

Annex 1

Warehouse Management Regulations in the Federal Government Attached to the Cabinet Resolution No. (4) of 2019 Concerning the Procurement and Warehouse Management Regulations in the Federal Government

Chapter One

General Framework

I: Definitions

1. All words and phrases referred to in Article (1) of the Procurement and Warehouse Management Regulations shall be complementary to the same words and phrases contained in these Regulations, unless the context indicates otherwise.
2. For applying the provisions hereof, the following words and phrases shall bear the meanings assigned next to each of them unless the context indicates otherwise:

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| Inventory Planning | : A plan developed by each Federal Entity at an early time every year to list its needs of materials in the estimated budget for the coming year. |
| The Procedures | : The practical, detailed steps that are applied to implement the approved policies. |
| Request for Inventory Items | : A request prepared and approved by Warehouse Department and then referred to Procurement Department to provide warehouses with materials. |
| Initial Receipt Note (Temporary) | : A document prepared by the competent Warehouseman when necessary to document the receipt of materials that are temporarily procured, as an initial step to complete the final receipt procedures It is not allowed to change the status of such materials or to use them prior to the final receipt thereof. Such materials shall neither be considered the property of the Federal Entity concerned nor counted in the annual inventory check. |
| Inventory Receipt Note | : A document prepared by the competent Warehouseman based on the examination report, according to which the accepted inventory items are admitted to the warehouse. |

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| Inventory Rejection Note | : A document prepared by the competent Warehouseman in case the receipt of all or any of the materials supplied to the warehouses is rejected. |
| Inventory Dispatch Request | : A Request prepared and approved by the Requesting Organizational Unit to the Warehouse Department at the Federal Entity concerned, in order to be provided with the inventory items needed. |
| Inventory Dispatch Note | : A Document prepared by the competent Warehouseman to dispatch inventory items from the warehouses. |
| Request for Return of Inventory | : A Request prepared, approved and then referred by the organizational unit concerned to the Warehouse Department in the Federal Entity concerned, to indicate and document its wish to return the inventory items. |
| Returned Inventory Receipt Note | : A document prepared by the competent Warehouseman to indicate and document the receipt of inventory items returned from the Requesting Organizational Unit to the warehouses of the Federal Entity concerned. |
| Supply Order | : A document sent directly by the Warehouse Department to the supplier concerned to request the supply of the items agreed upon within prior contractual arrangements at the time and place specified by the Requesting Federal Entity. |
| Inventory Control | : The process of organizing and maintaining the inventory movement, and controlling the flow of inventory items in respect of entry and exit of materials to and from warehouses in the appropriate quantity and at the appropriate time, to carry out this process without shortage or delay. |
| Item Card | : The card that contains all information related to the inventory item [its name, specifications, barcode number, incoming and outgoing quantity thereof]. |
| Slow-Moving Inventory | : They are the materials or items in respect of which the dispatch movement for a particular period compared to the preceding period is less than 70%. |

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| Regular-Moving Inventory | : They are the items in respect of which the dispatch movement for a particular period compared to the preceding period ranges between 70% and 130%. |
| Fast-Moving Inventory | : Materials and items in respect of which the dispatch movement for a particular period compared to the preceding period is higher than 70%. |
| Stagnant Inventory | : Non-strategic materials and items that have an inventory balance and have not been dispatched over a year timespan. |
| Damaged Inventory | : Items that have expired or have been found to be consumed, damaged and cannot be repaired or benefitted from at all. |
| Used Inventory | : The materials that have been dispatched and used for one time or more, but they can be reused in the future, and this applies only to sustainable inventory items. |
| Effective Inventory | : Strategic and non-strategic items that have inventory balances in the warehouses and have been dispatched over the last two fiscal years. |
| Ineffective Inventory | : Non-strategic items that have inventory balances in the warehouses and have no dispatch movement over one year or more, and include slow-moving, stagnant and damaged inventory. |
| Item Number | : The number assigned to each inventory item within the warehouse at the State or the Federal Entity level, so that common or generally used items are assigned a special and unified number at the State level. However, items used by certain Federal Entities shall be distinguished by a number indicating or symbolizing the using entity thereof, such as medications and school books. |
| Item Status | : The status in which the inventory item exists, whether in the warehouse or at the work premises. |
| Validity Period of Inventory | : The period of time during which the inventory item can be used, and upon its expiry, the item becomes vulnerable to damage. Such period intervenes between the production date of the item and its expiry date, and is determined by the producer of the item, |

because it has comprehensive knowledge of its constituents.

Inventory Check : The process of counting the items in warehouses and matching their actual balances with their balances documented in the records.

Warehouse Safety and Prevention : A set of preventive measures, rules and regulations relating to workers in the warehouses and inventory items stored.

II: Warehouse Department

1. The Warehouse Department's Responsible Officer shall supervise all organizational matters of the warehouses.
2. Each warehouse shall have a dedicated Warehouseman who shall organize the records and items located therein, and shall be appointed by a resolution of the Undersecretary concerned.
3. An assistant Warehouseman or warehouse clerk shall be appointed by a resolution of the Undersecretary concerned or his designee, to replace the Warehouseman during his absence, and shall be jointly responsible together with the Warehouseman,, and shall, together with the latter, sign the statements of warehouse trust.
4. The Warehousemen shall be permanent employees of the Federal Entity. In case of multiple Warehousemen in the same site, a chief warehouseman may be appointed to be responsible for the works of the warehouses under his supervision. In this case, all Warehousemen shall be held jointly responsible.
5. At the Federal Entities where there is a warehouse but having no dedicated warehouseman, the warehousing work shall be entrusted to any of the permanent employees, alongside their original job duties.
6. Upon transferring or terminating the Warehouseman's employment, or when the same avails of a leave, the Warehouse Department's Responsible Officer shall assign one or more employees to carry out the Warehouseman's duties while he is absent, provided that a Delivery and Receipt Note of the Warehouse Trust shall be drawn up.

Chapter Two

Warehouse Management and Storage Affairs

I: Warehouses Preparation and Design

- a. Factors affecting the warehouse design:
 - 1. Storage type, if it is temporary or permanent.
 - 2. Specifications and features of materials required to be stored.
 - 3. Areas needed for material storage, whether buildings or vacant spaces.
 - 4. Equipment required for transporting, lifting and handling of items.
 - 5. Storage methods for each item or group of items.
 - 6. Receipt, dispatch and handling methods for each group of items.
 - 7. Location, environmental and climate conditions.
 - 8. The size and weight of the circulated unit of items and quantity usually ordered and the ordering rate.
 - 9. The maximum quantity of the item stored.
 - 10. Area that is necessary for storage and handling.
 - 11. Requirements for prevention and precautions relating to the type of materials, such as heat, cooling or ventilation.
- b. The objectives intended upon designing the warehouse:
 - 1. Realizing total adequacy of warehouses and storage purposes.
 - 2. Adequacy of ceilings height.
 - 3. Choosing the appropriate floors for transportation and handling equipment.
 - 4. Abiding by the Laws that govern buildings regulation and fire protection.
 - 5. Choosing the appropriate facilities to realize security and to create appropriate conditions for work and preservation of inventory items.
 - 6. Optimizing the spaces and areas while leaving the necessary spaces for the smooth movement of equipment and warehouse workers.

II: Internal Warehouse Planning

Factors to be observed upon designing the internal planning of the warehouse:

1. Easy receipt of incoming inventory items, so that there shall be an adequate and safe receipt area.
2. Easy placement of the incoming item in the space allocated thereto.
3. Easy pulling and moving of the item from its place.
4. Easy dispatch of materials to outside by the responsible employee.
5. Easy passage of internal handling means and equipment.
6. Protecting the inventory items against stagnation and damage.
7. Preventing the work accidents during transportation or handling.
8. Easy conduct of inventory check process.
9. Using most suitable methods of warehouse barcoding befitting the Federal Entities' working nature.
10. Easy warehouse control and installation of surveillance systems.
11. Easy use of means to maintain inventory such as ventilation, lighting and air conditioning.
12. Easy detection and prevention of theft and loss incidents.
13. The office of the Warehouseman shall be next door to the inventory dispatch area in order to control the warehouse.

III: Inventory Planning

It means to adopt high-quality scientific approach to identify the warehouse needs of inventory items according to a well-thought-out plan that achieves the objectives efficiently and effectively, including the following considerations:

1. Assessing future needs of each item of stored.
2. Determining times and dates at which each item must be available.
3. Determining how to provide the required items.

A. Importance of Inventory Planning:

The importance of Inventory Planning is to achieve the following benefits:

1. An effective method to minimize the capital invested in inventory.
2. Avoiding losses that may be sustained by the Federal Entity as a result of the obsolescence or stock-out of items from warehouses.

3. Enabling the warehouses to face unexpected emergency circumstances.
4. An important tool to prevent random procurement operations.
5. Obtaining the best offers based on the demand volume as planned.

B. Inventory Planning Elements:

Inventory Planning consists of the following elements:

1. Quantity.
2. Value.
3. Time.
4. Reorder time.
5. Procurement sources.

C. Standards and rules for the preparation of needs assessment plan:

The Federal Entities shall follow the following standards and rules upon preparing the needs budget:

1. Classification of needs.
2. Determining entities responsible for estimating quantities of items required.
3. Determining data needed to estimate needs of items and materials.
4. Estimating the quantity of items to be provided and their value.

D. Equations for calculating quantities required and their value:

The following equations shall be used to identify the needs of quantities expected and their value:

Balance expected to be available = inventory item balance in the warehouse + the quantity procured - quantity expected to be dispatched over the year.

The quantity Required = total needs – balance expected to remain available in warehouses.

The mounts proposed to procure the items= The ordered quantity × price per unit.

IV: Inventory Control

The inventory control encompasses all activities relating to the design or selection of means and methods deemed necessary to ensure the validity of decisions and procedures in respect of the supply of needs required of inventory items, their storage and maintenance until they are needed, ensuring the continuity of providing the requesting organizational units with their respective needs according to quantities and specifications required and in a timely manner on the one hand, and the efficient use of funds invested in such inventory

items on the other hand. This includes applying control procedures to measure and correct performance, so as to ensure achieving the strategic objectives adopted by the Federal Entity, which aim to implement the plans developed, to monitor their implementation and to ensure that what is being achieved is originally planned.

