PURPOSE:

1. The goal is to maintain the right amount of products needed in the department to ensure that everyone won't run out of resources while doing their job.
2. To describe the process of maintaining inventory of the Dr. Pablo O. Torre Memorial Hospital (DPOTMH) Clinical Laboratory.

LEVEL:

All Laboratory Personnel

DEFINITION OF TERMS:

1. ***Inventory***: It refers to the complete list of items such as property, goods in stock, or the contents of a department needed in a daily operation.

2. ***Inventory forecasting:*** It is the method of determining the inventory required to achieve potential customer orders based on how much merchandise you expect to sell for a given period.

3. ***Inventory Management***: It refers to **the process of ordering, storing, using, and selling a company's inventory**. This includes the management of raw materials, components, and finished products, as well as the warehousing and processing of such items.

4. ***Stock-out***: Occurs **when customer orders for a product that exceeds the amount of inventory kept on hand**. This situation arises when demand is higher than expected and the amount of normal inventory and safety stock is too low to fill all orders.

5. ***Reorder point (ROP)***: It is **a specific level at which your stock needs to be replenished**. In other words, it tells you when to place an order so you won't run out of stock.

6. ***Purchase request***: It is a document detailing the required items, the number required, and when they will be required. Once approved, it becomes a purchase order.

7. ***Purchase Order:*** A purchase order, or PO, is an official document issued by a buyer committing to pay the seller for the sale of specific products or services to be delivered in the future. The advantage to the buyer is the ability to place an order without immediate payment.

8. ***Economic Order Quantity:*** **Economic order quantity (EOQ)** is the ideal order quantity a company should purchase to minimize inventory costs such as holding costs, shortage costs, and order costs. The **economic order quantity (EOQ)** is a company's optimal order quantity for minimizing its total costs related to ordering, receiving, and holding inventory.

9. ***Purchasing:*** It is the organized acquisition of goods and services on behalf of the buying entity.

10. ***Quotation:*** An offer in response to a request for a quotation. However, if it is in response to an enquiry, it is simply a statement of price and availability.

11. ***Receipt of goods, goods receipt note:*** Official acknowledgement of receipt of goods.

12. ***Services.*** Work, duty, or labor is performed by a contractor pursuant to a contract. Rendering of services may involve the associated provision of utilities or facilities if specified in the terms of the contract.

13. ***Warranty.*** A warranty is an assurance (expressed or implied) by the supplier that the material, product, or workmanship being sold is as represented or promised, e.g. free of defects, or will be repaired or replaced free of charge or according to conditions set out in the warranty.

POLICY:

1 The efficient and cost-effective laboratory operations need the uninterrupted availability of reagents, supplies, and services. An inability to test, even for a short time, is very disruptive to clinical care, prevention activities, and public health.

2 A careful management of inventory helps to prevent waste, which can occur if reagents and supplies are stored improperly, or if reagents become outdated before they can be used. Establishing a purchasing and inventory management program will ensure that:

- 2.1 Supplies and reagents are always available when needed;
- 2.2 High quality reagents are obtained at an appropriate cost;
- 2.3 Reagents and supplies are not lost to improper storage or kept and used beyond expiration.

3 **Create a stock list.** Every operation in the Clinical Laboratory starts with planning, and the most important thing to do is to list all the needed supplies, reagents, and other consumables needed in the daily operation. In creating a stock list, the managers shall identify the following:

- 3.1 **Identify low turn-over stock:** Items that are not frequently used, are less mobile, or are non-moving shall always be monitored.
- 3.2 **Demand forecasting**: A list is created to spot items the department needs more of. The department can better forecast demand and order only the necessary supplies, items, consumables, and reagents by planning the stocks.
- 3.3 **Stock audit**: The department monitors the stocks every week or bi-monthly so as not to miss any critical deadline.

4 **Assign stock level.** The department correctly assigns a minimum and maximum stock level after receiving stocks. A reorder point system installed on each

computer in each area shall be updated often. Assigning a stock level determines how many items are needed in a given period of time.

4.1 **Minimum stock level**- This is the least amount of stock needed for the department to operate. The department also assesses the most extreme value below for each item on the list.

4.2 **Maximum stock level**- This is the highest level of stock needed. It will ensure the department has the right amount of assets to meet demand while not overstocking the inventory.

To assess the right range of stock levels, collaborate shall be performed by asking specifically what items the department usually uses and in what quantities.

5 **Organize inventory items into categories.** This is to make the stock list even easier to use. The department is grouping items into categories by value, priority, and type. The department is organizing the list by:

5.1 active vs non-active assets,

5.2 consumables,

5.3 biological assets.

6 **Organizing workspace:**

6.1 Store assets in the laboratory by placing less frequently used items on upper shelves while keeping active items at eye level.

6.2 Label the assets properly. This step is crucial to making it easier for everyone to look for things. Label samples, shelves, and cupboards, following a standardized format.

6.3 Keep everything clean and out of the way. Unused utensils and equipment should not occupy the workspace, including glassware or notebooks. It will make the space tidy, increasing the overall productivity and safety.

7 Create procedures for inventory management, including protocols for performing each task but also delegating them.

8 Maintaining equipment to reduce waste and the cost of repairs or replacement. It also increases the safety of working at the department.

9 The Laboratory personnel shall have knowledge of what is in the inventory and where it is located.

10 All Laboratory personnel shall track what they use for easy inventory of supplies.

11 All laboratory personnel shall determine patterns in order to manage levels and refill points based on usage patterns.

12 The Laboratory Supervisor shall monitor all supplies and consumables and shall check them daily to avoid stock-out.

DOCUMENTATION:

New Policy

DISSEMINATION:

1. Minutes of the Meeting
2. Orientation to new staff or employees of the Laboratory Department and support services.
3. Attached to manual operations, copy furnished TQ Division.

REFERENCES:

1. *Abramovich MN, Hershey JC, Callies B, Adalja AA, Tosh PK, Toner ES. Hospital influenza pandemic stockpiling needs: a computer simulation. Am J Infect Control. 2017;45(3):272-277.*
2. *Blos MF, Wee HM, Yang J. Analysing the external supply chain risk driver competitiveness: a risk mitigation framework and business continuity plan. J Bus Contin Emer Plan. 2010;4(4):368-374. HIRC.*

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