WB Logistics

Inventory Management Policy

Document Reference: WB/FIN/IAP/003

RwandAir

Approval Certificate

Rwand Air
Standard Operating Procedure (SOP)

Entity Name	Rwand Air (WB)
Title of SOP	Inventory Management Policy
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Inventory Management Policy – RwandAir Ltd.

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1. Purpose

1.1. The objective of this Policy is to provide guidance for inventory management across RwandAir Ltd.

2. Scope

2.1. This Policy is applicable to inventories held for consumption by RwandAir Ltd.

2.2. RwandAir does not hold inventory for resale.

2.3. This policy applies only to RwandAir Ltd.

3. Definitions

Inventory

Inventories are assets:
a) held for use in RwandAir operations;
b) in the process of procurement for such use; or
c) in the form of materials or supplies to be consumed in the delivery of airline services.

Cost of Inventory

Cost includes all expenses incurred in bringing the item to its present location and condition.

- Spare parts and other materials are valued on a First-In First-Out (FIFO) basis.

- Other consumables may be valued at weighted average cost, where applicable.

Net Realizable Value

The estimated current value of inventory if disposed of, less the associated costs.

Inventory Controller

Logistics Warehouse Manager responsible for day-to-day warehouse and inventory control.

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4. Responsibility for Inventory Management in RwandAir Ltd.

4.1. Inventory is procured solely for internal use to support RwandAir's operations.
4.2. The **Logistics Warehouse Manager** is the overall custodian of warehouse inventory management.
4.3. **Heads of Department (HoDs)** are responsible for the management, usage, and safekeeping of items issued to their respective departments.

4.4. Internal Stock Requisition Flow (Department Requests)

Requisitions for inventory items from departments must follow the ERP system workflow:

- **Initiator:** Department Staff
- **First Approval:** Head of Section
- **Second Approval:** Warehouse Supervisor responsible for the specific stock
- **Final Issuance Approval:** Logistics Warehouse Manager

Once approved, the Warehouse issues the item to the requesting department. Issuance may be partial if:

- Stock levels are insufficient to fulfill the full request; or
- The quantity requested exceeds normal usage requirements.

In such cases, the balance may be issued at a later stage once stock is available or upon reassessment. All issued items must be logged and traceable in the ERP system.

4.5. Procurement Requisition Flow (Stock Replenishment):

Stock replenishment or procurement is initiated by the Logistics office and follows this approval process in the ERP:

- **Initiator**: Logistics/warehouse officer or Supervisor
- **First Approval**: Logistics/Warehouse Manager
- **Second Approval**: Senior Manager Logistics
- **Third Approval**: Senior Manager Finance
- **Final Approval**: Chief Financial Officer (CFO)

Once approved, the requisition is forwarded to the Procurement Department to initiate a Purchase Order or Contract. Upon supplier delivery, the receiving is coordinated by the Logistics office.

4.6. Receiving of Goods:

Receiving of stock is the responsibility of the **Logistics/Warehouse Officer or Supervisor who initiated the requisition** (or their delegate).

- It is mandatory that the receiving officer processes the **Goods Receipt Note (GRN)** in the ERP system to confirm receipt.
- Received items must be verified for quality, quantity, and compliance with the purchase order before acceptance.

4.7. All department heads must ensure:
a) Proper planning and submission of requisitions
b) Safe handling and secure storage of issued items
c) Proper inspection and receiving process
d) Timely recording of consumption or returns
e) Immediate reporting of damage, loss, or excess stock

5. Inventory Management Systems

5.1. The ERP system will be used for all inventory tracking.

5.2. The system must support:

- Real-time stock levels
- Usage and issuance history
- Returns and damaged stock
- Ageing reports
- Identification of excess or slow-moving items
- Obsolete or write-off inventory tracking

6. Monitoring and Reporting of Inventory

6.1. Department Heads must oversee regular monitoring and reporting.
6.2. Key tasks include:

- Quarterly inventory ageing analysis

- Tracking of slow-moving, damaged, or obsolete items

- Reporting and investigating unusual consumption trends

- Forecasting future needs based on historical trends

7. Inventory Optimization

7.1. Department Heads should:

- Define min/max stock thresholds

- Benchmark against airline industry standards

- Identify and classify excess stock

- Regularly review for disposal or reallocation

- Track obsolete and damaged stock as a percentage of total inventory

8. Identification of Slow Moving Inventory

8.1. Identified through inventory ageing reports.
8.2. Items unused for 12+ months are considered slow-moving (unless justifiable exceptions apply).
8.3. Identified quarterly or more frequently as needed.
8.4. Finance to provision accordingly.

9. Inventory Planning, Re-Ordering and Procurement

9.1. Inventory planning is carried out by the Warehouse Manager and aligned with department needs.
9.2. Procurement must comply with RwandAir procurement policies.
9.3. Orders aim to avoid stock-outs or overstocking.

10. Physical Inventory Verification

10.1. A full stock count must be conducted at financial year-end and witnessed by Finance.
10.2. Random cyclic counts to be done periodically by non-warehouse staff.
10.3. Any discrepancies must be documented and corrected in the ERP system.

11. Consignment Stock

Not applicable to RwandAir Ltd. (No consignment stock is held.)

12. Obsolete and Damaged Inventory

12.1. Identified during stock checks and recorded in the ERP.
12.2. Separated from functional stock for tracking.
12.3. Quarterly reviews determine disposal options (scrap, return, destroy).
12.4. CFO approval required for accounting provisions and write-offs.

13. Valuation of Excess, Slow Moving, & Obsolete Inventory

13.1. Valued at the lower of cost or net realizable value.
13.2. Provisions made quarterly in line with Finance policy.
13.3. Grouping of inventory items for valuation requires CFO approval.

14. Disposal of Inventory Items

14.1. Damaged, obsolete, or excess inventory should be disposed of via:

- Sale to staff (where applicable and approved)

- Public auction or bidding

- Destruction in line with local regulations

14.2. All disposals require finance review and appropriate documentation.

15. Procedures, Deviations and Exceptions

15.1. Each department must maintain documented procedures for inventory management aligned with this policy.
15.2. Deviations require written approval from the CFO with appropriate justification.

16. Document Owner

16.1. This policy is owned and maintained by the Finance Division, in coordination with the CFO. All changes must align with the Delegation of Authority Manual.