A. Inventory Control Functions:

All officers of Warehouse Departments shall tighten the control over the movement of inventory, so that inventory items shall be rotated and exchanged within the same Federal Entity or between different Federal Entities effectively, through the following:

1. Following up on and monitoring the storage levels per item (storage levels are the minimum, maximum and ROP levels).
2. Determining economic procurement quantity in case the inventory balance reaches the ROP.
3. Sending an inventory supply request to Procurement Department for inventory items the balance of which reaches the ROP.
4. Identifying warehouses balances of items and their total value, while preparing the necessary data and reports on the inventory and submitting the same to relevant departments.
5. Controlling the movement of items by identifying fast-moving, slow-moving and stagnant inventory items.
6. Supervising the inventory check and matching of balances written in the records against actual balances available in warehouses.
7. Identifying inventory problems and their causes in terms of stagnant, lost or damaged items.
8. Preventing similar items in warehouses.
9. Counting and following up on unusable items.
10. Making coordination on the disposal of unusable materials and items by way of exchange, rotation, sale, donation, repair or destruction.

B. Identifying Inventory Levels:

Federal Entities shall observe the following factors upon identifying inventory levels and preparing the needs budget:

1. The inventory is unproductive capital.
2. Redundant inventory needs additional costs.

3. The possibility of irregular supply to warehouses.
4. The possibility of exposure to stock-out and work disruption.

C. Inventory levels:

They are levels showing the status of inventory items within warehouses, and consist of the following:

(1) Minimum level:

When determining the minimum, the following shall be observed:

1. The time required for the supply of each local or overseas material or item and the procedures for its procurement and supply.
2. Consumption rates according to the operating programs, and the needs of maintenance and repair operations.

(2) ROP:

When determining the ROP, the following shall be observed:

1. Computing the minimum storage level plus what satisfies the operation needs over a time period starting from the time of order preparation up to the date of receipt of materials and items in the warehouses.
2. Availability of materials and items in the market.
3. Balance of the inventory material or item.
4. Orders for materials that have not been carried out or their procurement procedures are yet to be completed.
5. Materials and items covered by contractual obligations but not supplied yet.

(3) Maximum Level:

Upon determining the maximum level, the following shall be observed:

1. The storability of materials and items and the extent of their vulnerability to damage.
2. Availability of materials and items in the market.
3. The extent of change in specifications from time to time.
4. Price fluctuations.
5. Storage possibility.
6. Orders for materials that have not been carried out or their procurement procedures have not been completed yet.
7. Materials and items covered by contracts but not supplied yet.

D. Equations used to determine storage levels:

Waiting period = Day-to-day consumption rate of the item × Waiting period (procurement period).

Order quantity (is the economic quantity of procurement).

Minimum inventory level = Day-to-day consumption rate of the item × number of days desired to keep the inventory.

ROP = Minimum inventory + (day-to-day consumption rate of the item × the waiting period).

Maximum inventory level of a particular item = Minimum inventory + order quantity.

E. The most important inventory problems:

The inventory problems are as follows:

1. Damage of stored materials.
2. Loss of some stored items.
3. The existence of slow-moving or stagnant items that are often redundant.
4. Shortage of other items.

F. The following clauses shall be excluded:

1. Safety Items:

They are items necessary for the continuity of work, and the useful life thereof is usually commensurate with the age of machines and equipment, and are kept as long as the equipment is in service and are disposed of only after the asset to which they belong is disposed of, such as the spare parts.

2. Strategic Items:

They are the quantities the optimal level of which is determined, to befit the continuity of work or provision of the service. The nature of such items depends on the activity of each Federal Entity, such as medicines.

G. The most important causes for the emergence of storage problems:

1. Lack of care given to the internal environment of warehouses.
2. Failure to tightly close the warehouses.
3. The absence of security and safety means in the warehouses.
4. Overstatement of procurement quantities.
5. Procuring alternative items in large quantities.
6. Lack of accuracy in recording the data of items stored and dispatched.

7. The inability to control the movement of items efficiently and effectively.
8. Failure to dispose of unused items promptly.

H. Success of the Federal Entity in capitalizing on the inventory:

The standards or indicators that can be employed to identify the extent of success of the Federal Entity in capitalizing on the inventory are as follows:

1. The number of times the service is interrupted or delayed as a result of a shortage of necessary materials or items.
2. Number of times the Federal Entity resorted to postponing the dates of satisfying the needs of its customers for products.
3. Average waiting period between delivery or service provision dates agreed upon with customers and actual delivery dates.
4. Number of times the Federal Entity resorted to emergency or direct procurement.
5. The volume of losses resulting from the rise in prices of particular items needed by the Federal Entity of which it did not keep sufficient inventory.
6. The volume of losses caused by reduction in prices of particular items needed by the Federal Entity of which it keeps large quantities exceeding its actual needs.
7. The volume of losses resulting from stagnant or obsolete inventory, which usually results from poor planning.

However, all federal entities are required to provide their needs of items and materials in conformity with the specifications and quantities required in a timely manner, when allocating the amounts to invest in the inventory.

Chapter Three

Types of Warehouses and Warehoused Materials

I: Types of Warehouses

First: Federal Government's warehouses shall be categorized into the following types:

A. Main Warehouses:

They are warehouses that take over the receipt, storage and dispatch of all inventory items procured and received, and which provide supply to the regional or subsidiary warehouses thereof.

B. Provincial Warehouses:

They are warehouses that are supplied with materials and items from the main warehouse, or the materials received directly from the suppliers and are procured by the Procurement Department, and often supplies the inventory to subsidiary warehouses belonging thereto.

C. Subsidiary Warehouses:

They are warehouses mainly supplied with items dispatched from the main or provincial warehouses, in addition to the items received from suppliers directly, provided that the main warehouses are notified so such supplied items to be recorded under the custody of subsidiary warehouses.

Depending on the nature of materials and items stored in any of the above-mentioned warehouses, it may be necessary for a warehouse to contain the following:

1. Cooling warehouses:

They are warehouses used to store foodstuffs that need very low storage temperatures, and the temperature of such warehouses usually ranges between (zero and minus five degrees Celsius).

2. Temperature Controlled Warehouses:

They are warehouses where medicines, medical supplies and some foodstuffs are kept, as their temperature ranges between (5-15) degrees Celsius.

II: Classification of Inventory in Government Warehouses:

A qualitative classification in terms of nature or quality:

A. Items intended prepared for consumption:

These are items that are consumed or perished by use, and are symbolized by the number (2), and are categorized into similar groups or categories such as:

1. Raw materials used in operation such as dyes, oils, nails...etc.
2. Medicines, serums, vaccines, drugs, medical instruments and supplies.
3. Fuel of all kinds.
4. Catering materials (foodstuffs) and similar items.
5. Stationery, paper, ink and printouts.
6. Cleaning materials.
7. Electrical materials.
8. Instruments and tools that are not subject to capitalization criterion, such as hummer,

screwdriver, bucket, ropes and others.

B. The importance of qualitative classification of inventory:

The importance of qualitative classification is as follows:

1. Determining the trust of items, as the trust shall only be for permanent items except for consumable materials that are dispatched to be kept as temporary trust until they are dispatched for the final use.
2. Distinguishing between consumable materials (warehoused) and permanent materials (assets), since permanent materials remain valuable even after their use, and are recorded in their own books away from warehouse books, such fixed assets or property.
3. Estimating the needs of the Federal Entity of materials and items accurately (warehouse measurements).
4. Evaluating the property given that the standards of evaluation of warehoused materials differ from assets and property.

C. General rules for determining the qualitative classification of inventory:

1. The qualitative classification of inventory shall be determined by the technical entities using them.
2. The symbol used for the qualitative classification of an inventory item rather than the full term thereof shall be used when completing or registering the inventory item's field.
3. Any of the consumable materials may be excluded and considered as assets with the approval of the Ministry after the reasons are given.
4. Return of inventory items to the warehouse shall be made only for consumables of a permanent nature, except for consumables dispatched by mistake and are returned as new inventory.
5. The useful life of an inventory item shall be determined after the qualitative classification thereof is determined.
6. It is not allowed to register a dispatch form from the warehouse system for permanent inventory items (assets), and this shall be applied to consumables only.

D. Unusable Items

They are items symbolized by a special number to distinguish them from new or used materials, and are divided into similar groups, such as steel scrap, copper scrap, unusable clothing and fabrics, broken wood and damaged leather.

Subdivisions of qualitative classification of inventory:

1. Classification by Status:

- New inventory, symbolized by number (1)
- Used inventory, symbolized by number (2)
- Damaged inventory, symbolized by number (3)

2. Classification by Validity:

- Inventory items that do not have a validity period: They are the consumables of which no validity period is known, and are symbolized by number (1)
- Inventory items that have a validity period: They are inventory items having a validity period of a known duration between the date of production and the expiration date, and determined by the producer of the inventory item, and symbolized by number (2)

3. Classification by Strategy:

- Ordinary Inventory (non-strategic): They are ordinary materials whose absence does not affect the performance by the Federal Entity of its work, and which are available in the local market and an alternative thereof may be used, and are symbolized by No. (1)
- Strategic Inventory: They are items related to a specific asset, status, statute or international practices, and their absence may cause disruption of such asset or loss of a human life, affect the performance of the beneficiary entity, and which are not available in the local market and an alternative thereof may not be used, and are symbolized by No. (2).

4. In terms of movement (operating status)

- Effective Inventory
- Ineffective Inventory

5. In terms of rate of movement pace:

- Slow Moving Inventory
- Regular Moving Inventory
- Fast Moving Inventory
- Stagnant Inventory, and this category includes the following items:
- Inventory items which the competent technical or official entities decide to stop their use due to the appearance of defects or negative effects.
- Items which the competent technical entities decide to stop their use as a result of

technological development or available of alternatives with better features.

- Spare parts where the equipment and machinery of which are dispensed with.
- Damaged Inventory, whether normal damage or other.

III. Basic Data of Inventory Item:

A. Description of inventory item:

It refers to identifying the particular specifications of each inventory item in a precise, specific and clear manner, so that it can be distinguished from the similar items, especially quite similar ones.

B. Inventory Description Methods:

1. **Descriptive Method:** Through which the inventory item is described precisely and directly in terms of shape, size and manufacture
2. **Reference Method:** In which the inventory item is described by reference to the data identified by the producer of the inventory item (name of the item - reference number of the item).

