

**SUPPLY, PROCESSING & DISTRIBUTION (SPD)  
CONTINUING EDUCATION**

**Training Guides**



**Fund Control Point Management**

**Prepared by the SPD Advisory Group  
March 2001**

## **SUPPLY, PROCESSING & DISTRIBUTION CONTINUING EDUCATION**

### **FUND CONTROL POINT MANAGEMENT**

Upon completion of this session, participants will be able to:

- Understand why managing a Fund Control Point (FCP) is necessary
- Identify programs you will be supporting
- Identify procurement sources that can reduce your cost
- Utilize the Generic Inventory Package (GIP) to drive your ordering
- Monitor and control access to your inventory

#### **Content**

1. Definition – FCPs are designated by a numerical indicator such as FCP-132. FCPs are assigned to Costing Centers; the Costing Center actually contains the funding. Multiple FCPs can and are often assigned to a Costing Center. Funding assigned to these FCPs are allocated yearly, with the allocated funding being divided equally and issued quarterly. When an order is placed, the cost for that order is subtracted from the balance of the FCP. The FCP is the bank for all and any supplies and services that you support.
2. Benefits of appropriately managing your FCP
  - a. reduce waste and lost dollars
  - b. reduce inventory
  - c. allow for expanding programs or services
3. Identify programs you are supporting
  - a. inpatient wards and clinics
  - b. outpatient clinics (primary care)
  - c. community based outpatient clinic (CBOC)
  - d. operating rooms

4. Identify and utilize procurement sources
  - a. posted stock
  - b. prime vendors
  - c. blanket purchase agreement (BPA)
  - d. Federal Supply System (FSS) contracts
  - e. open market
  
5. Control additional shipping charges
  - a. ordering practices
  - b. use of freight on board (FOB) destination contracted sources
  - c. prevent emergency orders
  
6. Monitor and control access to your inventory
  - a. identify users
  - b. assign levels of access
  - c. control point official
  - d. approving official
  - e. after hour requirements and documentation
  
7. Timeframe and Teaching Method: One hour lecture, post-test

# SUPPLY, PROCESSING & DISTRIBUTION (SPD) CONTINUING EDUCATION

## FUND CONTROL POINT MANAGEMENT

### Benefits of Managing your Fund Control Point

The importance of managing a FCP can never be over-emphasized. Dollars spent/wasted on supplies that are not needed are dollars that are lost forever. SPD medical/surgical disposable, reusable and equipment inventories represent a large portion of a station's annual budget. Therefore, the managing of your FCP is one of the critical elements in the success of your station mission. Let there be no misunderstanding, your inventories are your FCP dollars. We can manage and better control cost by using the tools that have already been put into place, such as our GIP program.

The GIP program is an excellent tool for controlling inventory. If used to its fullest capacity, this program will surely reduce your cost. It will accomplish this by telling you what and when to order. In fact, it will tell you how many of an item you will need based on the re-order levels that you either excepted from the program, or the levels you established and entered manually.

With the development of the GIP as a module within the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP), inventory points can be tied to a FCP. This enables the service to maintain an inventory with accurate levels of stock that are currently on-hand, supplies due-in, and supplies due-out. Inventory managers will have the ability to track the usage of items within their inventory and when setup properly, GIP has the ability as we have already stated to automatically generate request for needed supplies.

IFCAP GIP is also a major step forward because it improves inventory control and accountability while providing a better method of tracking costs. The Generic Inventory Package (GIP) includes data that is used to identify items appropriate for standardization, to support funding allocations, to locate stocks of recall items, and to help validate DSS cost bases.

The Primary Inventory File Main Menu of GIP consists of six menus that have been set up to manage your GIP. They are as follows:

A. **Auto-Generate Orders** – The Auto-Generate Orders option will facilitate replenishment of supplies. When this option is selected, the system checks for all items at or below the standard reorder point. Once all items have been reviewed, the system makes a second

check when an item's available quantity falls below or equal to the optional reorder point. The item will be ordered if there are other items for the same vendor already required through the first check. All items found to meet the criteria for ordering are placed on a repetitive item list. The repetitive item list can be edited to add, delete, or edit items to be ordered before the final requests are processed. On-hand levels must be established to assist you in controlling your inventory. The "automatic level setting option" of the Inventory File Maintenance menu will automatically default your on-hand levels to 30 days when activated. You can either except the 30 day on-hand level or change it to meet your specific requirements.

