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| --- | --- |
| Agency: Click here to enter text. | |
| Preparer(s): Click here to enter text. | Date: Click here to enter text. |

Risks: Inventory items will be lost, damaged, or stolen as a result of poor physical security. Improper inventory levels (excessive or deficient) will cause inefficiencies in agency operations. Inaccurate inventory counts or valuations will result in errors in financial reporting.

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| --- | --- | --- | --- | --- |
| YES | NO | \*N/A |  | CHECKLIST QUESTION |
| □ | □ | □ | 1. | Are appropriate staff members familiar with the *State Administrative and Accounting Manual* (SAAM) policies on inventories Chapter 35 and Subsection 85.56? |
| □ | □ | □ | 2. | Do the agency’s policies include a definition of inventory control point? |
| □ | □ | □ | 3. | Is physical access to inventory restricted to operational need? |
| □ | □ | □ | 4. | Is inventory protected from physical damage? |
| □ | □ | □ | 5. | Are alarm and/or electronic access systems in use? |
| □ | □ | □ | 6. | Is a periodic physical inventory conducted (at a minimum per the requirements of SAAM 35.10.40) and reconciled with inventory records? |
| □ | □ | □ | 7. | Are written instructions given and explained to all staff involved in the physical count? |
| □ | □ | □ | 8. | Are variances between the physical inventory count and the inventory records investigated, explained, corrective action taken when necessary to address the cause of the variance, and adjusted in the accounting records? |
| □ | □ | □ | 9. | Does management review the resolution/reconciliation of the variances? |
| □ | □ | □ | 10. | Is there a standard procedure for processing overages, shortages and damaged goods that encompasses the procedures in SAAM 70.75, if appropriate? |
| □ | □ | □ | 11. | Is the method used to value the inventory allowed by SAAM 35.10.45, documented, and applied consistently? |
| □ | □ | □ | 12. | Are physical quantities received matched with receiving documentation? |
| □ | □ | □ | 13. | Does a methodology exist for determining the appropriate inventory level? |
| □ | □ | □ | 14. | Are the custody/ receiving/issuing inventory duties segregated from taking the physical inventory? |
| □ | □ | □ | 15. | Is there an adequate level of insurance coverage for significant inventories? |

\*N/A - Not Applicable

Comments/Compensating Controls:

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Monitoring – ongoing/separate evaluations:

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Summary:

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