C. The importance of Inventory Description:

1. Easy identification of the inventory item in the warehouse;
2. Identifying the balance of each item in the warehouse accurately;
3. Assisting the technical entities using the inventory item to identify the unit, qualitative and strategic classification of the inventory item;
4. Assisting the technical entities identify their requirements of items required to be dispatched properly;
5. Easy identification of the group and section of each inventory item correctly;
6. Identifying the common items used by different Federal Entities;
7. Preparing the reports of inventory items at the level of the Federal Entities and state level;
8. Ease connection of the inventory item to the relevant accounting item according to the tree of accounts;
9. Identifying possible alternatives for the items;

D. General Rules on Description of Inventory:

1. When the inventory item is described, the description shall begin with the basic name of the item followed by the specifications thereof.
2. The distinctive description of the inventory item shall consist of a sufficient number (numerical – letter field), including the spaces between the words.
3. The description of the inventory item shall be provided in Arabic or English.
4. The marks existing next to some units of the item shall be observed upon describing the inventory item.
5. The language used in the description of the inventory item shall be identical to the language code.
6. Inventory items shall be divided into homogeneous groups and sections in terms of the name of the item and the purpose of use according to the unified system for the description and coding of materials and items.

E. Components of Inventory Number

Upon setting a number of the inventory item, the following points shall be taken into account:

1. Indicating the groups to which the inventory item belongs.
2. Indicating the status of the inventory item.
3. Showing the identification number of the inventory item.

Upon setting the number of the inventory item, coordination shall be made with the Ministry, in order to ensure use of the same standards.

F. The Importance of Inventory Numbering:

1. Inserting the inventory items into homogeneous groups and classes.
2. Identifying the common items used by the different entities.
3. Preparing an inventory item file at the State level.
4. Ensuring that no more than one warehouse number is allocated to each inventory item.
5. Easy identification of the existing quantities of each inventory item and the status of each.

G. General Rules on Inventory Numbering

1. Each inventory item may not have more than one warehouse number. It is not permissible for more than one item to share in a single warehouse number.
2. A different warehouse number shall be assigned to the inventory item if the description

thereof is changed.

3. The global warehouse number is determined by the producing or manufacturing States of the inventory item. The data of the inventory item are read using the identification code of the producing or manufacturing entity of that inventory item, and the global warehouse number or global technical number of the inventory item may be added to the identification data of the inventory item, so that the item's date can be retrieved through the same.
4. The warehouse number of inventory materials and items shall be unified at the level of the State, so that it is determined by the Ministry.
5. The warehouse number shall be determined at the level of the Federal Entity using the inventory item through the identification number of that entity in the unified financial system of the federal government.
6. For inventory items that have a warehouse number, such number shall be inserted on the item movement card in the warehouse.
7. For inventory items that have the basic data (name of the item, manufacturer's name, address and code, and reference number of the item), without having a warehouse number, such inventory items shall be assigned a local warehouse number at the state level by the Ministry.
8. General inventory items shall be assigned a unified warehouse number at the State level, regardless of the using entity thereof.
9. The warehouse number of the inventory item is the key information for calling the item's data from the computer system.

H. Division of Inventory Item Units

The units of the approved inventory item are divided into 12 homogeneous groups, each of which shares a common characteristic, as follows:

1. Units relating to inventory items measured by Length, for example (centimeters, meters);
2. Units relating to inventory items measured by weighing like: (grams, kilograms, tons);
3. Units relating to inventory items measured by the size like (liter, milliliter, cubic meter);
4. Units relating to paper inventory like (Packet, notebook, book, register);
5. Units relating to inventory items wrapped or fastened together, like: (pack, package, bundle);
6. Units relating to inventory items of flat appearance like (slice, tablet, sheet);

7. Units relating to inventory items for glass containers and the like, such as (Package, ampoule);
8. Units relating to non-glass containers and the like, such as (dram, barrel, carton, cylinder, bag);
9. Units relating to inventory items complementing each other, like: (pair, set, series);
10. Units relating to molded items, like (mold, alloy, rod);
11. Numerical units, e.g. (unit, pile, dozen);

i. The importance of Inventory Item Unit:

1. Determining quantities handled in the procurement and storage operations.
2. It is the basis of pricing of inventory items and asset valuation.

j. General Rules on Inventory Unit

1. The inventory unit shall be determined by the entities using the same in coordination with the Ministry.
2. The process of dispatch from the warehouse is the basis for determining the appropriate unit for the inventory item, according to the need of the Requesting Organization Unit of materials and items.
3. The code assigned to the inventory unit rather than the full term is used upon completing a field (unit code).
4. The inventory item's unit code shall be written on the item's movement card in Arabic.
5. The unit (number) is used for the inventory items that are traded in number when any item unit is not applicable.
6. The unit (pile) is used for waste substances that cannot be counted in by numbers when disposing of unusable inventory items.
7. The inventory item unit may be converted from one unit into another unit, provided that there is a relationship between the two units, such as conversion from kilogram to gram and from meter to centimeter.
8. The converted quantity of the inventory item shall not exceed the warehoused balance of such item.
9. The document used for converting the unit is the item conversion form.
10. In the event that the Federal Entity needs to dispatch the inventory by fracture of the original unit used thereby, it may convert the current unit into a smaller unit and then use the new unit in all subsequent dispatch operations.

11. For the container returning to the warehouse to be refilled with the inventory item to be used for other purposes, the unit is assigned to the inventory item filled in the container, while the container itself is considered another inventory item and is assigned a suitable unit with a separate warehouse number, a movement card and a balance that is independent from the item inside it.

IV: Basic Concepts of the Item:

A. The importance of Identifying Inventory Item Status:

The importance of recording the status of the item on the computer system of the inventory, trusts and item movement cards is attributed to the following:

1. Pricing the materials accurately.
2. Showing the balance of the item available in the warehouse or the work premises on a case-by-case basis.
3. Identifying the damaged items to take the necessary actions with regard thereto by relocating them to the warehouse of unusable inventory.
4. Assisting the Technical Committee decide the disposal method of unusable inventory and set the selling price, if it is decided to dispose of them by way of sale.
5. Facilitating the periodic matching between the item movement card in the warehouse and the report of the computer system for inventory and trusts control.
6. Facilitating the automatic matching procedures between the actual balances of the inventory item in the warehouse (by status be) and the balance on the computer system for inventory and trusts control.

B. General Rules on Inventory Item Status:

1. Each single inventory item may have more than one status at the same time.
2. The code indicating the status of the item rather than the full term thereof shall be used upon recording or completing a field (status code), which consists of a single digit symbolized by No. (1) in case of a new material, and by No. (2) in the case of used material, and by No. (3) in the case of a damaged material.
3. Upon receipt of items at any warehouses belonging to the Federal Entity, the status code shall be (1) only to indicate the consumables. However, the metal, wood or aluminum wastes resulting from the maintenance or production operations may be received with the status code (3) in the damaged inventory warehouse in preparation for disposal

thereof.

4. When the consumables are dispatched from the warehouse to the requesting entities, the status code thereof shall be (1) only; or (2) in case of consumables of a permanent nature other than those defined as assets.
5. When items are returned to the government entity's warehouses, the status code is (2) in the case of consumables of a permanent nature, other than those defined as assets.
6. The damaged materials located in the warehouse shall be relocated or returned to the damaged inventory warehouse on a first-in first-out basis to be disposed of.
7. Upon transferring an inventory item from one warehouse to another, its status code shall be (1) for consumables and (2) only if the inventory items to be transferred are of a permanent nature, other than those defined as assets.
8. Upon disposing of unusable inventory items, their status code shall be (1), (2) or (3).
9. For new unusable inventory items, which the Federal Entity is wishing to dispose of, the competent employees of the Ministry shall be provided with their details, information and the reasons for suggesting to dispose of them, in order to conduct the dispatch process in the manner highly beneficial to the Federal Government.
10. The competent employees of the Ministry shall have the right to ask the Federal Entity wishing to dispose of the new or the used inventory items to transfer the full quantity thereof to any other Federal Entity or to be divided between more than one entity in need of such items, provided that the accounting procedures shall be completed to transfer the cost of such inventory items and their approved budget from the transferring entity to the receiving entity.
11. Damaged inventory items, which have a status code (3), can be disposed of by way of sale or destruction.

C. The Importance of Inventory Item's Validity Period:

The importance of validity period of inventory item is attributed to the following:

1. Directing the procurement operations, so that the validity period shall be observed when the inventory items are procured by the Federal Entity, so that the date of production of the same must be close to their supply date, and that the inventory item can be kept for the longest possible period and be valid for storage and use by the same federal entity.
2. Determining the method of disposal of inventory items, so that when there are inventory items with a validity period, they shall be disposed of on the basis of the earliest date of

expiry thereof, using the first-in first-out method.

3. Determining the method of disposing of unusable inventory items; so that for the materials having a validity period, when such period expires and cannot be extended, such items cannot be disposed of by way of sale but rather by destruction.
4. Determining how materials are stored and preserved.

D. General Rules on Validity of Inventory Item:

1. The validity period is for consumables only.
2. The validity period is determined by the item's manufacturer.
3. The validity period begins from the date of production of the item.
4. The code indicating the follow-up or non-follow-up of the inventory item's validity rather than the full term shall be used upon registering or completing the field (validity follow-up code), which consists of one digit symbolized by the number (1) in case of the inventory item whose validity is not followed up, and the number (2) in case of the inventory item whose validity is followed up.
5. The expiry date shall be recorded only in case the material is of a consumable nature and its validity is followed up.
6. If the expiry dates of a particular inventory item are multiple in one consignment, the consignment items shall be sort out according to each date, and shall be recorded in the item card accordingly.
7. The Inspection and Evaluation Committee shall, upon destroying inventory items that have a validity period, act with extreme accuracy, and it is necessary to obtain a certificate of destruction from the government entity concerned with the destruction, in order for such inventory items not to be used after their destruction given their harmful effects.
8. In coordination with the warehouses competent officers, the Warehouse Department's Officer shall inform the officials in writing of the inventory items that have an expiry date, when such date draws near in light of the reports issued by the automated Inventory Control System.
9. When an unexpected inventory check is conducted on the warehouses, the sample shall include a part of the inventory items that have a validity period.

E. Strategy of Inventory Item:

It is to determine the importance level of the inventory item and its continued availability in the warehouse despite the passage of the time period specified for considering them as an effective inventory.