**B. Barcode Manager Menu** – Included in this menu are the following options:

- a. Barcode User Menu**
- b. Data Manager Menu**
- c. Labels Menu**

**C. Inventory File Maintenance Menu** – The options available for the Primary Inventory Point consist of the following:

- a. Automatic Level Setter**
- b. Case Cart Menu...**
- c. Copy Primary to Secondary**
- d. Copy Secondary to Secondary**
- e. Enter/Edit Inventory Item Data**
- f. File Inquiry**
- g. Instrument Kit Menu...**
- h. Master Item File Edit**
- i. Physical Count Form**

**D. Manager for Primary Inventory Point Menu** – At times you may need to make changes to information contained in your Primary Inventory Point. These options provide you with that capability:

- a. Date Received Delete (for issue book request)**
- b. Distribution Cost Enter/Edit**
- c. Enter/Edit Inventory and Distribution Points**
- d. Group Category Enter/Edit**
- e. Inventory Control Parameters Print**
- f. Purge History Files Menu...**
- g. Storage Location Enter/Edit**
- h. Update Calculated Due-Ins/Outstanding Transaction**

**E. Receiving and Distribution Menu** – This menu will assist you in the processes required to update the Primary Inventory Points with quantities of items that have now been received and the process of distributing items to Secondary Inventory Points. The following options are available:

- a. **Calculated Due-Out Quantity Report**
- b. **Display Item**
- c. **Display Where an Item is Stocked**
- d. **Distribution Order Processing**
- e. **Due-in Item Report**
- f. **Enter/Edit Items on Distribution Point**
- g. **Items Flagged ‘Kill When Zero’ Report**
- h. **List Distribution Orders To/From Inventory Points**
- i. **Order Form**
- j. **Packaging/Procurement Source Discrepancy Report**
- k. **Print Item On Distribution Inventory Point**
- l. **Purchase Order Receiving to Inventory Point**
- m. **Receive Issue Book Order**

**F. Reports Menu** – The following reports have been made available as tools to assist you in managing your inventory. They also provide you with the costing data associated with that same inventory. Some of the following reports should also be used to assist you in preparing your annual budget.

- a. **Adjustment Voucher Recap**
- b. **Availability Listing**
- c. **Cost Trend Analysis Report**
- d. **Days of Stock On-Hand Report**
- e. **Dietetic Cost Report**
- f. **Emergency Stock Report**
- g. **Graph Usage**
- h. **History of Distribution Report**
- i. **Inactive Items Report**
- j. **Informational Reports Menu**
- k. **Inventory Sales Report**
- l. **Patient Distribution Cost Report**
- m. **Quantity Distribution Report**
- n. **Stock Status Report**
- o. **Transaction Register Report**
- p. **Usage Demand Analysis Report**
- q. **Usage Demand Item Report**

A detailed description of all the sub-menus options is available in your GIP – Warehouse, Primaries, Secondaries, and Case Cart, Users Guide.

The use of the Med/Surg Prime Vendor contract, BPAs and FSS contracts, have been set up to help us reduce our operating costs. We also need to keep an additional option open to us that would be Open Market purchases. These come into play when we are looking at a sole source provider for items we need that are not on any type of Government contract. How do we benefit from the use of these programs? In short, we reduce our inventory and we pay little or no shipping charges when we place orders. We will be receiving the best prices for quality products. The reward translates into cost savings and dollars saved that can be used to support other much needed services and meet other demands.

### Identify programs you are supporting

It is critical that you identify the programs you will be supporting based on your annual budget request for that fiscal year. Programs that commonly are the responsibility of SPD are: inpatient wards and clinics, outpatient clinics (primary care), operating rooms, CBOCs and, of course, your SPD operational cost. It is not uncommon for Materiel Management to be asked to support and manage new programs and take on existing programs initiated by clinicians. At this point, it is essential that you review the procurement history of the programs you inherited. You will need this information to obtain the funding required to meet the needs of those programs for the remainder of the fiscal year, and most certainly for the next Fiscal.

In planning for any budget, you should as a minimum, compile the following information: Again, identify your customers. Interview those customers to determine if they are going to add or delete any programs for the coming year. Fiscal Service should be able to provide you with the latest Consumer Price Index increase. You should also look at your workload assumption, seasonal trends, and service contracts, estimated oxygen and other medical gases cost. Also, staffing if it is being paid out of your budget. Will there be a need of new or additional equipment (i.e., durable goods) in the coming year?

### **Identify and utilize approved procurement sources**

Here again, it is critical that we make maximum use of our existing contracted procurement sources. These contracts will help you reduce your cost for the products. Additionally, you will realize savings in shipping charges as the shipping charge for most contracts was also negotiated down to a much lower rate; in some cases, contracts are awarded with a no shipping charge clause. Here again are some of the procurement sources that are available to you along with how they may benefit your FCP:

**Prime Vendor** contract allows you to order multiple items on single order. This in itself will drive down your shipping charge from multiple fees to only 1. It also allows you to purchase in bulk; purchasing in bulk will also drive down the cost.

**Posted Stock.** Posted stock is inventory that is purchased with Supply Fund money. This inventory is traditionally kept in a warehouse/holding area. It is sold to anyone that has a FCP in quantities they require, and in some cases that quantity is each, thus saving the FCP money by not having to purchase a whole case. This will free up your FCP money to purchase other items that are needed.

**Blanket Purchase Agreements (BPAs) and Federal Supply System (FSS) Contracts.** These are contracts that have been awarded by the National Acquisition Center (NAC) to specific manufacturers or distributors. The use of these contracts, along with other NAC awarded contracts, will provide you with savings, again by reducing the cost we pay for our products and a lower negotiated shipping charge. BPAs provide additional cost discounts awarded on existing FSS pricing based on volume purchases.

