

**Subject: Tourism & Hospitality**

Production of Courseware

 -Content for Post Graduate Courses



**Paper 06: Hotel Housekeeping**

**Module 15: Inventory Control and Stock Taking**



### THE DEVELOPMENT TEAM

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ITEMS		DESCRIPTION OF MODULE
Subject Name	Tourism & Hospitality	
Paper Name	Hotel House Keeping	
Module Title	Inventory control and stock taking	
Module Id	Module no-15	
Pre- Requisites	Housekeeping Inventory, Inventory control and Stock taking	
Objectives	This module on Inventory control and stock taking will enable the learners to understand about importance of housekeeping inventory control, importance of inventory control, objectives of inventory control, methods of inventory control, inventory control techniques , stock taking, importance of stock taking, procedure for stock taking, forms and format used in stock taking.	
Keywords	Inventory, Par stock, stock taking, Inventory control and auditing	

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## QUADRANT-I

### 1. Learning Outcome

After completing this module students will be able to:

- i. Understand the Inventory control, importance and objective of inventory control in Housekeeping department
- ii. Methods of inventory control, Inventory control techniques
- iii. Inventory control for linen and uniforms
- iv. Stock taking, importance of stock taking
- v. Procedure of stock taking

### Inventory Control and Stock taking

#### 2. Introduction:

The term inventory can be described as the stocks of purchased operating supplies, equipment, and other items held for future use in housekeeping operations. Linen inventory and laundering are among the housekeeper's major responsibilities. Top management of the hotel/ department must establish an operating par stock. In Hotel industry, Par stock is a widely used term which is the standard way to determine the minimum level of supplies to meet daily demands of daily hotel operation. Proper application of par stock by management can ensure smooth functional activity. The executive housekeeper must establish reasonable inventory levels. Over stocking should be avoided as it ties up cash and calls for a large storage area. There should be an effective purchasing system to consistently maintain the inventory levels set by the management or the executive housekeeper.

Inventory control is a technique of maintaining and checking the stock in housekeeping department. Stock control involves purchasing, requisitions, receiving, storing, issuing to various sections of housekeeping department. The Inventory control system is maintained by every department to manage its inventories efficiently. Inventory control can be managed by maintaining par stock, stock taking, and accurate forecasting.

Stock taking is the physical verification by counting of stocks of all items in the cycle at periodic intervals or at the time of the closing of books for valuation purposes or for the accuracy of recording entries in book, so that over stocking or shortages can be found out by a variance in physical balances and the accounts inventory ledger balance. Stock taking can be done by the auditor from accounts, ledger accountant, linen supervisor and the housekeeper. Inventory control and stock taking helps management for correct purchasing.

### **3. Inventory Control:**

The term inventory means the stocks of purchased operating supplies, equipment and other items held for future use in housekeeping operations. The executive housekeeper is responsible for two types of inventories:

**Recycled Inventories:** These are for items that have relatively limited useful lives but are used over and over again in housekeeping operations. Recycled inventory items include linen, uniforms, most machinery and large pieces of equipment and guest loan items such as irons, ironing boards, hair dryers, heating pads, hot-water bottles and so on.

**Non Recycled inventories:** These are for items that are used up repeatedly during the course of routine housekeeping operations. Items of non –recycled inventory include most guest amenities, cleaning supplies, and smaller cleaning equipment such as brooms, mops, cleaning cloths and so on.

The executive housekeeper must establish reasonable levels for both recycled and non-recycled inventories. Overstocking should be avoided, as it ties up cash and calls for a larger storage area. There should be an effective purchasing system to consistently maintain the inventory levels set by the executive housekeeper. To maintain the inventory levels, the executive housekeeper needs to determine the par level for each inventory item.