F. Inventory Strategy Conditions:

The inventory item shall be considered of a strategic nature if the following conditions are satisfied:

1. Unavailability of such inventory item leads to the disruption of an essential asset or a vital work function in the Federal Entity.
2. Unavailability of such inventory item in the domestic market.
3. No alternative of such inventory item can be used.
4. There is an effective decision by the competent entities in the State requiring the availability of the inventory item permanently in the warehouse, such as some essential or vital medicines, or those on which the patient's life may depend despite the scarcity of their use.

G. The Importance of Determining the Strategic Nature of Inventory Item:

The importance of defining the strategy of warehoused inventory is as follows:

1. Identifying the affective inventory item in warehouses.
2. Identifying ineffective inventory items to be disposed of.
3. Following up on the availability of strategic inventory items with the Federal Entities (according to storage levels) and maintaining them.

H. General Rules on the Strategy of Inventory Item:

1. The strategy shall be determined by the technical entity using the inventory items.
2. The code indicating the strategy rather than the full term thereof shall be used when registering or completing a field (Strategy Code), which consists of one digit, e.g. (1) in the event of non-strategic inventory items and 2 in case of strategic items.
3. Strategic inventory items are considered affective items in warehouses.
4. When an unexpected inventory check is conducted on the warehouses of the government entity, the sample shall include a number of strategic inventory items and at least one ordinary inventory item from each warehouse.

V: Important Rules and Provisions:

1. It is important not to keep large quantities of inventory items having an expiry date, given the nature of such items in terms of their non-usability or non-utilization after expiry.
2. The inventory items shall be stored properly and under appropriate conditions so as not to be damaged, taking into account instructions of storage and guidelines recommended by the manufacturers of such items or the applicable statutes enacted by the regulatory bodies in the State, in addition to what is provided herein.
3. The separation of chemicals and fertilizers from the rest of the materials shall be applied, and they shall be kept at an appropriate temperature to prevent damage.
4. It is necessary to observe the conservation of medicines and substances requiring conservation at a particular temperature in the designated places, with the need to take all necessary measures to control and monitor the temperature around the clock, and to keep the necessary reports for review when necessary.
5. The classification of inventory items into homogeneous groups shall be performed according to their nature or use, and the arrangement of such items in the same place, within the warehouse for easy access.
6. Each inventory item shall bear a distinctive code number for such inventory item.
7. The labels of the barcode number shall be placed in a visible and easy-to-access location according to specific and fixed criteria.
8. The size of inventory items and the storage space required to maintain and optimally distribute them at the available storage space shall be observed, so that adequate quantities of all items are maintained.
9. In case the procured items carry a technical number, it shall be added to the label number when the item is defined, in order to facilitate the process of reordering in the future. The same also applies to the global code (bar code).
10. Inventory items received shall be kept at a separate area until the receipt procedures are completed [quality and quantity check, and general status of the item].
11. No inventory items may be dispatched except on the basis of original documents in accordance with the applicable procedures.
12. Inventory items shall be dispatched on a first-in first-out basis in order to ensure that newly purchased materials are present in the warehouse, and to minimize the risk of

expiry or obsolescence of inventory.

13. Inventory Valuation:

The inventory shall be valued at the average historical cost on a first-in, first-out basis, or based on the net realizable value; whichever is less. The cost includes the procurement price plus the cost of all the expenses and costs paid for bringing the inventory items to their current location and status. The cost includes the procurement price, shipping expenses, insurance expenses during shipment, loading and unloading expenses and others. Net realizable value is the estimated selling price in the normal course of operations less estimated costs of completion and estimated costs required for the sale, exchange or distribution.

On the other hand, the cost of inventory acquired through a non-reciprocal transactions is measured at fair value on the date of acquisition.

14. Zero Inventory Principle "Just In Time"

This principle shall be applied as far as possible in order to maximize the effectiveness of operations and to reduce the working capital associated with the inventory. Hence, the Federal Entities are advised to establish strategic working and cooperation relations with the major suppliers, so as to reduce the time required to order the inventory items as well as the quantity required in each order, and to receive the inventory items required in a timely manner that is commensurate with its requirements and needs. Also, the Warehouse Department's Responsible Officer shall use effective control management means and find ways and means to implement this principle, thus maintaining the minimum required inventory and making the supplier bear the largest cost of inventory storage.

15. Reorder Point (ROP)

- a. The inventory is managed on the basis of the ROP set for each item on a case-by-case basis, so that the item shall be reordered when the quantity available in the warehouses goes down up to such point.
- b. The purpose of determining the ROP is to ensure that a sufficient quantity of inventory is available in the warehouses to meet the needs of the requesting Organizational Units over any period of time, taking into account not to keep redundant quantities.
- c. The Warehouse Department's Responsible Officer shall review the ROP of the different items on a monthly basis, based on the inventory movement reports, previous experience in this regard, and future expected activities, and the necessary amendments

shall be performed accordingly.

16. Inventory Checking:

- a. A comprehensive, actual inventory check of stock on hand shall be conducted at least once within the fiscal year.
- b. Actual inventory discrepancies shall be adjusted with the inventory records, and accounting entries required to adjust such discrepancies shall be made after its verifying and explaining their reasons.
- c. A partial inventory check shall be conducted before preparing the needs budget of materials and items for the coming year, in order to verify the quantity and status of materials and items of high value or which account for a high percentage of the capital invested in the inventory.

17. The database of warehouses system shall contain the following information:

- The Federal Entity's Name and Identification Number.
- Warehouse Name - By Location.
- Supplier's Name.
- Name and description of inventory item.
- Inventory item Number.
- Barcode.
- Inventory Classification (agricultural, construction, electrical, spare parts, etc.).
- Inventory Item Type.
- Measurement Unit (carton, box, piece, meter, liter, kg, etc.).
- Storage area (row and shelf number).
- The procurement cost (The procurement price of the unit in dirham "AED").
- Inventory Value in dirhams.
- Date and Number of purchase order or supply contract.
- Date and Number of inventory order.
- Name of Organizational Unit requesting the materials or items.
- Receipt Date by warehouses, showing the details of the LPO.
- Receipt Note Number.
- Inventory dispatched from warehouses (Dispatch or Transfer Notes Numbers).

- Available inventory quantity.
- The maximum and minimum level and quantity to be kept for each item.
- Reorder point, while showing the average grace period required for reorder.
- Quantity required to be reordered (economic quantity).
- The quantity ordered.
- Expiry date of the inventory items (for items with expiry date or perishable items).
- The invoice or delivery note number of the supplier.
- Information about the source of inventory items (the name of the certified main supplier - especially the agents).

18. Inventory Movement Reports

Through the e-warehouse system, several daily, weekly, monthly and annual reports on the movement and balances of inventory can be obtained in terms of their quantities, values and status, provided that such reports shall contain the following details:

- Date.
- Warehouse Name.
- Material / Item Name.
- Item number or barcode.
- Storage location (shelf number).
- Opening Balance of the item (number + value).
- Quantity of items received during the period and their value in AED.
- Quantity of items dispatched during the period and their value in AED.
- Quantity of internally transferred items (Between different warehouses belonging to the same Federal Entity) during the period and their value in AED.
- Quantity of items rotated through inter-departmental exchange at the level of different Federal Entities during the period and their value in dirhams.
- Current Balance of the item (number + value).
- Inventory Turnover Ratio

19. The e-warehouse system can only be accessed through a username and password. It is the responsibility of the user to maintain his own password and not to disclose it to others, in order to ensure the confidentiality of information security.
20. All documents relating to the receipt, dispatch and transfer of inventory items shall be extracted from the system.
21. The Warehouse Department's Responsible Officer shall ensure that the following basic documents are kept in place, in order to facilitate the management and control of inventory movement:
- LPO - from the Procurement Department.
 - Invoice or Delivery Note - from the Supplier.
 - Inventory Receipt Note (from the supplier or returned from the Department requesting the inventory items).
 - Inventory Order Request - from the Organizational Unit requesting the inventory items.
 - Inventory Dispatch Note.
 - Inventory Transfer Note (from warehouse to another).
22. The warehouses shall be kept clean and arranged in an organized and logical manner, in accordance with the safety and security measures and instructions.
23. Security and safety standards and measures shall be observed in warehouses and all their contents shall be insured.
24. An adequate level of warehoused inventory items shall be retained to meet the day-to-day requirements of Organizational Unit requesting the inventory items, taking into account that the inventory items do not become redundant.
25. The warehoused inventory items shall remain separate from each other.
26. Warehouse Security and Safety:
- a. Warehouses shall be tightly closed after working hours and on holidays.
 - b. The Warehouse Department's Responsible Officer shall create documented arrangements that allow the warehouse to be opened in the absence of the Warehouseman or if he is off duty.
 - c. The approval of the Undersecretary concerned or his authorized representative of such arrangements shall be obtained before being implemented.

27. Inventory Turnover Ratio:

- a. $\text{Inventory Turnover Ratio} = \text{Sale Cost (Dispatched)} / \text{Average Inventory}$.

This ratio refers to the times of turnover or dispatch of inventory over a certain period, so that the higher such ratio is, the more effective and efficient is the use by the Federal Entity concerned of the available resources and good planning upon preparing the budget. The inventory items shall be used in the correct quantities and for the purpose for which they are dispatched from warehouses.

- b. The benefit is represented by computing the average duration of inventory presence in warehouses, which is the average period of inventory items' presence in the warehouses in days = Number of days of the period (365 in case of full year) or the inventory turnover ratio. The longer days of inventory items' presence in warehouses, the more inventory item or quantities not needed by the Federal Entity, and, therefore, such inventory items should be disposed of by way of rotation, sale or donation as soon as practically possible, especially if their use is limited to a validity date. This indicator is also useful upon reviewing the ROP and preparing the annual budget.
- c. An inventory Turnover Ratio report shall be added to the reports extracted from the e-warehouses system.
- d. Inventory turnover ratio can be increased through inventory items transfer and rotation.

Chapter Four

Receipt Procedures

I: Receipt Procedures:

The process of supplying the warehouses with inventory items takes place through the following:

1. Permanent Imprest.
2. Supply requests for which purchase orders or sales contracts are issued.
3. Letters of Credit.
4. Transfers and Returns of inventory items from other warehouses or from the Department requesting the inventory items.
5. Donations, Gifts or Samples (subject to transfer of their title deeds to the Federal Entity).

