

**Comptroller's Directive No. 1-17**  
**Attachment 8**  
**Schedule of Inventory on Hand as of June 30**

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**Purpose** This attachment is used to gather financial information for reporting materials and supplies inventory on hand as of June 30 and donated inventory received during the year in the CAFR. This attachment is similar to prior year's Attachment 8.

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**Applicable agencies** This attachment is applicable to the following agencies:

- Agencies with supplies and materials exceeding \$1.0 million that are not reported in a financial statement template
- Agencies which took physical custody of any donated inventory that was or will be distributed by the agency (excluding donated inventory in which the agency only acts in an administrative capacity) and that is **not** reported on a financial statement template (**Attachments 9-12**)

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**Questions** For questions or to request detailed training from an analyst, please contact: [AttachmentAnalyst@doa.virginia.gov](mailto:AttachmentAnalyst@doa.virginia.gov).

Please reference the attachment number in the subject line of the e-mail.

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**Due date** **July 27, 2017**

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**Data entry** Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. Selected cells requiring a response will be populated with an "Answer Required" message until a response is entered.**

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**Certification**

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for completing the attachment. If agency staffing does not allow for a different preparer and reviewer, please contact DOA.**

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**Submission requirements**

Contact DOA if the agency has any problems with the files.

**After downloading the files, rename the spreadsheet using the agency number followed by Att8.** For example, agency 151 should rename the Attachment 8.xlsx file as 151Att8.xlsx.\*

**Submit the Excel spreadsheet electronically to [finrept-agyatt@doa.virginia.gov](mailto:finrept-agyatt@doa.virginia.gov).**

Please include **Agency Number** and **Attachment Number** in the **subject line** of the submission e-mail.

**Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).**

**Do not submit paper copies of the Excel attachment.**

For your convenience, the contact information in all but the first tab in each attachment/template has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

**\*Note: If the agency has an earlier version of Excel and has problems opening the attachment file, DOA can provide the attachment saved in an earlier version of Excel (.xls).**

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**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log](#) tab in the attachment Excel file.**

Enter the revision date, applicable Excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the [Revision Control Log](#) tab has been completed.

**Each time a revision is submitted the [Certification](#) tab should be updated with new signatures and dates.**

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**Examples of  
inventory**

Examples of materials and supplies inventory include office supplies, clothing for inmates or patients, and food stock.

The following items should **not** be included in inventory:

- Consigned inventory
  - Audiovisual equipment
  - Pledged inventory (refer to [Glossary](#) for definition)
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**Control procedures**

Control procedures are required regardless of significance. If a physical count is necessary, contact DOA, as needed, for guidance and inform the agency's APA contact of inventory count dates.

**CAPP Topic No. 30515, Supplies and Materials Inventory**

This CAPP topic provides Objectives and Standards for an inventory control system as well as specific policies and procedures for maintaining and accounting for supplies and materials inventory. Please review this topic for additional guidance on conducting physical inventories.

**Completing Tab 1 – Inventory**

Instructions for completing this tab are in the following tables.

**Note:** **Do not** include donated inventory on this tab.

Step	Action
1	Enter the contact information on the <b>Tab 1 - Inventory</b> tab. For your convenience, the contact information is linked to the remaining tabs; however, the information in the remaining tabs may be overwritten if necessary. After the 3-digit agency number is entered, the agency name and prior year total inventory will be populated automatically.
2	Enter the appropriate fund and function for the inventory. Fund name will auto populate once a fund number is entered. Please verify that this fund is the intended fund. If the following message, "Verify fund number and Contact DOA" appears, please contact DOA.
3	If the agency has inventory, ensure the agency has procedures to identify, control, and safeguard inventory as follows: <ul style="list-style-type: none"> <li>• Appropriate access to inventory by employees</li> <li>• Proper segregation of duties in the inventory process, from purchasing to distribution to users</li> <li>• Secure location for storing inventory</li> <li>• Adequate insurance coverage for inventory</li> </ul>
4	Determine the value of inventory, either through a physical count or other acceptable means. See the <b>Determining value, Valuation methods, and Excludable items</b> sections for more details on determining value.
5	Use whole numbers for all entries. The total dollar amount of inventory on hand will be automatically entered into the appropriate cell and the variance will be calculated.