**Inventory control** is maintained by every department in hotel to manage its inventories efficiently. Since uniform, cleaning supplies, equipment's and linen are heavy investments, it is necessary to keep a close control on this very important asset. The benefits or importance of inventory control is listed in following points:

1. It enables housekeeping department to provide better services to its customers.
2. It keeps a smooth flow of Housekeeping supplies and aids in continuing operations.
3. It checks and maintains the right stock in department and reduces the risk of loss.
4. It makes effective use of working capital by avoiding over-stocking.
5. It helps to maintain a check on loss of materials due to carelessness or pilferage (stealing).
6. It facilitates cost accounting activities.
7. It avoids duplication in ordering of stock.
8. It helps housekeeping department for forecasting and budgeting.
9. By managing inventory better, housekeeping department can avoid dead stock.
10. It manages storage space very efficiently.
11. Shortage or poor stock rotation will reduce standards and therefore directly reduce revenue.
12. Excessive stock may constitute a safety risk and reduce cash flow.
13. Losses may occur will must be identified, caused established and controls implemented.
14. Monitoring of use and product evaluation is better achieved.
15. Budgetary control is facilitated.
16. Standardization of quality is facilitated.

**Objectives of Housekeeping Inventory control:**

- ❖ To ensure corrective supply of recycled and non-recycled housekeeping supplies, so the operations should not suffer at any time.
- ❖ To avoid both under and over stocking of products.
- ❖ To maintain investments in working capital at the minimum level that is required according to the operations of the department.
- ❖ To minimize the loss through depreciation, pilferage, wastage or demand.
- ❖ To design a proper inventory system for the organization.
- ❖ To ensure perpetual inventory control so that stock shown in the stock level should be actually used and properly stored in the respective stores and places.
- ❖ To ensure right quantity and quality of housekeeping supplies at a reasonable prices.
- ❖ To facilitate furnishing of Data for a short and long term planning.

- ❖ To determine the value of supplies held in stock.

#### 4. Methods of Inventory control:

The following are the methods used in Housekeeping department for Inventory control:

**4.1 Physical Inventory:** A periodic actual counting of all the operating supplies, equipment and other items in the storage areas. Actual counting is recorded on the basis of checks which can be once a week, a month depends upon the size of hotel. Physical counting is done before normal opening time or closing time of housekeeping store or after closing. In large Hotels inventories are taken parts on weekly basis. Inventory process involves at least 2 persons one from controls and other from accounts department. One person counts systematically arranged stock and other person records the data on physical inventory form.

Physical Inventory form				
Date :			Time:	
S.No.	Quantity in store	Description of Operating Supplies / equipment	Cost	Total Cost
Prepared by:			Checked By:	

**4.2 Perpetual Inventory System:** Perpetual maintaining a continuous record of all purchases and issued items like mini bar supplies and room's non recycled supplies. It provides a continuous record of stock available on hand at any point of time. It requires a considerable amount of staff to maintain the proper system working. It usually used for maintaining selected items such as mini bar supplies etc. It is necessary to be tallied to physical inventory form at end.

Perpetual Inventory form					
Date	Item/equipment/supplies	Brought forward	Quantity in	Quantity out	Balance C/F

**5. Inventory control techniques:** Inventory control is very important for housekeeping department to work efficiently. The major function of Inventory control system is help housekeeping department for purchasing, storing, controlling stocks and forecasting budget.

The following are the techniques used in the Housekeeping department for controlling stocks:

**5.1 Set Par stock**

**5.2 First in First Out and Last in First out**

**5.3 Auditing**

**5.4 Accurate Forecasting**

**5.1 Set Par Stock:** Par stock is the minimum level of supplies required to meet daily demands to ensure smooth operations. It is the standard quantity of each inventoried item that must be on hand to support daily, routine housekeeping operations.

**Importance of Par Stocks:**

- i. **Correct and sufficient Investment of capital:** The hotel owner or the investor does not want to put in more money than is necessary for smooth operations. A well-equipped hotel maintains a linen turn-around of four to five times the requirement. Such investment incurs costs and so the investment must justify the ends. Uniforms too have a turn-around of four times. It makes effective use of working capital by avoiding over-stocking.
- ii. **Prevent over stocking:** Thereby to avoid chances of spoilage during storage. Over stocking is not only a cost to the owner but also idle utilization of linen and uniforms that could get damaged in storage. Par stocks prevent overstocking of linen and uniforms.