II: Receipt Procedures of Materials and Items

The Federal Entities must abide by the following procedures to complete the process of receiving materials and items that are supplied to the warehouses:

1. Provide safety standards and measures at the materials receipt area, and allocate separate space inside or outside the warehouses for that purpose.
2. Materials supplied (upon receipt) shall not be mixed up or integrated with those present in the warehouse.
3. Complete of the materials receipt procedures on the same day of supply, or on the next day, except for items examined by through the Examination and Receipt Committee.
4. In the event of temporary receipt, the Examination and Receipt Committee and the Warehouses Staff shall complete the technical examination and final receipt procedures within (5) five business days, and the supplier shall be notified of the time and place fixed for the examination and receipt process, so as to ensure his attendance or the attendance of his representative.
5. The Examination and Receipt Committee shall prepare a technical report indicating the conformity of the materials supplied with the conditions and specifications of the contract concluded with the supplier.
6. The material and items which are subject to technical examination shall be accepted or rejected, based on the result of the Technical Report issued by the Examination and Receipt Committee. Such technical report shall include the examined percentages, names, specifications and quantities of the materials and items, and the reasons for recommending the acceptance or rejection of the same.
7. Notify the supplier concerned of the technical examination result within (3) three business days from the date of receiving the report from the warehouses.
8. In case of materials or items whose acceptance is contingent upon chemical examination and analysis or on the basis of approved conditions and samples, a sample of the materials or items supplied shall be obtained after being stamping with the seal of the Federal Entity concerned and the seal of the supplier or his representative, and shall be sent to the chemical laboratory to match the results of their analysis with the analysis of the original sample for reference upon examination. The Chemical Laboratory's Certificate shall be one of the documents attached to the Receipt Note.
9. The Examination and Receipt Committee may, when necessary, accept materials, items,

works and services that do not conform to the agreed terms and specifications if they meet the required purpose, provided that the approval of the beneficiary is obtained and under a technical report in which the low quality ratio is indicated.

10. Check the materials received to ensure that they are safe, free from defects or damage before accepting them, provided that the quantity and quality of the materials received are matched against the purchase order and other documents.
11. Reject any inventory items whose validity period is less than one year at least from the date of receipt, and preparing a Rejection Note for such inventory items, but the following materials shall be excluded:
 - a. Fast Moving inventory items, provided that the period of the validity of such items is not less than (6) six months from the date of receipt.
 - b. Items whose validity is relatively short, such as fresh products.
12. Reject any materials that are damaged or not conforming to the required specifications, and documenting this status in the Inventory Rejection Note.
13. Reject any quantity exceeding the quantity specified in the Purchase Order unless a written approval of the Warehouse Department is obtained, provided that the free samples and quantities shall be excluded. In the event of a shortage in the number, quantity or weight of the items supplied, a report shall be drawn up to that effect and approved by the Warehouse Department and then sent to the Procurement Department for follow-up with the supplier, in accordance with the provisions and procedures referred to herein.

III: The Warehouseman's Obligations upon Receipt:

The Warehouseman shall comply with the following procedures upon receiving the inventory items:

1. To keep a copy of the approved purchase order for all the inventory items received, along with a copy of the supply order, and a copy of supply notice (delivery note) or the supplier's invoice in case of absence of the supply notice (delivery note).
2. To check, together with the warehouse personnel, and receive inventory items whose value does not exceed AED (55,000) – fifty five thousand dirhams - under the supervision of the Warehouse Department's Responsible Officer, and in the presence of a technical expert, if the nature of these items so requires.

3. To immediately clear the receipt area from the items checked and accepted, and to arrange them in the relevant designated areas.
4. To scan the inventory items received by the barcode reader so as to insert the details of items received on the e-warehouse system on the same receipt day, and to an Inventory Receipt Note of all items received, provided that the e-warehouse system shall only be used by the Warehouseman to register the receipt operations through his own username and password.
5. To print inventory receipt reports from the e-warehouse system on the same receipt day, and to send them to the Warehouse Department's Responsible Officer for review and approval.
6. To immediately clear the receipt area from the items checked and accepted, and to arrange them in the relevant designated areas.
7. The inventory items shall be arranged by expiry date from the oldest to the latest, so as to facilitate their dispatch.
8. The sizes and weights of inventory items shall be taken into consideration upon lifting the items in order to safeguard the health and safety of the warehouse personnel.

IV: Security of the Receipt Area

The receipt area of inventory items shall be separated and kept away from the entry and exit points of staff, as far as possible. In addition, the receipt area shall be monitored by the security guards, either by their personal presence or by surveillance cameras around the clock.

V: Inventory Receipt Note

The Inventory Receipt Note shall contain the following information:

1. Federal Entity's Name.
2. Warehouse's Name or number and the location, if any.
3. Serial number of the note (Automated).
4. Inventory receipt date by the warehouses.
5. Supplier's Name.
6. Reference document - Purchase order number, procurement contract number and the supply order number, if any.

7. Reference document - The supply note number (delivery note), or the supplier's invoice number.
8. Item code for each item received.
9. Name and description of the items received.
10. Measurement unit.
11. The quantity received.
12. excess or shortage (surplus represents free samples).
13. Expiry Date of the Item, if any.
14. Activity number.
15. Activity Name.
16. Name and signature of the recipient.
17. Name and signature of the competent approval authority.
18. In case of an Initial Receipt Note, name and signature of the supplier or its representative shall be added.

VI: Receipt Dates:

1. In order to organize the inventory receipt process, it is preferable for each Federal Entity to establish its own policy specifying the days or the hours of inventory receipt, provided that the suppliers are formally notified of the same.
2. The Federal Entity's policy regarding the dates of receipt shall be determined through a circular issued by the Undersecretary concerned and disseminated to all warehouses affiliated to such Entity in addition to the suppliers.
3. The extent of appropriateness of scheduled shall be periodically reviewed so as to be amended for the benefit of the work.
4. In all cases, the urgent shipments ordered for urgent supply or procurement and which are received on any business day shall be received upon arrival.

VII: Receipt Procedures:

The following procedures shall be followed to complete the receipt process of the inventory items supplied or transferred:

a. The supplied items that do not require technical examination:

In case the supplied or transferred items do not, by their very nature, require technical examination, they can be received by the Warehouseman under the supervision of the Warehouse Department's Responsible Officer or the Examination and Receipt Committee, according to the following procedures:

| S.N. | Description / Procedure | The Responsible Body |
|------|---|--|
| 1 | <p>Checking, comparing and matching the data of the supplied or transferred items against the copy of procurement order, the delivery note or the invoice of supplier or an inventory transfer note as follows:</p> <ul style="list-style-type: none">— Examine and check the items received to ensure that their type and specifications (type, weight, volume, size, color, country of manufacture etc.) are matching with the data of the purchase order or the transfer note and samples, if any.— Count all items and match them against the ordered quantity.— Ensure that the items received are free of any defects or damage.— - Check the expiry date and abstain from receiving any items that violate the Government Procurement Policy. | The Warehouseman / the Examination and Receipt Committee |
| 2 | Refuse to receive any items that do not conform to the specifications, so that the refusal reasons shall be documented in an Inventory Rejection Note to be signed by stakeholders and returned | The Warehouseman, the Examination and Receipt Committee and the Supplier |

| | | |
|---|---|--|
| | to the supplier. | |
| 3 | Sign and stamp of the invoice and delivery note of supplier or the transfer note, in case they match with the items received, indicating the receipt of items, while indicating the receipt date. | The Warehouseman and the Examination and Receipt Committee |
| 4 | Affix the barcode of items that bear no label, and then use the barcode reader to scan the items received and insert their details into the e-warehouse system (to update the system with the items received automatically). | The Warehouseman |
| 5 | Print an Inventory Receipt Note from the system in one original and three copies on the same receipt day. | The Warehouseman |
| 6 | Sign and approve the Inventory Receipt Note on the same date of receipt, in accordance with the provisions and procedures applicable at the Federal Government. | The Warehouseman, Warehouse Department's Responsible Officer, or the Examination and Receipt Committee |
| 7 | <p>The Inventory Receipt Note shall be disseminated as follows:</p> <ul style="list-style-type: none"> — The Original copy: To the Financial Affairs Department (for payment with invoice or delivery note). — First copy: For the Supplier. — Second copy: To the Procurement Department. — Third copy: To the Warehouse Department. | The Warehouseman |

- b. The supplied items that need technical examination before receipt: In case the supplied items require specialized technical inspection prior to their receipt and admission to warehouses, the following procedures shall be followed:

| S.N. | Description / Procedure | The Responsible Body |
|------|---|---|
| 1 | If the supplied items are of a type that can be technically examined and inspected at the same place and on the same day of receipt, the inspection, examination and receipt process must be completed in accordance with the procedures mentioned in the first case above, with the need to draw up a technical examination note or report to be attached with the Receipt Note. | The Warehouseman, the Committee and the Technical Expert. |
| 2 | <p>In event that the technical expert is not available, or where the technical examination and inspection of items requires a period of time, a temporary Receipt Note must be issued in one original and three copies and disseminated as follows:</p> <ul style="list-style-type: none"> — The original copy: To the Warehouse Department, and shall be sent with the rest of documents for payment. — First copy: For the Supplier. — Second copy: For the Procurement Department (for follow up with the warehouses). — - Third copy: For the Department requesting the materials or items (for follow up with the warehouses). | The Warehouseman, the Committee and the Technical Expert. |
| 3 | The supplied items shall remain isolated at the receipt area in the custody of the Warehouseman until their technical inspection and examination is | The Warehouseman |

| | | |
|---|--|---|
| | completed, and a final Receipt Note is issued thereon. | |
| 4 | <p>Taking the necessary actions to conduct the technical examination as follows:</p> <ul style="list-style-type: none"> — Actual inspection and examination of items by the Competent government entity, as the case may be, provided that the Technical Expert is from within the Federal Government. — Laboratory examination by specialists (outside the Federal Government Entities). — For conducting any other technical examinations, as the case may be. | Examination and Receipt Committee |
| 5 | <p>a. Obtaining an approved technical report from the Entity concerned it in one original and three copies, summarizing the examination result clearly, and indicating whether the supplied materials meet the required specifications or not, and the examination report shall be disseminated as follow.</p> <ul style="list-style-type: none"> — Original copy: To the Financial Affairs Department (For payment with other documents) — First copy: To the Procurement Department. — Second copy: To the Supplier — Third copy: To the Warehouse Department (To be attached with the Final Receipt Note) <p>b. In case the items examined do not conform to the required specifications, the following shall actions be taken:</p> | The Warehouseman, Examination and Receipt Committee |

| | | |
|---|---|---|
| | <ul style="list-style-type: none"> Rejecting the items and returning them to the supplier in coordination with the Procurement Department. Preparing an Inventory Rejection Note containing the rejected items. In case the items examined conform to the required specifications, the items receipt procedures shall be completed. | |
| 6 | Printing an Inventory Receipt Note from the system in one original and three copies. | The Warehouseman |
| 7 | Sign and approve the Inventory Receipt Note. | The Warehouseman, Examination and Receipt Committee |
| 8 | <p>The Inventory Receipt Note shall be disseminated as follow:</p> <ul style="list-style-type: none"> The Original copy: To the Financial Affairs Department (For payment together with delivery note or invoice. First copy: To the Supplier. Second copy: To the Procurement Department. Third copy: To the Warehouse Department. | The Warehouseman |

VIII: Coordination with the Procurement Department:

After completion of the delivery process, the Warehouse Department's Responsible Officer shall send a cover letter containing all documents relevant to the items received to the Procurement Department within (3) three business days, in order to be attached with the other documents of the procurement transaction, and then sent to the Accounting Department be processed and the Supplier's entitlements be paid. Such documents shall include the following.

