SAVE FORM

SELF ASSESSMENT OF INTERNAL CONTROL

Form I

Budget and Financial Cycles

Inventory Cycle

Department of _____

Fiscal Year Ending _____ ☐ NA-_____

		Yes	No	NA	Comments
	A. Control Activities / Information and Communications				
1	Is there a formal organizational document (chart, manual, etc.) defining the responsibilities of ordering, accepting, approving, processing and recording of the inventory? a. Items for sale; b. parts used in operations.				
2	Are policies established to ensure that inventories are not stockpiled or to prevent over-ordering?				
3	Are policies established to ensure that obsolete and inactive items in inventory are sent to State Surplus Property?				
4	Are steps documented to ensure that goods received are accurately counted?				
5	Does the department maintain perpetual inventory records and are all inventory items put on the perpetual inventory system? (Critical Control)				
6	When issuing inventory, is the proper fund, purpose, and object charged in the general ledger?				
7	Does the person receiving the goods sign the requisition as evidence of receipt?				
8	Are the approved and completed requisitions kept on file?				
9	Upon receipt of goods, does the signed receiving report go to the accounting office?				
10	Are entries to perpetual inventory records made timely upon the receipt of goods?				
11	Are receiving reports used to record purchases to the perpetual inventory records? (Critical Control)				
12	Are the following duties performed by different people: a. Receiving and issuing inventory and the operational duties? (Critical Control) b. Receiving and issuing of inventory and taking the physical inventory? (Critical Control) c. Receiving and issuing of inventory and the approving of expenditures, recording transactions in the general ledger, and reconciliation of subsidiary records to control accounts? (Critical Control)				

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Inventory Cycle

		Yes	No	NA	Comments
13	Is a definite responsibility designated for each inventory type?				
14	Are work orders or requisitions required to be approved by appropriately designated officials as a basis of issuing inventories? (Critical Control)				
15	Is there adequate physical security surrounding inventories?				
16	Is physical access to inventories restricted to authorized personnel? (Critical Control).				
17	Is there appropriate insurance coverage for significant inventories?				
18	Are all employees responsible for inventories adequately bonded?				
19	Are written instructions given and explained to all personnel involved in the physical count of the inventory?				
20	Are physical Inventories: a. supervised by someone independent of the custodial or record keeping functions? (Critical Control) b. made by or tested by employees independent of the department being inventoried? (Critical Control) c. recorded on permanent inventory count sheets? (Critical Control) d. re-recorded on count sheets signed and dated by the person supervising the count? (Critical Control) e. planned to provide provisions for cut-off of receipts and issues? (Critical Control) f. reflected in the perpetual records based on the actual inventory quantities? (Critical Control)				
21	Are prenumbered tags used during the physical inventories count?				
22	Is there a proper cut-off of receipts and issues from inventory at year end?				
23	Is access to the perpetual inventory records limited to authorized individuals?				
24	Are adjustments to inventory records approved by a properly designated official? (Critical Control)				
	B. Monitoring				
25	Is a physical inventory taken at least annually? (Critical Control)				
26	Are perpetual inventory balances reconciled against the general ledger control accounts at least annually? (Critical Control)				
27	Does management review the above reconciliations at year-end? (Critical Control)				

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		Yes	No	NA	Comments
28	Does management assess inventory policies and procedures periodically?				
29	Are deviations of reports followed up by management in a timely manner?				
30	Does management reassess inventory policies and procedures periodically?				