**Open Market Purchases.** Although these are very seldom done, they are still a valuable source for obtaining those items that no one wants to put on contract with the Government, but are still required by our customers. This type of purchasing allows you to negotiate a price for the item you are purchasing.

### **Controlling additional shipping charges**

We can reduce our shipping charge by making sure we order efficiently. We need to purchase from those vendors that we are contracted with and have agreed according to the contract to provide shipping at no additional charge for normal delivery time. This is referred to as “use of freight on board” (**FOB**) destination contracted sources. One of the tools we have that can assist us in ordering, assuring efficiency is our GIP program. This fully automated inventory package will set up your inventory to include when to place an order. Based on what you have set up for normal, standard reorder levels and emergency reorder levels. It will even generate orders at the touch of a keyboard command. We experience our highest shipping cost when we run out of a product and need it the next day. Again this can be avoided by better managing our inventory. Remember, your inventory does represent your FCP dollars.

### **Monitor and control access to your inventory**

We need to limit access to our inventories; this would include both our **GIP** program and the Demand Distribution System (**DDS**). The Control Point Official (CPO) is responsible for approving requests, reconciling the financial records of their Control Point, and authorizing users to be Requesters, Control Point Clerks, or Control Point Officials for the Control Point.

As Control Point Requesters create requests, Control Point Clerks turn their request into transactions, which the CPO can reject or approve. The CPO authorizes users for Purchase Cards, which are associated to their Control Point. The CPO is responsible for ensuring the Purchase Card holders input, receive, and reconcile their Purchase Card orders in a timely manner.

**Automated System (GIP).** The CPO controls access to your GIP program. He or she assigns access to those individuals who will be assisting him/her in the management of the FCP/GIP program. Then the CPO assigns levels of access based on workload and daily assignments. The intent is to only give access at the level it is needed to perform ones job. You need not give approving authority to the clerk that will only be pulling stock from a picking ticket. The fewer people involved in managing our automated system the less likely errors will be made that could cause you problems such as shortages or overages.

**Manual System (DDS).** Routine call-ins during the duty day. We also need to capture those items that are removed from our inventory after normal working hours. In most cases, the nursing evening and midnight supervisor does this. For those SPDs not opened 24 hours, 7 days a week, an inventory location listing along with a sign out log should be made available. This log book can easily be made up by SPD and should have as a minimum the following notations: date, item file #, quantity, ward/clinic, and the name of the individual who picked the item.

POST TEST  
FUND CONTROL POINT MANAGEMENT

- |  | TRUE | FALSE |
|--|------|-------|
| 1. Fund Control Points are assigned to Costing Centers.  | ( )  | ( )   |
| 2. Multiple FCPs can be assigned to a Costing Center.  | ( )  | ( )   |
| 3. Your FCP can be accessed by any one having access to the GIP program.   | ( )  | ( )   |
| 4. Purchasing medical supplies in bulk should save you money.  | ( )  | ( )   |
| 5. Emergency overnight purchasing should be used as a means of reducing on-hand levels and cost.                       | ( )  | ( )   |
| 6. You can save money by using contracted sources.   | ( )  | ( )   |
| 7. Supplies removed from SPD after normal working hours must be logged out.  | ( )  | ( )   |
| 8. Your inventory does represent your FCP dollars  | ( )  | ( )   |
| 9. Under which of the 6 Main Menus would you find the “List Distribution Orders To/From Inventory Points” menu option? |      |       |
| a. Reports Menu  |      |       |
| b. Receiving and Distribution Menu   |      |       |
| c. Auto Generate Orders Menu   |      |       |
| d. Inventory File Maintenance Menu   |      |       |
| 10. Under which Main Menu would you locate your “Availability Listing?”  |      |       |
| a. Barcode Menu  |      |       |
| b. Reports Menu  |      |       |
| c. Manager for Primary Inventory Point Menu  |      |       |
| d. None of the above   |      |       |

11. Which of the following is not associated with a contract.
- a. Federal Supply System Contract
  - b. Blanket Purchase Agreement
  - c. Posted Stock Agreement
  - d. Prime Vendor Contract
12. What are some of the steps you can take to help manage your FCP.
- a. Purchase from contracted sources
  - b. Set a 30-day on-hand operational level.
  - c. Do not run out of an item; over night orders are expensive
  - d. Control who has access to your inventory
  - e. All of the above
13. The Consumer Price Index should be considered during your Budget Planning?
- True ( ) False ( )
14. The Control Point Clerk is responsible for approving request from an authorized user?
- True ( ) False ( )
15. The Control Point Official is responsible for ensuring that Purchase Card holders input, receive and reconcile their Purchase Cards orders in a timely manner?
- True ( ) False ( )

**FUND CONTROL POINT MANAGEMENT  
ANSWER KEY**

1. True
2. True
3. False
4. True
5. False
6. True
7. True
8. True
9. B. Receiving and Distribution Menu
10. F. Reports Menu
11. C. no such thing as a Posted Stock Agreement
12. E. All of the above
13. True
14. False
15. True