1. The original approved inventory delivery note (initial and final);
2. The original approved Technical Report (as appropriate);
3. Received Inventory Report, if more than one operation is completed during the period.
4. The supplier's delivery note – approved, stamped and dated.
5. The supplier's invoice – only in case there is no delivery note.
6. Any other relevant documents as appropriate.

IX: Items Supplied without Invoices:

In case the supplier's invoice is not received when the items are supplied, the Procurement Department shall be notified of the same, by adding a note in the cover letter. When the invoice is received later, it shall be sent to the Procurement Department to be enclosed with the rest of the documents, and then the transaction shall be sent to the Financial Affairs Department.

X: Partially Supplied Items

When the supplier supplies the required items partly, the Warehouse Department shall notify both the Financial Affairs Department and the Procurement Department of the same, and providing the following actions shall be taken.

1. Receiving and examining the partially supplied items according to the procedures referred to above.
2. Notifying the Procurement Department of the shortage of items required to be supplied, in order to follow up on the matter with the supplier in accordance with the provisions hereof.

XI: Cases of Supply Failure

In case the supplier fails to supply any of the items required in a timely manner, the Warehouse Department's Responsible Officer shall immediately notify the Procurement Department of the same, in order for the latter follow up with the Supplier in accordance with the provisions of this resolution.

XII: Receipt of Returned Items

In case the materials or items are returned from the requesting organizational Unit for any reason, the following procedures shall be followed:

1. Preparing an inventory return request to be approved by the assistant undersecretary or his authorized representative, in order to document the number and status of items to be returned and the reasons for return.
2. The same receipt procedures shall be applied in terms of examination, audit and counting to ensure that the quantity returned matches with the return request, and to document their status at time of receipt.
3. The Warehouseman shall update the system with the items returned and extract a Returned Inventory Receipt Note.
4. Materials and items returned shall be added to the balance of each item or material according to their status at time of receipt (new, used, damaged).
5. Returned items shall be recorded in the same value as previously dispatched.
6. The procedures referred to in the preceding clauses shall be applied regarding the disposal and replacement of materials and items.

Chapter Five

Dispatch Procedures

I: Procedures for Dispatch of Materials and Items

1. The process of dispatch of materials and items shall follow the following procedures:
2. The inventory dispatch request shall be signed and stamped on the date of receipt by the warehouses.
3. Completing the dispatch process accurately no later than two business days from the date of receipt of the inventory dispatch request.
4. Documenting all dispatch operations using an inventory dispatch or transfer note.
5. The Warehouseman shall keep a copy of the approved dispatch request for all items dispatched.
6. The items shall be dispatched according to their expiry date from the oldest to the latest, to ensure minimization of damaged and obsolete items.
7. The dispatch shall be made from the quantities received first, to ensure minimization of

damaged and obsolete items.

8. No expired items may be dispatched unless there is a written approval from the Dispatch Requesting Department, acknowledging therein that there are no adverse effects or losses that may result from the use of such items.
9. The Warehouseman is responsible for the dispatch of inventory under the supervision of the Warehouse Department's Responsible Officer.
10. The Warehouseman shall scan the materials dispatched by the item barcode reader, so as to insert the details of the items dispatched on the e-warehouse system on the same day of dispatch, and to print out an inventory dispatch or transfer note showing all items dispatched.
11. The Warehouseman shall print out inventory dispatch reports from the e-warehouse system on the same day of dispatch. They shall be sent to the Warehouse Department's Responsible Officer for review and approval after being matched against the inventory dispatch requests.
12. The use of computer system for recording the dispatch or transfer of items shall be limited to the Warehouseman through his own username and password.
13. All items dispatch operations must be recorded on the computer system.
14. The size and weights shall be taken into account when lifting the items, in order to safeguard the health and safety of the warehouse personnel.

II: Inventory Dispatch Request:

1. An Inventory Dispatch Request shall be prepared by the organization unit requesting the materials or items.
2. The Inventory Dispatch Request shall be signed by the Responsible Officer of the Organizational Unit requesting the materials or items.
3. The Inventory Dispatch Request consists of one original and several copies to be disseminated as follows:
 - The original copy: To the Warehouse Department
 - Copy: To the Requesting Entity (for monitoring and follow-up)
4. Warehouses shall be given a sufficient time limit (2 days) to complete the dispatch process, except for urgent requests.

III: Inventory Dispatch Procedures:

The following procedures shall be followed to complete the process of dispatch of inventory items from the warehouse:

| S.N. | Description / Procedure | The Responsible Body |
|------|---|--|
| 1 | Ensure that the Inventory Dispatch Request is duly approved. | Warehouseman |
| 2 | Check the system to make sure that the quantities of items required are available in the warehouse. | Warehouseman |
| 3 | Prepare the items required to be dispatched by bringing them down from the shelf and bringing them together in one place. | Warehouseman |
| 4 | Examine the items required to be dispatched to ensure their validity and that they are free of any defects or damage and conforming to the types and specifications specified in the inventory request. | Warehouseman |
| 5 | Count, weigh or measure the items to be dispatched, and make sure that they match with the quantities specified in the inventory request. | Warehouseman |
| 6 | Use the barcode reader to scan the items to be dispatched and enter their details on the computer system (to update the system with the dispatched items automatically). | Warehouseman |
| 7 | Print an inventory dispatch note from the system in one original and two copies on the same day of dispatch. | Warehouseman |
| 8 | Sign and approve the Inventory Dispatch Note on the same date of dispatch according to the | Warehouseman and the Receiving Warehouse |

| | Table of Authorities. | Officer |
|----|---|--------------|
| 9 | <p>Disseminate the Inventory Dispatch Note as follows:</p> <ol style="list-style-type: none"> The original: To the Department requesting the materials or items (to the recipient). First Copy: To the Warehouse Department's Responsible Officer (for monitoring and follow-up). Second Copy: Warehouseman –Archive | Warehouseman |
| 10 | <p>The Inventory Dispatch Note shall indicate the following information:</p> <ul style="list-style-type: none"> — Warehouse Name. — The serial number of the Inventory Dispatch Note. — Name of the Department requesting the materials or items. — Date of Dispatch. — Code and Description of the inventory item. — Reference number of the inventory dispatch request. — Measurement Unit. — The quantity required, the quantity dispatched and the date of expiry, if any. — Signature of the Responsible Officer of the dispatch process. — Name and signature of the recipient of the inventory items. — Any other data that may be necessary. | Warehouseman |

IV: Dispatch Dates from Warehouses

1. A circular shall be issued by the undersecretary concerned or his authorized representative to fix the dates of dispatch of materials from the warehouses of the Federal Entity.
2. Each Federal Entity shall fix the dispatch dates it deems appropriate for the nature of its work, in such a way as to ensure the smooth workflow and not to overburden the warehouses with urgent dispatch requests.
3. The circular shall be disseminated to all entities concerned.
4. The appropriateness of scheduled dates shall be periodically reviewed to be amended for the benefit of the work.
5. In all cases, emergency and immediately dispatched requests shall be exempted from the above requirements.

Chapter Six

Control Procedures

I: Storage of Inventory Items:

Warehousemen shall be trained and educated on the rules and procedures to be followed for storing the inventory items properly, according to the type and quantity, so that these items are not vulnerable to damage, breakage, scratch, loss, mix up or overlapping. The following are the main rules and procedures for storing inventory items.

1. Storing the items in roofed warehouses for protection from sun and humidity.
2. Storing the items over wooden pieces to protect them from ground humidity and the infiltration of rainwater.
3. Not to store the items under direct sunlight to avoid their exposure to extreme heat, except in the case of non-affected items, such as reinforcing steel and iron angles pieces.
4. Arranging each item individually to facilitate the process of receiving, sorting and inventor checking.
5. Making spaces and corridors within the warehouses to facilitate handling and count of items.
6. Avoiding rainwater and water leakage by covering the items with special covers during

the rainy season.

7. Abiding by the safety procedures and equipping the warehouse with fire extinguishers, and forbidding smoking inside the warehouse, and taking other safety measures.

II. Inventory Quantity:

1. The Warehouse Department's Responsible Officer shall ensure that appropriate quantities of materials and items are maintained to meet the needs of the organizational unit requesting the materials, while reducing the value of the capital invested in the inventory to the minimum level.
2. The quantity of inventory items shown in the inventory records on the e-warehouse system shall match with the actual quantities in warehouses. In case of any abnormal discrepancies, they shall be adjusted after investigating their reasons.

III. Unusable Inventory Items:

1. The Warehouse Department's Responsible Officer shall submit monthly reports to the Undersecretary concerned or his authorized representative, supported by statements of unusable inventory items located in the warehouses under his supervision.
2. Unusable items including all redundant items of the Federal Entity or those no longer needed.
3. The unusable inventory list shall include the following:
 - New unused items.
 - Used items.
 - Obsolete items.
 - Damaged items.
 - Slow-Moving items.
 - Items about to expire within six (6) months.
 - Expired items.
4. Coordination shall be performed between the Federal Entity concerned and the competent employees in this regard, regarding the disposal of convertible or rotatable items.

