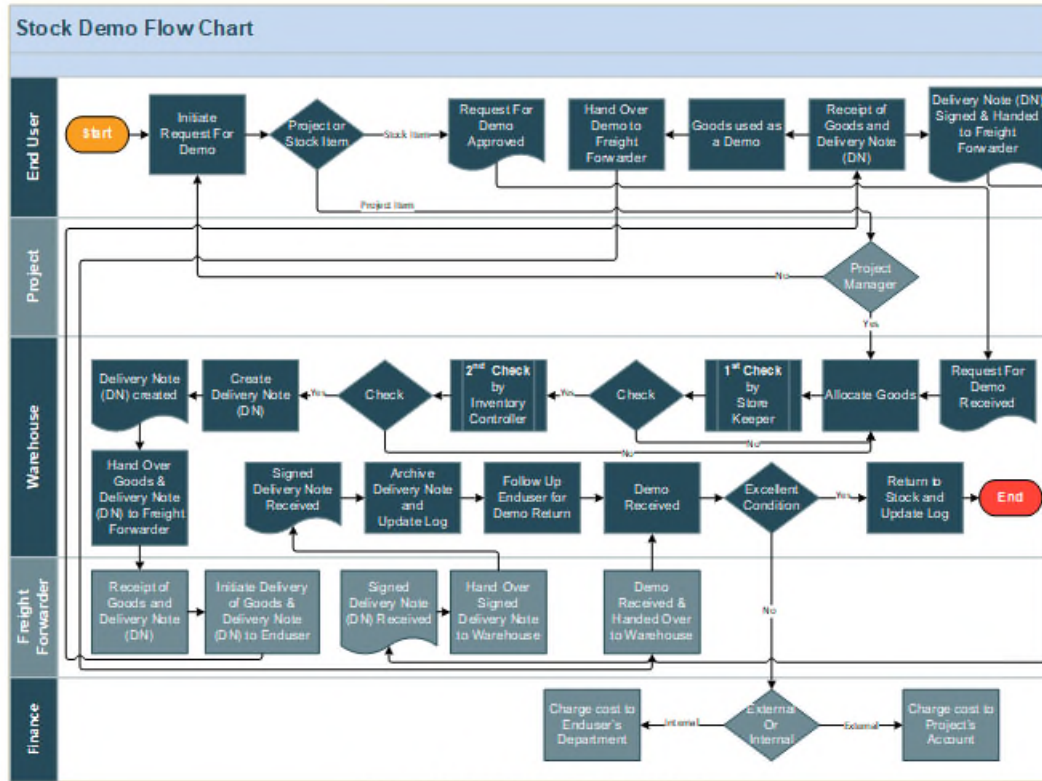


Figure 7: Stock Demo Flow Chart

### 6.6 Stock Returns

The material delivered to the project/work site can be returned to the Entity's warehouse for the following reasons:

- The materials are found to be expired/unfit for use on arrival
- End user needs different specifications/items
- Materials found surplus after the project closure

In case materials are identified as required to be returned from the project/work site to the Entity's warehouse, the following procedures shall be followed:

- End user shall provide the warehouse with list of material(s) to be returned along with details e.g., item codes, description, quantities, initial RFD number and the reason for return
- Warehouse shall arrange to pick up material(s) from the project/work site and return them to the Entity warehouse
- The materials intended to be returned to the warehouse should be in excellent condition, and in the original packing with carton/box. Otherwise, the storekeeper shall not accept the return





