I. Overview

To provide guidelines for those materials and supplies are held in inventory by the University and used for instruction, research and service related activities, and for resale. The Controller’s Office is responsible for the accounting for inventory at the University and relies on those departments maintaining inventories to provide accurate timely data. Each department is responsible for reporting accurate inventory to the Controller’s Office.

II. Applicability

All departmental administrative staff of those departments with inventories of materials and supplies and the Controller’s Office.

III. Policy Details

The Controller’s Office is responsible for the accounting for inventory at the University and relies on those departments maintaining inventories to provide accurate timely data.

Each department with inventories will be responsible for maintaining detailed inventory records. These records must be reconciled monthly to the University’s accounting system through the Controller’s Office. In addition, all departments carrying any kind of chemical inventory are responsible for ensuring they are in compliance with the U.S. Department of Homeland Security rule, “Chemical Facility Anti-Terrorism Standards.”

A physical inventory will be conducted and reconciled to the detailed inventory records at least quarterly (unless otherwise agreed upon centrally) by departments maintaining inventories. All adjustments resulting from a physical inventory must be recorded in the accounting system immediately. The following areas maintain the largest inventory balances:

- Chemistry stockroom (items used for student studies and research)
• FM/physical plant (air filters, pine straw)
• NetComm (telephones)
• Emory Inn (food, beverage, and gift shop merchandise)
• Carlos Museum (gift shop merchandise)
• Student Health Services (vaccine inventory)
• Emory Genetics Lab (Synthetic enzymes used for infusion therapy)

Departments are responsible for identifying obsolete inventory which must be written off when identified. This information must be forwarded to the Controller’s Office for additional review before being recorded. Inventories will be valued at the lower of cost or market with cost being determined by the First-in-First-Out (FIFO) or average cost method for stockroom supplies managed through Emory Express. According to ARB (Accounting Research Bulletins) 43, Chapter 4 cost for inventory purposes shall be determined under any one of several assumptions as to the flow of cost factors; the major objective in selecting a method should be to choose the one which, under the circumstances, most clearly reflects periodic income. The most common cost flow assumptions are (1) FIFO, (2) LIFO, and (3) weighted-average. Additionally, there are variations to each of these assumptions which are commonly used in practice.

Inventory purchases are recorded as inventory on the balance sheet for most areas. The Carlos Museum and Chemistry stockroom record as cost of sales or supplies respectively and then adjust the asset quarterly in conjunction with the inventory count. The Controller’s office will be responsible for working with the areas mentioned above to ensure inventory balances are properly recorded on the University’s balance sheet. Materials and supplies issued to University departments for instruction, research and service related activities shall be valued at cost as determined by the FIFO method or average cost.

Inventory items should be maintained at levels which reflect prudent business practice.

IV. Definitions

*Inventory*: A detailed list of all the items in stock.

*Cost of sales*: Direct costs attributable to the production or purchase of goods sold by a company.

V. Related Links and Resources

• Current Version of This Policy: http://policies.emory.edu/2.117
• Office of the Controller: https://www.finance.emory.edu/external/deptpages/ctrl/index.cfm

VI. Contact Information

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<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories of Materials and Supplies</td>
<td>Controller’s Office</td>
<td>404.727.6080</td>
<td><a href="mailto:ctrl@emory.edu">ctrl@emory.edu</a></td>
</tr>
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VII. Revision History

No previous versions of this policy were found.

The official version of this information will only be maintained in an electronic format. Any and all printed copies of this material are dated as of the date printed. Please make certain to review the material online to verify accuracy.