- iii. **Helps in Budgeting:** The executive housekeeper knows exactly the amount of capital investment in linen and uniforms required every year, based on standards Par stocks. She will be able to easily calculate the deficiencies in par stock due to damage or loss.
- iv. **Inventory taking:** Audits are conducted periodically to safeguard the owner's investment in this capital item. It becomes easy for auditors to tally the par stock because the numbers are known.
- v. **Optimum use of space/ store:** when one considers the volume of linen and uniforms in circulation on a given day, it is obvious that any excess linen would have to be stored when not in use. The Housekeeping executive must have the right amounts of linen and uniforms to save space in pantry or storage area.
- vi. **Ensure proper supply of linen and uniforms at all times:** Rooms cannot be sold unless the rooms are ready for sale. Rooms can only be ready if there is adequate supply of fresh linen to replace soiled ones. The challenge for linen keepers and laundry supervisors is to keep the fresh linen and uniform supply always available throughout the day.

### **Establishing Par Stock:**

Par levels are determined differently for the two types of inventories. Inventory levels for recycled items are measured in terms of a par number. A par number is a multiple of the standard quantity of a particular inventory item that must be on hand to support day to day housekeeping functions. In case of non-recycled inventory items a par number is a range between two figures: a minimum inventory quantity and a maximum inventory quantity. The minimum quantity refers to the lowest number of purchase units that must be in stock at any given point of time. The maximum inventory quantity refers to the greatest number of purchase units that should be in stock at any given point of time. The storage space available, the cost of the item, and its shelf life are certain factors that must be kept in mind when establishing maximum inventory levels for the non-recycled inventory items.

### **Par Stock for Linen:**

The first task in effectively managing linens is to determine the appropriate inventory level for all types of linen used in the hotel. It is important that the inventory level for linens is sufficient to ensure smooth operations in the housekeeping department. Shortages occur when the

inventory level for linens is set too low. Shortages disrupt the work of the Housekeeping department, irritate guests who have to wait for cleaned rooms, reduce the number of readied rooms, and shorten the useful life of linens as a result of intensified laundering. Although housekeeping operations run smoothly when inventory levels are set too high, Management will object to the inefficient use of linen and to the excessive amount of cash resources tied up in an overstock of supplies.

The par number established for linen inventories is the standard stock level needed to accommodate typical housekeeping operations. One Par of linens equals the total number of each type of linen that is needed to outfit all guestrooms one time. This is a number that has recently been revised upward in those hotels that have adopted triple sheeting and extra pillows for each bed. One Par of linen is also referred to as a “house setup”.

Clearly, one Par of linen is not enough for an efficient operation. Linen supplies should be several times above what is needed to outfit all guestrooms just once. Two par of linens is the total number of each type of linen needed to outfit all guestrooms two times; three par is the total number needed to outfit all guestrooms three times; and so on. The executive housekeeper must determine how many pars of linens are needed to support efficient operations in the Housekeeping department. When establishing a par number for linens, the executive housekeeper needs to consider three things: the laundry cycle, replacement linens, and emergency situations.

The hotel’s laundry cycle is the most important factor in determining linen pars. Some hotels still change and launder much of their linens daily; however, the old “wash everything, every day” rule has been relaxed in many hotels—usually with guest approval—because of environmental concerns. Regardless, at any given time, large amounts of linen are in movement between guestrooms and the laundry. When setting an appropriate linen inventory level, the executive housekeeper must think through the laundry cycle in terms of the hotel’s busiest days—when the hotel is at 100 percent occupancy for several days in a row. If Housekeeping manages an efficient on-premises laundry operation, the laundry cycle indicates that housekeeping should maintain three par of linens: one par—linens laundered, stored, and ready for use today; a second par—yesterday’s linens, which are being laundered today; and a third par—linens to be stripped

from the rooms today and laundered tomorrow. Executive housekeepers also need to figure in guest requests for extra linens, and linens for rollaway beds, sofa beds, and cribs.

**Special consideration for par levels:** The laundry cycle in properties that use an outside commercial laundry service will be somewhat longer than the cycle in properties with their own in-house laundry operation. The frequency of collection and delivery services from the commercial laundry will affect the quantities of linen the property needs to stock. The more frequent the service, the less stock is needed to cover the times when the hotel's linen is being transported to and from the laundry service. A typical turnaround time for a commercial laundry is 48 hours. In this situation, the executive housekeeper may need to add another Par of linen to cover linens that are in transit between the hotel and the outside linen service. In addition, some commercial laundries will not collect and deliver on weekends. This means that extra stock will be required to cover those days.

