

Physical Storage Guidelines

Irrespective of the size of the warehouse/storage facility or nature of the storage arrangements, there are basic rules humanitarian organisations can use to enhance their physical stock management processes.

In any situation where cargo is stored for any period of time, it is strongly advised that humanitarian warehouse managers utilise both some form of inventory Ledger and a paper stock/stack/bin card system.

An ideal inventory Ledger will be electronically maintained, utilising some form of spreadsheet or special use software. The ledger should be constantly kept up to date, and should be easy to access and understand by any team member responsible for accounting for cargo on site.

Stock/stack/bin cards should be clearly visible from the floor of the warehouse, legible, easy to read, and utilise the local language of operation. Stock/stack/bin cards should match the inventory Ledger.

Stock managers must by default practice FIFO – First In / First Out – unless otherwise required to. Some storage facilities may have large volumes entering and leaving the physical facility, and managers must take care to ensure that old stock is not forgotten or ignored.

Perishable items with expiration dates must be closely tracked and dispatched in accordance with the practice of FEFO - First Expired / First Out. Items with expiration dates less than three months in the future or expired items should be flagged and communicated to program staff to ensure they are properly utilised.

Stored cargo must always be separated from the ground, using pallets, tarpaulin, shelving, or racking. Warehouse managers should be constantly monitoring the status and condition of stock on hand. All handling units should appear in good condition, and be free from avoidable damage of any kind, including water damage, punctures or rusting. If cartons or items appear to be crushed, punctured or experiencing damage from regular wear and tear, they must be separated, repaired (if possible), and returned to inventory in a manner that prevents future damage.

Stock Counts

There are a variety of methods for [conducting physical inventories](#). Agencies should review different inventory methods, and set up guidelines and time intervals for conducting inventories, including ad-hoc and regularly scheduled annual inventories.

Damaged Items

Throughout the course of managing physical stock, damaged items will be discovered, either as a result of age, expiration, mishandling, or even from items that were defective in the first place. As damaged items are discovered, they must be clearly marked and addressed. Some damaged items can be repaired, especially if damage is only to outer packing. An item that is ultimately still usable, but has damaged outer packing can be repacked into new cartons/bags where available, the packaging itself can be taped or sealed. Even if there are no replacement cartons/bags available, the usable items can be stored loose on the racks/shelf/stack and be marked for usage first during the next pick order.

If the core item is ultimately not usable due to extensive damage, spoilage or expiration, the item will need to be separated from the rest stored goods. Damaged goods should be clearly

marked, and stored in a separated area. Depending on the severity of the damage, a loss report may need to be generated, including the number of units damaged and the associated values. As damaged items are removed from the general inventory, inventory Ledgers should be fully updated, with damaged items clearly indicated as being deducted from the full inventory count.

Damaged items may need to be returned to a vendor, handed over to third party authorities, or be disposed of.

Expiration Management

Under normal circumstances, warehouses are advised not to accept goods that have less than 6 months expiry period left, and should seek to rotate out items approaching 6 months left before expiring. Warehouse/stock managers should routinely generate regular reports that identifies those items that are due to expire within a user specified period, identifying each SKU, lot, quantity and date of expiry.

General Expiry Management Rules

**Ordering
Items**

Incoming orders that contain expiration dates should be flagged and notified to the warehouse teams, and shared with relevant persons or departments that own the stock.

**At
Reception**

All incoming stock items should be inspected for expiration dates at the point of reception.

**Ongoing
Physical
Checks**

Checking expiration dates should be part of the physical inventory process, including looking for new expiration dates not already identified in the stock/inventory tracking system.

**Items
with 1-3
Months
Expiry**

Persons or departments storing Items with expiration dates should be notified when they reach 1-3 months left until expiration on a weekly or monthly basis, through email or other formal communication.

General Expiry Management Rules

Items with 0-1 Month Expiry For items with less than one month until expiration, it is advisable to notify the person or department that owns the stock - either in person or telephone - reminding them of the situation and suggesting that the goods are removed as soon as possible. Multiple reminders may be required.

Expired Goods Any items that have expired must be segregated from the rest of the stock, and all orders put on hold so that no expired items are accidentally delivered. The person or department that owns the stock must be notified by phone, email or in person, and all proper disposition steps must be followed in accordance with local regulations and organizational policy.

Disposition

As warehouses continue throughout their operations, they will inevitably need to dispose of damaged, expired, recalled, or no longer required goods. Disposition of any item must be done in an ethical, environmentally friendly and legal manner, all in compliance with the internal policies of the organisation managing the facility. Options for disposition:

General Disposition Management Rules

Donation/Resale Items still in usable condition can be sold or donated to other agencies or local populations in accordance with donor regulations and internal financial policies.

Dispose Some items can be thrown directly into the trash without concern, such as small quantities of expired food stuffs or cardboard.

Destroy Some items, such as expired medication, harmful chemicals, bulk foodstuffs, and special "dual use" or military grade hardware, may need to be actively destroyed. Many local authorities have regulations on the destruction of these items, and there may even be authorised companies certified in destroying key materials. Agencies should investigate local laws and seek out disposal companies whenever required.

Re-export Items, such as heavy machinery, may need to be re-exported from the country of operation. Re-exporting of key items may be required by donors and national authorities, or may be just more cost effective than local disposition.