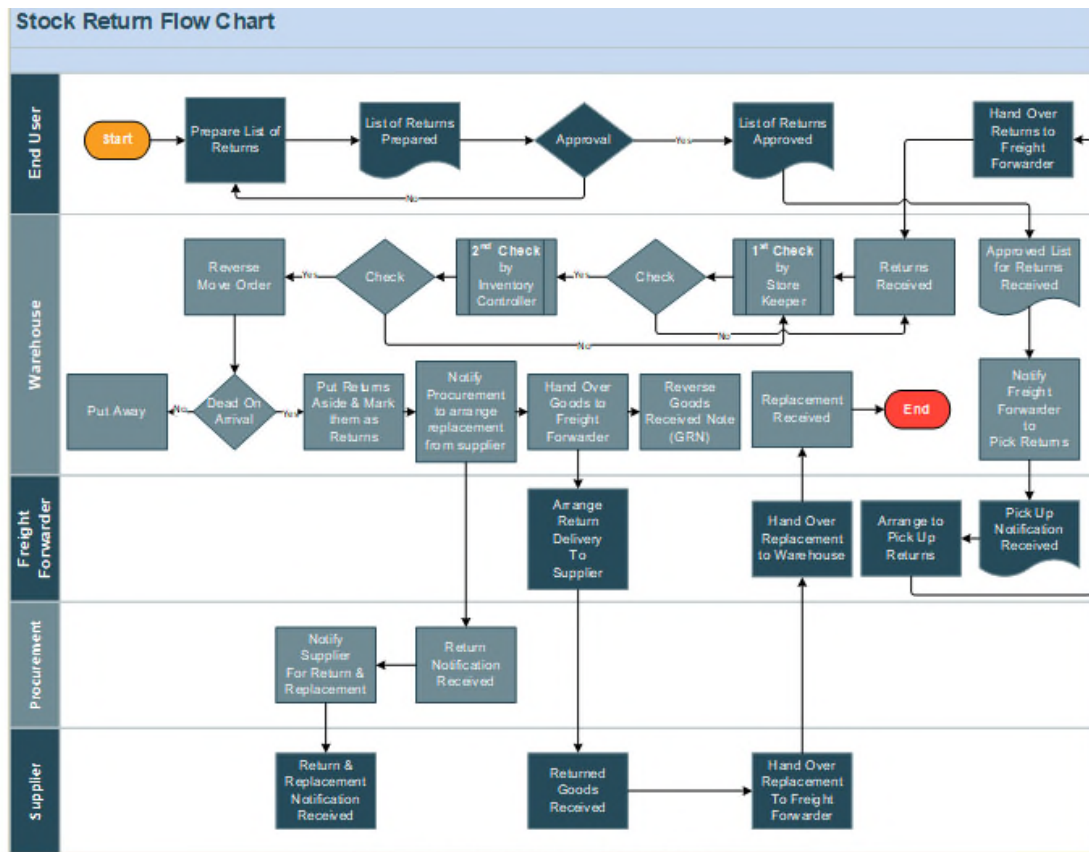
## Warehousing Management Procedure

- Storekeeper shall check the materials returned against the list provided by end user in order to ensure that all materials returned match with the list's item codes and quantities
- Inventory controller shall re check the materials returned against the list provided by end user in order to ensure that all the materials returned match with the list's item codes and quantities
- Storekeeper shall reverse the corresponding MO in ERP for the items and quantities returned
- In case of return for the materials found to be expired/unfit for use on arrival, the storekeeper shall keep them separately, mark them as "Returns", and provide procurement with the list of items and quantities returned in order to arrange replacement with the supplier. Procurement will advise which freight forwarder shall return materials to the supplier's premises at the expense of supplier
- Storekeeper shall prepare returned materials for dispatch to the supplier and hand them over to the assigned freight forwarder
- As soon as the assigned freight forwarder has picked up the returned material, storekeeper shall reverse the initial GRN for returned items and quantities
- When the replacement is received from supplier, storekeeper shall follow the procedure for stock receiving, as stated in **Sections 6.1** and **6.2**. In order to create the GRN for replacement, he/she shall then follow the procedure for stock dispatch/issue stated in **Section 6.5** for arranging delivery of replacement to the project/work site

Following is the flow chart of stock returns:



## Warehousing Management Procedure



**Figure 8: Stock Return Flow Chart**

### Stock Take/Count

The stock take/count shall be done in accordance with the following methodology:

- Warehouse Management Head (WMH) shall ensure that complete stock count takes place on regular basis
- A random stock count shall be done on regular basis as well.
- WMH shall ensure that all the stock transactions are completed and posted in the ERP system prior to the date of stock take/count
- All inventory shall be frozen at a pre designated time and remain frozen until released by the WMH
- The inventory freeze time shall be announced for all stakeholders so that they can plan to fulfil their requirements before the inventory freeze time
- Release of materials from the warehouse is restricted/forbidden during the inventory freeze period. In case of an emergency, the WMH can approve release by exception
- Internal auditors shall be invited to witness the full stock take/count by the quarter/year end
- All stock items counted shall be recorded on the stock count sheet and/or barcode devices
- The physical items counted shall be marked as counted
- At the end of a stock count, the warehouse manager and storekeepers shall ensure that all stocks/items are counted
- Discrepancies between the physical stock and the on hand quantity in ERP shall be recorded, re-counted, verified, cleared/reconciled and posted by the warehouse manager
- Final stock count report shall be submitted to the Finance Department by the designated closing date