5. The competent employees of the Ministry shall direct the Federal Entity concerned, which has unusable inventory, to dispose of and rotate the same through the following actions:
- a. Making a vertical interdepartmental exchange, through which all sub-entities of the concerned Federal Entity are recommended to take advantage of unusable materials instead of procuring similar items, and to notify the competent staff in the Ministry within two months of the actions taken for follow-up and validation, for example: medical and educational areas in the same emirate and in the same geographical area, hospitals or schools affiliated to it.
 - b. Making a provincial interdepartmental exchange of the remaining items exceeding the need of the main entity and its affiliated bodies, so that each main entity will instruct any other main entity belonging to the same Federal Entity in the same emirate but in a different geographic area, to choose the necessary items they need from among the unusable items, and to notify the competent staff in the ministry within two months of the taken actions to monitor the situation in light of the same, for example: medical directorates in the same emirate.
 - c. Making a general interdepartmental exchange, in which the competent staff of the Ministry shall disseminate the remaining items in excess of the need of the Federal entity and its affiliated bodies after the provincial and graphical exchanges are made, and all federal entities shall choose the needed items instead of procuring new ones within a timespan not exceeding two months.

Delivery of Sold Materials or Items:

The following procedures shall be followed by the Federal entities for the delivery of the sold materials or items whose full value has been paid:

- a. The Sale Committee shall deliver the Sale Report attached with the contracts concluded with the buyers and copies of the revenue receipts to the Financial Affairs Department, for the latter to issue an inventory dispatch request in one original and two copies.
- b. The Inventory Dispatch Request shall be disseminated as follows:
 - Original copy: To be delivered to Warehouseman to hand over the sold materials or items and issue an inventory dispatch note.

- First copy: To be delivered to the buyer to receive the inventory according to which.
 - Second copy: To be kept with the competent organizational unit to be attached with the inventory dispatch note received from the Warehouseman after delivery.
- c. When the buyer receives the items or materials, the Warehouseman shall issue an inventory dispatch note in one original and two copies. The buyer shall sign the inventory dispatch note in acknowledgment of receipt.
- d. Inventory Dispatch Note shall be disseminated as follows:
- Original copy: To be sent to the Financial Affairs Department to be kept in the auction file.
 - First copy: To be delivered to the buyer
 - Second copy: To be kept with the Warehouseman to document the disposal of unusable materials and to update the inventory records.

IV. Disposal Procedures of Inventory Decided to Be Donated:

The federal entities shall follow the procedures set out below for the disposal of inventory items decided to be donated:

1. The Inspection Committee shall prepare a detailed statement of the inventory items that can be donated and shall be submitted to the Undersecretary concerned.
2. The Undersecretary concerned shall review and approve the final statement of the inventory items to be donated and give instructions thereon indicating donation method, the name of the beneficiaries and the share of each beneficiary.
3. The Sale Committee shall, in coordination with the Warehouse Department, prepare a dispatch note in the name of the beneficiary, including a list of the donated items, and the same shall be approved by the Undersecretary concerned or his authorized representative.
4. The Sale Committee shall coordinate with the donation beneficiary to attend the delivery area.
5. The donated items shall be delivered to the beneficiary under the supervision of the Sale Committee, and in the presence of the Warehouseman and the Responsible Officer of

the Warehouses Department or his representative, provided that the dispatch note of inventory shall be signed by all parties.

6. The Warehouseman shall issue an inventory dispatch note in one original and two copies upon delivering the materials or items to the beneficiary. The representative of the beneficiary shall sign the inventory dispatch note in acknowledgment of receipt.
7. The Inventory Dispatch Note shall be disseminated as follows:
 - The Original Copy: Shall be sent to the competent organizational unit of the Federal Entity concerned to be kept in the file of the transaction.
 - First copy: shall be delivered to the representative of the beneficiary.
 - Second copy: shall be kept with the Warehouseman to document the disposal of unusable materials and to update the inventory records.

V. Inventory Check

Inventory check of warehouse refers to the examination and count all quantities of inventory items and materials stored in the warehouses either periodically or within a specified period of time, by way of counting, weighing or actual measurement and then matching them against the balances of inventory documented in the records, and to document and process any shortage or surplus.

A. Importance of Inventory Check:

The importance of conducting inventory check is to achieve the following objectives:

1. Ensuring the integrity of warehoused inventory quantities and taking the necessary measures in case of detecting discrepancies, whether shortage or surplus.
2. Preventing tampering with inventory items, whether by theft or manipulation.
3. Detecting stagnant or damaged inventory.
4. Computing the inventory's value to be recorded in the final account (financial statements), to accurately reflect the financial position of the federal entity on the one hand, and of the federal government on the other hand.
5. Identifying the strengths and weaknesses of the inventory control system and procedures.
6. Assisting in evaluating and assessing a provision for damaged and slow-Moving Inventory.

B. Inventory Check Types:

1. Comprehensive Inventory Check (Annual):
2. It is an inventory check covering all items in various locations at the level of the government as a whole at one time and within a specified time period. Typically, this inventory check is conducted at the end of each year. Unexpected inventory check (partial):

It is an inventory check that covers some inventory items unexpectedly and on unscheduled dates, leaving each federal entity to identify the inventory items to be checked, the dates and frequency of inventory check within same the fiscal year. The Warehouseman shall be ready to deal with any inventory check or inspection of the warehouse, so that the inventory items in his custody must be organized and arranged in such a way that facilitates their count and check.

C. Inventory Check Procedures:

The following procedures shall be applied to properly perform the annual inventory check:

1. Issuing an annual circular on inventory check.
2. The date of start and end of the inventory check must be fixed.
3. Forming a committee to carry out the inventory check.
4. The Inventory Committee shall receive the inventory records at the inventory check location, provided that such records do not contain actual quantities.
5. Monitoring and controlling the processes of receipt and dispatch from the warehouses.
6. Conducting an actual and comprehensive inventory check of all materials and supplies existing in the main warehouses, sub-warehouses and work premises in all federal entities.
7. The inventory check shall be carried out under the supervision of the Warehouse Department's Responsible Officer or the like, and in the presence of the Warehouseman throughout the inventory check period.
8. Completing the inventory check within two weeks, provided that all works of the inventory committees shall end by December 31 each year.
9. The committees shall be responsible for checking the inventory in warehouses and work premises only. This shall not include the checking of fixed assets; e.g. furniture, equipment, office fixtures and others.
10. Determining how to deal with discrepancies between inventory items.

11. Preparing a final report on the inventory check result, including the most important observations and recommendations.

D. Warehouse Inventory Check Procedures:

In order to carry out warehouse inventory checks efficiently and accurately, the inventory committee shall follow the following procedures:

1. Fixing balances of items to be checked in the item card.
2. Closing the warehouse doors (in case of annual inventory check only).
3. Preventing the receipt and dispatch of inventory items in the warehouse, except in cases where this is not permitted, as in such case, the dispatch of inventory items shall continue with prior written approval and with the knowledge of the inventory committee.
4. Checking all items and materials at once.
5. The inventory check shall be carried out by one of the members of the inventory committee counting the inventory items, while the other member shall record the count result in the inventory record.
6. Documenting the actual quantity of each inventory item in the field allocated thereto in the inventory record.
7. Using dry-ink pens to record the quantities checked, while avoiding write-offs. In case of write-off, this shall be done under the supervision of the Chairman head of the Inventory Committee.
8. Documenting the status of the materials and items checked, especially if they are damaged, broken or not in their ordinary status.
9. Agreeing upon a particular signs or colored stickers to be affixed on the inventory items checked.
10. Comparing and matching the actual check quantities in light of the statements against the balances recorded in the system for each item, after all the inventory check works are completed.
11. In case there are discrepancies between the inventory balances recorded on the system and those actually existing, the committee shall re-conduct the inventory check to verify the validity of quantities, by two members other than those who have conducted the initial inventory check, if possible. The discrepancies shall be documented if verified by the committee.

12. Identifying the causes of discrepancies and determining whether they are due to natural factors, dispatch without registration on the automat system, errors in recording, errors in weight or count, or due theft or damage resulting from negligence, and in the latter case, an investigation committee shall be composed to consider the matter.
13. Ensuring that the materials and items are classified and arranged in the warehouse in a proper manner that befits their type and nature.
14. Ensuring that the interiors and exteriors of warehouse and storage spaces are clean.
15. Ensuring that general safety means are available.
16. Ensuring that means of protection and security of the warehouse and stored materials are in place.
17. Observing the stagnant and redundant items and submitting appropriate recommendations thereto.
18. Observing the minimum and maximum inventory levels.
19. Signing the inventory check records and drawing up a an inventory check report stating that the materials and items listed in the statements have underwent an actual inventory check. For each inventory check proven to be a fictitious one, the committee members responsible for the same shall be disciplinarily punished. The Warehouseman shall sign the inventory check lists to validate the contents of the check reports.
20. Preparing a final report supported with the necessary statements on the inventory check results, and indicating the concurrence or non-concurrence of materials and items checked, including all the observations, violations and recommendations the committee finds appropriate to solve this issue, especially the following:
 - Errors in the description or classification of materials and items.
 - Poor status of materials and items, or insufficient procedures of their storage.
 - Errors that happened on the registration in the automated system.
 - Materials that require a special control.
 - Stagnant materials in light of inventory check lists.
 - Materials that have expired.
 - Any recommendations deemed appropriate by the committees to avoid mistakes

and smooth away the obstacles.

21. The Warehouse Department's Responsible Officer or his designee shall sign a declaration to be enclosed with the Inventory Check Records at the end of the inventory check process, confirming that all materials existing in all the warehouses under his supervision have been actually checked, that there are no materials or items not covered by the inventory checked, and that there are no remaining items in warehouses that are unusable and that any such unusable items have been referred to the Undersecretary concerned for disposal.
22. The Federal Entity shall keep the approved annual, comprehensive inventory check lists and the reports attached thereto in a special file for reference when necessary.

E. Inventory Check Discrepancies:

1. The Chairman of the Inventory Committee shall draw up a statement summarizing the materials that have discrepancies (excess or shortage) in light of the inventory check records.
2. The Chairman of the Inventory Committee shall investigate and document the causes of any discrepancies (excess or shortage) that appear as a result of the actual inventory check, including explanations and justifications of the Warehouseman.
3. The amount of shortage shall be fully stated for each material or item on a case-by-case basis, without reducing any of its amount against the excess detected in other similar materials and items. The amount of excess shall not be relied upon to reduce the amount of shortage unless there is a detected error in recording the items received or dispatched from material under an administrative certificate to be issued by the inventory committee. Otherwise, the value of shortage shall be collected from the Warehouseman at its original price or the market price; whichever is higher.
4. Excesses that have appeared in a former inventory check may not be used to cover any deficiencies that appear in a subsequent inventory.
5. In case of shortage resulting from the fragmentation of inventory dispatch, the dispatched quantities during the period between the last and current inventory check shall be shown in front of each material or item (in the inventory check lists), while showing the times of dispatch and the percentage of the shortage in the quantities dispatched during the mentioned period.
6. The items indicated to have been incomplete in the inventory check due to failure to

issue a dispatch note thereof at time of dispatch due to the omission, work pressure or otherwise shall be deemed actually incomplete, and their value shall be collected from the Warehouseman at their original price or the market price, whichever is higher.

