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revenue needed to replenish stock, and an audit mechanism to verify goods on hand. Data to analyze these mechanisms will be obtained from historical records, interviews with staff and from charts made of the existing systems. Procedures will be compared, where possible, with standard models of inventory controls. If required, recommendations will be made on a new dollar limit, a method for determining an appropriate limit, mechanisms to ensure financial control, and procedures to ensure that stock levels on hand can be verified.

Where financial changes are deemed necessary functional assistance will be drawn from MRC and MFR.

IMPLEMENTATION:

Although each phase of the study is related, each phase of the study is sufficiently different that it could stand alone as a separate study. As one phase is completed, plans for the next will be clarified.

The study is in turn related to a separate, broader study about to be conducted by outside consultants on Material and Property Management. Interaction with and feedback from this other study will be necessary to avoid duplication and conflict. As the same organization will be under investigation it is likely that there will be competition for access to staff time.

Although preliminary work on the study has begun on a part-time basis, work on Phase One will have to be deferred due to a physical move by MRM to Hull and a peak in procurement brought about by a Treasury Board-imposed purchasing deadline.

Since the study has been initiated at the Director General level and since the systems involved relate in a functional way to other bureaus several groups will have to be briefed as progress is made. Keeping participants informed will slow the pace of the study but is absolutely necessary to ensure successful implementation.

Although MFS is prepared to assist with implementation, responsibility for this aspect of the study rests with the client. Formal MFS involvement will end with the production of a study report covering findings and recommendations.

STEPS & TIMING:

Phase A

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| 1. Review the concerns of various organizations (MRD, MRC, MRM, MRMP, MFF) with respect to the Inventory Suspense Account; | Completed |
| 2. Identify and document all procedures and policies relevant to the Inventory process; | Feb. 3/84 |
| 3. Determine the level of Inventory required to meet the Account's objectives; and | Mid Feb./84 |
| 4. Evaluate the present control mechanisms and, if required make recommendations for improved control. | Feb. 24/84 |