## 7.0 WAREHOUSE MANAGEMENT KEY PERFORMANCE INDICATORS (KPIs)





## Warehousing Management Procedure

Following KPIs may be considered for measuring performance of the warehouse management:

### 7.1 Inventory Accuracy

Inventory Accuracy KPI compares accuracy of the inventory with database records by taking headcount of items in the stock and comparing with the database.

This KPI requires the inventory team to ensure that bookkeeping and data management practices are in order. Inaccurate inventory tracking can result in higher costs, poor order accuracy rates, and decreased end user satisfaction.

### 7.2 Perfect Order Rate

The Perfect Order Rate KPI helps facilitate measurement of orders shipped without incident. Where incidents can include receiving damaged goods, inaccurate orders or late shipments.

Attaining a high perfect order rate should be the goal of every team member in the inventory and warehousing organization as it indicates organizational efficiency and high end user satisfaction.

### 7.3 Put Away Time

Put Away Time KPI measures the time taken from receiving to shifting the material to its designated pick/store location. Put Away KPI has measurement challenges. Factors to consider are:

- Accuracy rate
- Cost per item put away
- Time it takes from receiving to pick/store location

### 7.4 Order Tracking Metrics

Order Tracking Metrics monitor the status and accuracy of orders that are being shipped to end users. This visualization displays several key metrics on a regional level. Order accuracy, shipment departure and arrival times, and the number of units shipped to each region should be measured.

Tracking metrics shall be applied in real time to allow the inventory team in responding to developing situations and notifying end users of any issues.

## 8.0 ATTACHMENTS

Attachment 1: EOM-ZI0-TP-000001 - Goods Received Note (GRN) Template

Attachment 2: EOM-ZI0-TP-000003 - Request for Delivery (RFD) Template

Attachment 3: EOM-ZI0-TP-000004 - Delivery Note (DN) Template





## Warehousing Management Procedure

### Attachment 2 – EOM-ZI0-TP-000003 - Request for Delivery (RFD) Template

Entity Name			<h2 style="margin: 0;">Request For Delivery</h2>			
<small>Logo</small>						
<b>Requester:</b> Name _____ Address _____			<b>Request For Delivery No.</b> _____ <b>Date</b> _____			
<b>Mode of shipment</b> _____			<b>Recipient:</b> Name _____ Address _____ Mobile _____			
<b>Delivery Point:</b> _____						
<b>Additional instructions:</b> _____ _____						
<div style="font-size: 100px; opacity: 0.1; transform: rotate(-30deg); pointer-events: none;">SAMPLE</div>						
No.	Item Code	Serial Number	Item Description	Qty	Unit	
<b>Goods received by:</b>  Name _____ Signature _____						



## Warehousing Management Procedure

### Attachment 3 - EOM-ZI0-TP-000004 - Delivery Note (DN) Template

<b>Entity Name</b> <small>Logo</small>			<b>Delivery Note</b>														
<b>Recipient</b> Name _____ Address _____ Mobile _____			Delivery Note No.: _____ Date: _____ Freight Forwarder: _____ Driver Name: _____ Driver Mobile: _____														
<b>Additional information</b> _____ _____																	
<div style="font-size: 100px; color: red; opacity: 0.3; transform: rotate(-30deg); pointer-events: none;">SAMPLE</div>																	
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr style="background-color: #e0f0ff;"><th>No.</th><th>Item Code</th><th>Serial Number</th><th>Item Description</th><th>Qty</th><th>Unit</th></tr></thead><tbody><tr><td style="height: 150px;"></td><td></td><td></td><td style="text-align: center; vertical-align: middle;">.</td><td></td><td></td></tr></tbody></table>						No.	Item Code	Serial Number	Item Description	Qty	Unit				.		
No.	Item Code	Serial Number	Item Description	Qty	Unit												
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<b>Goods received by:</b>  Name _____ Signature _____																	