7. The excess or shortage shall be adjusted once the inventory check is completed as follows:
 - The excess shall be added to the inventory balance under an Inventory Receipt Note, and a copy of the inventory check records shall be attached as a basis for the adjustment process.
 - The shortage shall be deducted from the inventory balance under an inventory dispatch note, and a copy of the inventory check record shall be attached as a basis for the adjustment process.

Chapter Seven

Safety, Prevention and Security

I: Safety and Security:

The Federal Government is seeking to provide all requirements and procedures to ensure providing the safety and security in the warehouses by focusing on three major elements:

1. Warehoused Materials;
2. Warehouse Buildings and Facilities;
3. Warehouse Personnel;

II: Guidelines and Instructions for Warehouse Safety and Security:

The procedures necessary for the warehouses protection and prevention are as follows:

A. Protection of warehoused materials:

Each Federal Entity shall design and test the security and safety program applied in the warehouses affiliated thereto, to ensure its effectiveness in protecting the warehoused materials from the factors that may cause their damage, taking into account the following:

1. Protection of materials from weather conditions such as rain, humidity, heat of the sun and dust. In this case, the precautions should be taken by providing blankets, umbrellas and using of appropriate containers.

2. Fire protection for materials.
3. Protection of materials from insects, germs and mice, and in this case, pesticides should be used, taking into account their non-impact on stored materials, especially foodstuffs, as well as the proper selection of places, warehouse facilities and protective containers against these considerations.

B. Fire Hazard Prevention Guidelines

Procedures and Programs of the warehouses protection from the Fire are as follows:

1. Observing prevention and safety considerations upon designing the warehouses and their interior design, using heat-insulating and non-flammable substances, and the warehouse should have more than one exit.
2. The materials should be classified according to their nature, characteristics and implementing the written instructions on their packages, and its homogeneity shall be observed upon storage, whereas each distinct type of material is stored separately, so that it is easy to identify the appropriate firefighting methods that are suitable for the type of the stored materials.
3. proper arrangement should be observed upon storing the materials by clearly marking the locations of the packages on the floors, and they shall be adhered to on an ongoing basis.
4. The shelf height should not reach the level of the roofs and there should be at least three feet between the top of the package and the roof.
5. Materials that cause fires when they come into contact with other combustible materials should be stored in separate places.
6. Materials that interact with water, such as sodium, potassium and aluminum powder, should be kept in tightly sealed containers that do not allow water to enter inside, and should be isolated it from other materials.
7. Sodium, potassium, calcium and yellow phosphorus should be kept under the appropriate liquid surfaces to prevent their self-combustion simply because they are exposed to air.
8. It is strictly forbidden to smoke inside warehouses, with strict emphasis on the implementation of this with all rigor, and the warning signs of this are placed in a conspicuous place.
9. Insulation of flammable substances.

10. Providing rapid alarms devices and connecting it with the control room at the nearest civil defense center to ensure that the specialized teams in the civil defense are informed of the fire location, thus ensuring their rapid transmission to extinguish the fire.
11. Providing the escape outlets as well as equipping the warehouses with modern firefighting devices and equipment that suitable the allocated spaces to them and the materials quality to be stored, the warehouses of chemicals substances shall be equipped with an automatic fire extinguishing system, since they have a high degree of risk, with the need to examine and maintain all the firefighting equipment periodically.
12. Security and prevention instructions and training on them should be disseminated to employees, while the guide instructions on how to use fire extinguishers and how to act in cases of fire, the escape routes and evacuation operations upon emergency shall be posted in visible place, so that they are easily identified and memorized as a result of being viewed continuously.
13. All electrical connections and equipment inside the warehouses must be installed in accordance with the technical terms and specifications that ensure the warehouses safety from the fire risk, and no amendments or additions thereto are allowed except under the supervision of the electricity officers.
14. Periodic inspection of electrical equipment and fixtures shall be carried out to ensure their safety in order to prevent the occurrence of any electrical sparks due to defects in the electrical installations.
15. Preventing the accumulation of wet wastes with oils, lubricants or flammable chemicals substances so as not to be flammable for any reason.
16. Not to use flammable substances for cleaning and degreasing.
17. The external walls surrounding the warehouses shall be with appropriate height to ensure that they are not climbing, as well as the building of a guard room at the main gate of warehouses, equipped it with safety equipment, the main fire alarm panel and a television surveillance system so that the guard can monitor the warehouses against fire or theft.
18. The floors should be suitable for the nature of the equipment used in transporting and storing the materials inside the warehouses.
19. First aid kits and devices must be provided in warehouses and placed it in a visible place inside a box.

20. Training the staff on firefighting and first aid methods.
21. Maintaining regular records of incidents, injuries and fires.
22. Insuring the property in warehouses and their employees against fires, disasters and other hazards, in accordance with the approved insurance policy of the Federal Government.

C. Proper methods for storage and handling of hazardous substances:

(1) Industrial Gas Cylinders and its storing methods are as follows:

1. The cylinder must be checked before storage and ensuring of its safety, as well as ensuring the existence of valves and regulators covers and not accept any cylinders without them, where the examination of the cylinders shall be conducted periodically throughout the storage period.
2. The cylinders must be handled with extreme caution and should be avoided its bumping into the ground or solid objects. The cylinders should not be handled with hands contaminated with oils or lubricants.
3. Air and gas compressed cylinders should be stored in vertical position, with the locker should be up.

(2) Chemicals Substances and Acids, Their storage methods are as follows:

1. The chemicals substances and acids should be distinguished as far as possible, by placing appropriate signs showing the contents of barrels or containers.
2. Acids and oxidizing substances should be stored in roofed warehouses, under umbrellas, or away from sunlight, and should be stored away from the flammable substances.
3. The following substances should be kept separately at all times, as they do not constitute a hazard if kept separate, but they may cause fires if they interact with other substances:
 - Chlorates should not come into contact with Sulfuric Acid or Potassium Cyanide.
 - Iodine should not come into contact with Ammonia salts.
 - Turpentine oil should not come into contact with iodine.
 - Magnesium alloys should not come into contact with Iodine or any alkaline substance.
4. Sodium nitrite should be stored away from other flammable and reduced substances or ammonium salts and not to be exposed to high temperatures.
5. Sodium chlorite must be stored in a dry place at a temperature of 15° C. The substance should not come into contact with any acid or flammable substances such as wood,

straw, grease, oils, as it is a powerful oxidizing substance and cannot be extinguished by water. Water can be used only to cool the package from outside and containers close to the flaming package, while it is strictly forbidden for such substance to be handled by hand or to come into direct contact with the eye, whether solid or liquid, because they cause chemical and thermal burns.

6. Soda chlorides should not come into direct contact, during handling or transportation, with any metal acids, reduced or flammable substance.
7. Utmost Care must be taken upon storing the hydrochloric, nitric and sulfuric acids because they are liquid chemical substances with special properties.
8. Hydrochloric acid should not be stored next to nitric acid or any other strong oxidant substance.
9. Nitrates should be stored in a dry and independent place away from the organic materials or flammable substances.
10. Chromic acid should be stored away from alkaline, reduced or flammable substances due to its acidic and oxidizing properties, while personal prevention precautions should be observed because it is a toxic and skin-detrimental substance, which may lead to serious infections if they reach the respiratory or digestive system.
11. Flammable substances should be stored in cool places away from electrical sources or thermal sparks.
12. Touch, smell, and taste senses should not be used to identify the stored chemicals substances.
13. It is necessary to use sand or dust to absorb the acid spilled on the ground, because it is among the most appropriate means safety perspective, and spilled acids on the ground should be treated with sufficient quantities of lime saturated with water or by an alkaline substance because they are from the appropriate means to be followed.
14. Sulfuric acid should not be stored with nitric acid or any liquid chemicals substance with evaporation property, or containing oxidizing elements such as peroxide and its derivatives.
15. Prompt action should be taken in case of spillage of any flammable substance on the clothes or any part of the body, and a stream of water must be used on the injury place, with the rapid disposal of contaminated clothes and keeping away from open flame places, so as to prevent the complication of injury and to reduce its severity.

16. Adequate ventilation should be provided inside the warehouses, because this ensures the safety of stored materials, while taking into account the continuous review of their industrial means.
17. The containers filled with incendiary chemicals substances should be put on plastic bases to prevent a fire cause.
18. The containers filled with heat-expanding materials should not be placed directly over each other, but should be placed on shelves to avoid their explosion.

D. The Protection of Warehouses from theft, represented by the following measures:

- Non-employees of warehoused should not be allowed access to warehouses.
- Providing safe warehouses with the least number of doors that do not facilitate the theft.
- Provide sufficient guards on warehouse buildings.
- Providing, maintaining and continuously testing electronic surveillance devices.
- Conducting the unexpected inventory check on an ongoing basis.
- The precious items should be kept in special safe places.

E. Protection of Employees from accidents and injuries, represented by following measures:

1. Using the personal protective clothing, such as headwear, gloves and footwear.
2. Creating barriers along the corridors, especially when there is an active movement within the warehouses.
3. Optimal use of the mobile equipment by the qualified employees.
4. Covering the slippery areas.
5. Placing color guide signs and posters to guide the employees and draw their attention to the hazard spots and places.
6. Abiding by the Civil Defense's guidelines.

III: Evaluation of safety and security programs:

After the Federal Entity provides the safety and prevention systems within its warehouses, it should evaluate how effective such systems are continuously, using the following measures:

A. Injury Frequency Rate:

The frequency rate of injuries which workers may be exposed to within the warehouses over a specified period shall be calculated using the following equation:

Frequency rate of injury = Number of injuries / Actual working hours of the employees
×1,000 hours.

B. Injury Intensity Rate:

In order to measure the injury severity rate which the workers may be exposed to inside the warehouses and the time lost as a result of such injuries, the following equation shall be used:

Frequency rate of injury = Number of absence days due to the injury / Actual working hours
of the employees ×1,000 hours.