



State of Arizona Accounting Manual

Topic 25 Long-lived Resources
Section 40 **Inventory Procedures for
Long-lived Resources**

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INTRODUCTION

Each agency must annually perform a physical inventory of its capital assets and stewardship resources to ensure that adequate care is being exercised in the control and accountability of State resources and assets. The physical inventory must be carefully planned and supervised by the agency property control officer for reliable results. Due to varying circumstances, the process adopted to coordinate the physical inventory will be dependent on the agency's own assessment of its organizational needs. Presented below are the procedures that must be incorporated into the overall scope of each physical inventory.

POLICY & PROCEDURES

1. Unless a written approval is granted by the GAO, the physical inventory should be taken annually not later than June 30 and not sooner than April 30. If the inventory is taken before June 30, a reconciliation of additions and deletions from the date of the inventory through June 30 must be prepared and retained.
2. If an accurate count is to be obtained, the movement of capital assets and stewardship resources during the inventory-taking period should be restricted. No transfers of movable equipment should be permitted. All new acquisitions should be retained and accounted for in a receiving area until transfer of the equipment to its designated user department is authorized by the property control officer.
3. An agency must obtain current reports, i.e., property listings, from AFIS listing capital assets and stewardship resources before the start of the physical inventory.
4. The property control officer may subdivide the property listings into smaller, more manageable groups. The property control officer should create a control log to record the distribution and receipt of these listings.
5. The property control officer should assign teams of two personnel the task of comparing the physical existence of items to the appropriate property lists. The assigned personnel should not have custodial responsibility for the capital assets or stewardship resources being counted.
6. All capital assets or stewardship resources located by physical inspection should be indicated by initialing next to the asset or resource item on the property listing. Any capital assets or stewardship resources located but not found on the property listing should be added to the listing. When capital assets or stewardship resources are

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identified on the property listing but not physically located, this fact should be documented on the property listing.

7. As soon as the physical inventory is completed and the findings noted on the property listing, the property listing should be forwarded to the agency or section head for review. The agency or section head should sign and date the listing after he is confident with the findings and submit it to the property control officer.
8. The property control officer should check returned property listings against the control log to verify that all listings have been received.
9. An employee designated as responsible for such matters should review all property listings for accuracy and completeness.
10. The property control officer should then perform a random sample test of capital assets and stewardship resources within the listings to determine the overall accuracy of the physical inventory. After testing has been completed, the property control officer will sign and date the property listing.
11. After the inventory is completed and reviewed, an employee not involved in preparing or reviewing the property listings and not having custody of the capital assets or stewardship resources should reconcile the physical inventory listings to the agency property listings.
12. All additions, deletions or changes determined by the agency as a result of the physical inventory must be posted to AFIS.
13. The property control officer should retain, in accordance with LAPR retention policies, all documentation supporting the physical inventory.
14. SAAM 2040 contains additional procedures and concepts that may be applicable to conducting inventories of certain long-lived resources.