Ball State University
Department: Central Stores
Policy: Year-End Inventory

General

A complete physical inventory count is conducted once a year to verify quantities and inventory value. This is done the last week of the fiscal year during which the normal activities of the Central Stores operation cease.

The purpose for year-end inventory is to promote consistency and accuracy in the valuation and recording of the Central Stores inventory and to ensure that the inventory is properly safeguarded.

This policy provides accounting guidance for determining items that should be inventoried, valuing of inventory, recording the inventory in our accounting system, and managing the inventory.

Procedure:

1. Schedule:
    - First week of May: dates for year-end inventory are determined and distributed to the following department for various publication purposes: Purchasing, Accounting, Controller.
    - First Week of June: Central Stores closure dates for year end inventory will be sent to:
        a. Facility Planning and Management Office.
        b. Posted on Purchasing/Central Stores web page.
    - Purchase orders placed to replenish stock will be minimized to reduce inventory on hand.
    - Second Week of June (two weeks prior to inventory): Central Stores warehouse staff will begin checking shelf labeling and clearing aisles. Central Stores Manager verifies accuracy with warehouse map.
    - Third Week of June:
        a. Central Stores office staff will print Physical Inventory Location Sheets. (listing of all items in inventory without inventory quantities).
        b. Post notification of closure dates at Central Stores walk up sales window.
    - Fourth Week of June:
        a. Web orders may be entered by departments but will remain in pending order status until the year end inventory has been completed.
        b. Verification that all received stock is shelved. All other incoming stock will be placed in a staging (holding) area in the Central Receiving area until year-end inventory is complete.
        c. Warehouse staff are assigned numbered areas of warehouse to perform physical counts of inventory quantities. These counts are hand recorded on

the Physical Inventory Location sheets. As counting in the numbered areas is completed, the Central Stores Manager will collect sheets from the warehouse staff and assign next area for counting.

d. Central Stores office staff will print Inventory Location Report (physical inventory location sheet that includes quantity on hand). Physical inventory is identified with barcodes on these sheets.
e. Central Stores office staff compares the Physical Inventory Location sheets to the Inventory Location Report for variances. Items identified as not matching will be marked on the Physical Inventory Location sheet for a recount.

- Day 2 of inventory counting:
    a. Complete Inventory year-end count
    b. Variance counting performed
- Day 3 inventory counting complete: Ball State University auditor inspects warehouse condition, product identification, performs random physical counts, and reviews reporting process.
    a. Physical Inventory Location sheets with variance recount turned into the Central Stores Office, where Central Stores staff identifies the items using PDA's and scanning barcodes on the Inventory Location Report and make adjustments in quantity on hand.
    b. Any net gain or loss resulting from the physical inventory count will be adjusted in the software system that maintains the warehouse inventory. Object codes are as follows:
        7980 Loss
        7981 Gain
        7982 Damaged
        7983 Returned merchandise
        7984 Scrap (will be sent to Inventory Control)
        7985 Inventory Re-valuation

- Day 4: Central Stores staff completes the Inventory Audit Report that is supplied to the Controller's Office, where a journal voucher will be created that will debit the Central Stores inventory account 0-38200-1500 and credit the Inventory Variance account 3-38200-7960.

System:

The Central Stores ERP software is eRPortal. It is installed on the Purchasing server that is warehoused in the University Computing Services control room.

Responsibility:
Manager of Central Stores
Director of Purchasing, Central Stores, Inventory Control &
Moving Director of Finance

Other Departments Affected:
All Campus Departments