Ethiopian Pharmaceutical Supply Service

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Amendment Directive No. 960/2023

A directive issued to amend the Property, inventory, deficit and surplus, registration, compensation Directive

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Property, inventory, shortage and overage, registration and compensation guidelines need to be revised;

1. The Ethiopian Procurement Supply Service issued this directive in accordance with Article 22(2) of the Pharmacutical Supply Agency Establishment Proclamation No. 553/99.

2**. Short title**

This directive is entitled "Inventory of products; May be cited as shortage and overage Registration Compensation (Amendment) No. 960/2023"

3. **Amendment**

Inventory of; shortage and overage Registration Compensation No. 371/2013 is amended as follows;

1/**The following new Article /19/ and /20/ have been added under Article 6 of the Directive;**

''19. Checking the accuracy of the income and expenditure registrations recorded in the database by the financial departments.

20. To return medicines that have been set aside for customers or stocks that have not been signed by customers to the relevant warehouse; they should delete the distribution documents that have been prepared.''

2/ Article 7 of the directive is deleted and replaced by the following new article 7: "7.Structure of the inventory Committee;

'1. In the main office, it will be set up by the general director and in the branches by Branch manager.

2. All warehouse managers participate as scorers; also, the new warehouse managers will be as a member in the inventory committee.

3. The number of counters included in one group should be three.

4. There should be at least one team coordinator per warehouse.

5. Each product to be counted must be counted and considered in two groups:

6. Important technical experts and financial experts should be included in the counting team.''

3/**Article 8 sub-Article /1/ is deleted and replaced by the following new sub-paragraph /1/./12/ /13/ and /14/ are added;**

'1. Annual inventory shall be conducted from the first day of July every year.''

Article 8 sub- Article /12/, /13/ and /14 of the directiveare deleted and replaced by the following new sub- Article /12/ /13/ and /14/.

12 Quarterly inventory will be held at the end of the first week of the quarter.

13 If it is estimated that there is a deliberate theft at the warehouse general director at any time.

14 The inventory document to be sent to Finance must be verified and signed by the inventory committee and the warehouse manager.''

4/**Article 11 /1/ of the directive is deleted and replaced by the following new sub article /1/;**

'1. From products of the same name; If they are identical in strength, type of preparation, measurement and manufacturer, they are identical in three and differ in one; The shortage will be compensated. However, the warehouse manager will be responsible for the difference in selling price.''

5/ Article 11/2/ of the directive is deleted;

6/Thefollowing new sub article/6/, /7/, /8/, /9/, /10/ and /11/ have been added under Article 11 of the Directive;

"6/ Reserves belonging to different programs, i.e. health program and mutual fund, can be compensated, but the resources will be returned to the program owner. If there is a price difference, the warehouse manager will be made to pay;

7/ Deficiency selling price of mutual fund medicines as well as in case of deficiency of program medicines; In order to make up for the shortfall, the warehouse manager may pay (5%) including the difference in distribution and storage costs;

8) The drug distribution system based on the number of drugs in which the deficiency and excess are concerned; If there is a price difference, the warehouse manager may pay. If the price difference is over-recorded, a financial recording adjustment will be taken.

9) Regarding medical supplies, they will be compensated if there are differences in name, measurement, manufacturer and services provided by these same but in different profiles: If the difference is recorded as a defect, the warehouse manager will pay;

10) To be appointed by the Director General at the Head Office; A compensation committee will be formed under the chairmanship of warehouse and inventory management, two experts from finance, and two experts from warehouse and inventory management. At the branches, clearing is done under the direction of the Branch Manager along with Finance Coordinator and Inventory Management Coordinator.

11) Medicines without distinction in name, strength, type of preparation, measurement and manufacturer; Differences in formulation and item code will be resolved through finance.''

7/**Article 12 of the Directive is deleted and replaced by the following Article 12;**

'12. Deficiency Reserve Allowance and Deficiency and Surplus Decision Making

1. Deficiency reserve allowance for a warehouse manager is 2000.00 Birr every month and will be 24,000.00 Birr at the end of the year.
2. Warehouses managed under the institution; By including and comparing their work complexity, vulnerability, defect rate, distribution rate and other criteria; By assigning no more than three levels; In each fiscal year, a monthly salary of not more than three months will be paid as an incentive to the heads of the sawmill by the decision of the head of the institution.

3. Once the annual drug inventory is completed; The financial deficit and surplus report must be reviewed and submitted for decision within ten days and within five days of receipt of the compensation committee in writing.
4. The compensation committee was screened and the results of the shortfalls and surpluses presented were made available to the warehouse managers, they must sign the trust within 5 days. If they have a difference of opinion, they have to sign the affidavit by listing the idea or evidence of the difference.
5. . If it is believed that there is a need for further investigation on the difference proposed by the warehouse managers; It can be reviewed and presented by the Chief Technical Committee.
6. If the amount of deficit in branches is less than the total annual deficit reserve allowance of a warehouse manager; Branch Manager will give decision.
7. if the amount of deficiency exceeds the reserve allowance; The result will be sent to the head office for a decision.
8. For defects in head office warehouses; After the deficiencies and strengths of the fund management process have been identified and reconciled by the compensation committee; He will be presented to the Director-General for a decision on the results obtained.
9. Based on the quarterly census, a summary report of the main office's financial departments will be submitted to the chief executive. Based on the results, the Superintendent may decide to conduct a special investigation;
10. . Unless it is proven that the defect was intentional; In the main office, when it is trusted by the director general of the sector, in the branch, by the branch manager; A decision will be made to compensate the debt for a shortfall that does not exceed the reserve allowance.
11. . Unless it is proven that the defect was intentional; If the amount of the deficiency exceeds the reserve allowance; and as requested by the warehouse manager; Whether he is willing to pay in one lump sum or deducted from his salary in 36 months; The Director General may grant permission to implement accordingly.

12. If the deficiency is below the deficiency reserve allowance; The reserve allowance will be paid to the warehouse manager at the end of each fiscal year after the deficit is calculated (deducted) for the warehouse manager;
13. . If there are more than one warehouse manager who jointly manages the warehouse; It will be replaced by sharing equally for the deficiency. They will be jointly and severally responsible for the total deficit.
14. For the surplus registration at the end of the fiscal year, the main office's stock and warehouse management directorate, as well as in each branch, by doing a special check on the reason for the surplus; they should submit the report to the head office when the deficit and surplus report is submitted. They will also need to make a registration adjustment for the over-registered financial operations.''

8/**Article 13 of the directive is deleted and replaced by the following Article 13;**

'' 13.**when a suspicious situation occurs**

A report must be submitted to the Director General within 2 days if there is any suspicion that there has been a deficiency by the staff in the branch or the head office.The performance will be determined by the direction given by the Director General.''

4.<u>Applicability of the directive</u>

This directive shall be effective from the date it is registered by the Ministry of Justice and it's uploaded on the Ministry's website.

February 2023

Ethiopian Pharmaceutical Supply Service Board