The second factor to consider when establishing linen par levels is the replacement of worn, damaged, lost, or stolen linen. Since linen losses vary from property to property, executive housekeepers will need to determine a reasonable par level for linen replacement based on the property's history. The need for replacement stock can be determined by studying monthly, quarterly, or annual inventory reports in which losses and replacement needs are documented. A general rule of thumb is to store one full par of new linens as replacement stock on an annual basis.

Finally, the executive housekeeper must be prepared for any emergency situation. Power failure or equipment damage may shut down a hotel's laundry operation and interrupt the continuous movement of linens through the laundry cycle. The executive housekeeper may decide to hold one full par of linens in reserve so that housekeeping operations can continue to run smoothly during an emergency.

Therefore, the hotel's laundry cycle, linen replacement needs, and reserve stock for emergencies suggest that a minimum of five par of linen should be maintained on an annual basis. Properties using an outside commercial laundry service will need to add a sixth par to cover linens in transit.

The Figure below illustrates a sample par calculation for the number of king-size sheets required for a hotel with 100 king-size beds. In this example, 1,500 king-size sheets should be in the hotel linen inventory at all times. Similar calculations need to be performed for every type of linen used in the hotel.

This is a sample calculation of how to establish a par stock level for king-size sheets for a hotel that uses an in-house laundry operation and supplies three sheets for each of the property's 300 king-sized beds.

100 king-size beds x 3 sheets per bed = 300 sheets per par number

One par in guestrooms 1 x 300 = 300 sheets

One par in floor linen closets 1 x 300 = 300 sheets

One par soiled in laundry 1 x 300 = 300 sheets

One par replacement stock 1 x 300 = 300 sheets

One par for emergencies 1 x 300 = 300 sheets

Total number = 1,500 sheets

1,500 sheets ÷ 300 sheets/par = 5 par

### **Par Stock for Uniforms:**

The par stock of uniforms is determined on the basis of cloth material and job positions and the nature of jobs. Four changes are kept for uniforms changed daily such as waiter coats, utility worker uniforms etc. More specialized uniforms may have a turnover of two to three times only, in view of cost. The cycle of par stock is as follows:

One change in the laundry

One change in the uniform room,

One change in the housekeeping store

One change in use

## **5.2 First in First Out (FIFO) and Last in Last Out (LIFO):**

To control Housekeeping inventories, FIFO and LIFO methods are accounting techniques used in managing inventory.

A method of stock rotation in which new supplies are shelved behind old supplies, so that the old supplies are used first. FIFO stands for First In, First Out. FIFO is the oldest inventories items are recorded as sold first but do not necessarily mean that exact newest physical object has been track and sold.

Last-In, First-Out is one of the common techniques used in the valuation of inventory on hand at the end of a period and the cost of goods sold during the period. Last-In, First-Out method is used differently under periodic inventory system and perpetual inventory system in Housekeeping department.

## **5.3 Auditing:**

Auditing is very important to know the exact stock of supplies in store. Sometime the reports make by PMS is not correct so regular reconciliation is vital. Auditing is done by an Auditor from accounts section and Housekeeping supervisor for smooth operations of the housekeeping department. Auditing can be done by physical inventory, spot checking, cycle counting etc.

## **5.4 Accurate Forecasting:**

With the help of inventory control technique executive housekeeper can easily do accurate forecasting for housekeeping supplies both recycled and non-recycled. Forecasting is usually a short-term prediction of levels of trade, and so is more accurate than a budget that was probably

prepared months ago. It's often more realistic – what we are likely to do rather than what we hope might happen.

