
**BUSINESS ADMINISTRATION
SERVICES**
**Operate and administer inventory
systems**

level:	3
credit:	5
final date for comment:	September 2009
expiry date:	December 2010
sub-field:	Business Administration
purpose:	People credited with this unit standard are able to: explain the nature and function of inventories; operate an inventory system for an organisation; and explain and apply methods for valuing inventories, and prepare inventory accounting records for an organisation.
entry information:	Open.
accreditation option:	Evaluation of documentation by NZQA.
moderation option:	A centrally established and directed national moderation system has been set up by NZQA.
special notes:	<ol style="list-style-type: none">1 All activities associated with this unit standard must comply with occupational health and safety guidelines and recommendations in relation to working environment and work practices, available from the Department of Labour at http://www.osh.dol.govt.nz/order/catalogue/index.shtml, and the requirements of: Health and Safety in Employment Act 1992, Copyright Act 1994, Human Rights Act 1993, Privacy Act 1993, and their subsequent amendments.2 Organisational policies and procedures include those related to confidentiality and security of information.3 Inventory system and record may be manual or electronic.

**BUSINESS ADMINISTRATION
SERVICES**
**Operate and administer inventory
systems**

Elements and Performance Criteria

element 1

Explain the nature and function of inventories.

performance criteria

- 1.1 The term *inventory* is defined, and the nature of inventories is explained in terms of requirements for different types of enterprises.
- 1.2 Advantages and limitations of computer and manual inventory administration systems are described in relation to an organisation's operations.
- 1.3 An inventory system is explained in terms of its function and the administration information needs of an organisation.
- 1.4 Technology change is explained in terms of its effect on inventory management processes.
- Range: technology may include but is not limited to – bar coding, scanning, automated re-ordering systems, Electronic Data Interchange (EDI); evidence of three is required.

element 2

Operate an inventory system for an organisation.

performance criteria

- 2.1 The inventory administration system is operated in accordance with organisational policies and procedures.
- Range: optimum levels, purchase, receipt, storage, issue, returns.
- 2.2 Inventory records are maintained for product types, price information, product location, and re-order levels in accordance with organisational policies and procedures.

**BUSINESS ADMINISTRATION
SERVICES**
**Operate and administer inventory
systems**

- 2.3 Processes for reconciling physical and perpetual stock levels, and for rectifying and reporting discrepancies, are followed in accordance with organisational policies and procedures.

element 3

Explain and apply methods for valuing inventories, and prepare inventory accounting records for an organisation.

performance criteria

- 3.1 The need for accurate valuation of inventories is explained in relation to periodic and perpetual inventory administration systems.
- 3.2 Two methods for determining cost price of inventories are explained in terms of their suitability for meeting the organisation's information needs.
- Range: methods – actual cost; first-in, first-out; last-in, first-out; weighted average cost.
- 3.3 Inventory is valued in accordance with method requirements and organisational policies and procedures.
- Range: evidence of two methods is required.
- 3.4 Accounting entries are prepared for recording inventory value using both periodic and perpetual inventory systems in accordance with the calculated inventory valuation, inventory system requirements, and organisational policies and procedures.

Comments on this unit standard

Please contact NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.

Please Note

Providers must be accredited by the Qualifications Authority or a delegated inter-institutional body before they can register credits from assessment against unit standards or deliver courses of study leading to that assessment.

**BUSINESS ADMINISTRATION
SERVICES**
**Operate and administer inventory
systems**

Industry Training Organisations must be accredited by the Qualifications Authority before they can register credits from assessment against unit standards.

Accredited providers and Industry Training Organisations assessing against unit standards must engage with the moderation system that applies to those standards.

Accreditation requirements and an outline of the moderation system that applies to this standard are outlined in the Accreditation and Moderation Action Plan (AMAP). The AMAP also includes useful information about special requirements for providers wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

This unit standard is covered by AMAP 0113 which can be accessed at <http://www.nzqa.govt.nz/site/framework/search.html>.