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**Determining value**

Use the following table to determine if a physical count is needed.

If inventories are...	Is a physical inventory required?
1. <b>Not</b> reported in a financial statement template <b>and</b> the amount as of June 30 is expected to be greater than \$1.0 million <b>and all</b> of the following conditions exist: <ul style="list-style-type: none"> <li>• A complete annual physical inventory is impractical</li> <li>• Maintained a perpetual inventory system</li> <li>• Adopted a proper technique for performing an on-going physical inventory of all significant individual items throughout the year</li> <li>• Adopted a statistical sampling technique to estimate the quantities of goods on hand at a particular date</li> </ul>	No
2. <b>Not</b> reported in financial statement template <b>and</b> the amount as of June 30 is expected to be greater than \$1.0 million <b>and not exempted above.</b>	Yes

**Note:** If State or Federal regulations apply to the inventory, evaluate those regulations when determining whether to perform a physical inventory count.

If a physical count is necessary, carefully plan the physical count, perform the count in an efficient and systematic manner, and determine the value of inventory.

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**Valuation  
methods**

The agency must use a methodology acceptable by generally accepted accounting principles, which requires inventories to be reported at the lower of cost or market, average cost, cost, or current market cost. The most commonly used method is FIFO (first in, first out). The methodology initially used should continue to be used to ensure comparability between years. If a change in the methodology used for an inventory item is made, the cumulative effect of the change, description of the nature and justification for the change, and rationale for the change, should be disclosed on **Tab 2 – Part 4**.

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**Excludable  
items**

Inventory should be reduced to net realizable value by eliminating the value of items noted as obsolete, defective, excessive, or slow moving. Also, exclude consigned inventory.

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**Completing  
Tab 2 – Parts 2,  
3, and 4**

Provide an explanation in **Tab 2 - Part 2** for any variance of \$568,000 **AND** 10% over/under the prior year. If a fluctuation analysis is required, it will be indicated on the **Tab 1 - Inventory** tab after all amounts have been entered.

If inventory includes any pledged or lien amounts provide a description in **Tab 2 - Part 3** (refer to **Glossary** for definition of pledged inventory or inventory lien).

If any changes were made in the accounting principle used to value inventory amounts, provide a description in **Tab 2 - Part 4**.

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**Completing  
Tab 3 –  
Donated  
Inventory**

- If inventory was donated to your agency (inventory received by and will be distributed by the Commonwealth) and **not** reported on a financial statement template (**Attachments 9-12**), it must be **excluded** from **Tab 1 – Inventory**, and **included** in **Tab 3 – Donated Inventory**. When completing this tab, the beginning balance of donated inventory (remaining from prior year) will auto-populate.
- Provide the fund and account, if applicable, used to expend the donated inventory. Fund name will auto populate once a fund number is entered. Please verify that this fund is the intended fund. If the following message, “Verify fund number and Contact DOA” appears, please contact DOA.
- If applicable, enter the CFDA number and any donor restriction (e.g., donor restricted to build a capital asset for the agency, or to provide vaccines).
- Use the drop down list to select the commodity type.

**Note:** In FY 2016, agency 601 received two donations for Fund 10000, with identical CFDA numbers. In this case, select Immunization Vaccines 1 or Immunization Vaccines 2 in order for the attachment to populate prior year balances accurately.

- The amounts received and used during the current fiscal year must be entered and the amount remaining will auto-populate.
- For donated commodities that are related to federal awards, the program revenue must also be reconciled to donated commodities on the **SEFA** tab in **Attachment 15 – Federal Schedules**.

**Note:** The \$1.0 million inventory disclosure threshold does **not** apply to donated inventory. **ALL** donated inventory must be reported.

Increases and decreases in donated inventory received and used which meet the variance scope of \$568,000 **AND** 10%. If instructed on the attachment, provide these explanations in the spaces provided on **Tab 3 – Donated Inventory**.

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**Completing  
Tab 4 –  
Cardinal Data**

If any of the inventory amounts shown on the **Part 1 – Inventory** tab are on Cardinal, these amounts should be listed in **Tab 4 – Cardinal Data**.

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