## **6. Inventory control for linen and uniforms:**

Since uniforms and linen are heavy investments, it is necessary to keep a close control on this very important asset. Effective control is possible through the following practices:

- ✓ Control on misuse, shortage and mix-ups
- ✓ Proper storage
- ✓ Regular stock taking
- ✓ Spot checks
- ✓ Proper supervision

### **To prevent damage to linen and uniforms the following tips need to keep in mind.**

1. Check for faulty linen chutes, carts, baskets, washers, etc. which might tear linen and uniforms.
2. The loss of small items of linen can be avoided by keeping mesh bags at strategic points for passing employees.
3. Put restrictions on the misuse of linen by employees by inspecting employee locker rooms or fining them for misuse.
4. Laundry should be careful not to put excessive amount of bleach powder. The usual amount is 1% bleach per 100 lbs of linen.
5. Linen should be exchanged strictly on a one-to-one basis.
6. Damp white linen or uniforms should not lie on concrete or iron. Concrete stains are almost impossible to remove while iron rust cause holes after washing.
7. Employees must not wipe split food, medicines or chemicals with linen. They should use dusters especially provided for the purpose.
8. Hydro-extractors on high speed operations could tear fabrics.
9. Laundry tumblers should be checked regularly for pins, paper clips, etc. that could prick holes into the fabric.
10. Proper pressure and heat must be kept on all irons as it could cause burn stains.

## **7. Stock-Taking:**

Stock taking is the counting of on-hand inventory. This means identifying every item on hand, counting it and summarizing these quantities by item. There may also be a verification step, where the count results are compared to the inventory unit counts in departmental PMS system. Stock taking is a common requirement of a periodic inventory system, and may also be required as part of departmental annual audit.

Discrepancies between Housekeeping manual stock count and electronic records (PMS) allow picking up on a range of issues and putting processes into place to ensure better stock control and management. This will lead to increased profits in the future.

**Importance of Stock taking:** Stocktaking highlights stock control issues and areas where a department needs to improve on in order to be even more profitable. The importance of stock taking as follows:

- Stock taking helps Housekeeping executive to find out any thefts in the department.
- A regular stocktaking will also highlight problems with damaged stock, unprocessed or missing orders, and poor stock control practices.
- Stocktaking will highlight any shortages department weren't aware of and will prompt to order more next time.
- Stocktaking acts to improve areas of weakness and loss.

### **Methods and Principle involved:**

- Physical counting is done after every three months and is also known as quarterly inventory.
- All items are segregated and grouped including discards.
- Counting of items in circulation and in store is separately done and added together.
- Discards are stamped "condemned "and kept aside.

- Counted total should tally with the last inventory figures plus issues received after that.
- Inventory must be conducted in the presence of the housekeeper, Accounts clerk and the auditor.
- Stock taking is conducted on three separate days, each for: Uniforms, Room linen and Restaurant linen.

Figure 7.1 gives the Room Linen Inventory Form in which stock figures are taken.

Hotel xyz										
Room Linen Inventory Form										
Floor No: .....								Floor Supervisor:		
.....										
Room No.	Sheet s	Pillow slips	Bed spread s	Mattress protector s	Bath towel s	Hand towel s	Face towel s	Bath mat s	Bath Rug s	Duvet s

**Fig. 7.1 Room Linen Inventory Form**

**8. Procedure of Stock taking:**

1. Identify all locations of linen. These locations will be:
  - Beds in the guest rooms.
  - Floor linen pantries
  - End of chutes receiving soiled linen from floors at the laundry stop.
  - Linen in the laundry-in wash, in hampers, at the presses, in storage shelves and in trolleys laden with laundered linen ready for delivery to the linen room.
  - Linen room



Shelf Soiled linen Hamper										
Total										
Date: ..... Auditor's Signature: ..... Housekeeper's Sig.: .....										

**Fig. 8.1 Inventory Count Sheet- Rooms**

9. The house keeper will transcribe the information of all floors onto a Master inventory sheet (**Figure 8.2**).

Master Inventory Sheet- Rooms								
Item	Floor No.	Guest Beds	Floor linen Room	Laundry Chute stop	Laundry in-process	Linen Room	Linen Store	Total
Single Sheets								
Queen-Size Sheets								
King-Size Sheets								
Pillow Slips								
Bath towels								
Face towels								
Hand towels								
Bath Mats								
Counterpanes								
Date: ..... Auditor's Sig.: ..... Housekeeper's Sig. .....								
<b>Figure. 8.2 Master Inventory Sheet- Rooms</b>								

10. A similar counting exercise is done for the restaurants. Restaurant stock taking is performed after 3 p.m. when restaurants close after lunch. A 24-hour restaurant like the

coffee shop may take its inventory after 12 midnight when the traffic is slow. The locations of restaurant linens are: Table tops, Side station shelves for fresh linen, soiled linen hampers, on trays.

The housekeeper will have a separate Inventory count sheet-restaurants (**Fig. 8.3**).

Hotel xyz										
Inventory Control Sheet – Restaurants										
Restaurant Name: .....					Name of Restaurant Manager .....					
Location	Table cloth oval	Table cloth Square	Table cloth rectangular	Table Napkins	Waiter clothes	Tray cloth large	Tray cloth small	Tray cloth oval	Tea Napkins	Duster cloth
On Tables at Side station 1										
At side station 2										
At side station 3										
Soiled linen Hamper										
Others										
Total										
Date: .....					Auditor's Sig. ....			Housekeeper's Sig. ....		
.....										

**Fig. 8.3 Inventory Control Sheet- Restaurants**

11. She/he will transcribe the information onto the master inventory count sheet F&B (**Fig. 8.4**). In the example, the dimensions are generic. In reality, there will be several dimensions of table clothes and tray clothes. The format will fit the exact requirements of the establishment.



sheets								
King-size sheets								
Pillow slips								
Mattress Protectors								
Counterpanes								
Bath towels								
Face towels								
Hand towels								
Bat mats								
Date: ..... Auditor's sig. .... Fin controller's Sig. ....								

**Fig. 8.5 Inventory Control Chart- Rooms**

13. The auditor transcribes all the information into the Inventory control Chart- F&B (Fig. 8.6)

Hotel xyz								
Inventory control Chart- F&B								
Item	All Rest & Bars	Room Service	Banquets	Laundry	Linen Room & Store	Total	Last inventory	Variance
Table cloth oval								
Table cloth square								
Table cloth rectangle								
Table Napkins								
Waiter clothes								
Tray cloth								

large Tray cloth								
small Tray cloth								
Oval Tea Napkins								
Duster Cloth								
Date: ..... Auditor's Signature. .... Fin. Controller's sig. .....								

**Fig. 8.6 Inventory Control Chart- F&B**

14. The statements are further consolidated by the auditor and financial controller into a Master Inventory sheet (**Fig. 8.7**)

Hotel xyz Inventory Sheet	
Inventory Rooms Less Discards Inventory Restaurants Less Discards Total Inventory on Hand Total Inventory Rooms & Restaurants Last inventory Rooms & Restaurant Balance Plus inventories in purchase Balance to be purchased Cost of purchase	
Date. .... Financial Controller's Sig..... General Manager's Sig .....	

**Fig. 8.7 Inventory Sheet**

15. The Master Inventory sheet will be shown to the general manager for his comments and signed off before it is shown to the owner.

## 9. Summary:

This chapter describes importance and objective of the housekeeping inventory control. The consumption and use of inventory items needs to be documented consistently, as it is valuable in inventory control. Inventory control is a technique of maintaining and checking the stock in housekeeping department. Stock control involves purchasing, requisitions, receiving, storing, issuing to various sections of housekeeping department. The Inventory control system is maintained by every department to manage its inventories efficiently. Inventory control can be managed by maintaining par stock, stock taking, and accurate forecasting.

Stock taking is an important subroutine in inventory control. Establishing par levels is crucial to budgeting for housekeeping expenses. Calculation of par levels for both recycled and non-recycled inventories has been explained. Methods and procedure of stock taking with supporting formats has also been discussed in detail.

### Key terms:

- ✓ **Inventory:** The term inventory can be described as the stocks of purchased operating supplies, equipment, and other items held for future use in housekeeping operations.
- ✓ **Par Stock:** minimum level of supplies required to meet daily demands.
- ✓ **Stock taking:** Physical verification of stocks by counting to tally with according records
- ✓ **Auditing:** an official examination and verification of accounts and records, especially of financial accounts.
- ✓ **Inventory Control:** Inventory control is a technique of maintaining and checking the stock in housekeeping department. Stock control involves purchasing, requisitions, receiving, storing, issuing to various sections of housekeeping department.