13.1 Inventory – Supply and Resale

General

Policy Statement

It is the policy of the Province of Nova Scotia to record, in the accounts of the Province, the inventory owned by the Province. This policy sets government-wide standards for inventory management and creates a framework that can be used to establish procedures for individual departments.

Policy Objective

The goal of the policy is to establish a framework that will lead to procedures that are consistent across all government departments yet flexible in order to deal with a variety of situations in the most efficient and effective manner. Inventory, if not properly managed, can result in sub-optimal use of cash and therefore should be monitored regularly.

Application

This policy focuses on accounting for inventory held for consumption and use, and inventory held for resale. The application of this policy is to address the costing, valuation and existence of inventory. The effective date for implementation is April 1, 2005; however, processes must be in place earlier to ensure retroactive application will be possible.

Rationale

The Province has many different types of inventories throughout the Province owned by varied departments and agencies. The inventory types range from Supplies, Gravel, Salt, Repair Parts, Livestock, and Items Held for Sale.

While the value of inventory at any one location may not be considered significant, the total inventory of the Province is significant and should be monitored. In order to accomplish this the Province requires a policy to enable consistency amongst entities while providing sufficient flexibility to address unique operational concerns.

The Province is also committed to be compliant with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Section PS 1200 'Financial Statement Presentation – Federal, Provincial & Territorial

Governments' addresses financial and non-financial assets. Financial assets include 'Inventory held for resale' and non-financial assets include 'Inventory held for consumption or use' and it is stated that such assets be included in the financial statements for fiscal years beginning on or after April 1, 2005 with earlier adoption being encouraged.

Accountability

Government Accounting is responsible for the development, communication, and periodic review of this policy as well as to work with Senior Management during the implementation phase.

Senior management of the departments and provincial public service agencies are responsible for the initial and continued implementation of this policy.

Concepts

Inventory

The inventory of the Province is to include 'Inventory held for consumption and use' as well as 'Inventory held for resale'. It is important that each department and agency make this distinction in their reporting. The distinction determines the classification between non-financial or financial asset. See Appendix 13-A for a list of examples of what is expected to be included in inventory (note: no such list can be all-inclusive, professional judgment will be required).

NATURE OF INVENTORY HELD FOR CONSUMPTION OR USE

Materials and supplies maintained to enable the delivery of goods and/or services. The materials and supplies will be consumed or used through ordinary operations. The materials and supplies are expected to be used within one year of acquisition, or are expected to be on hand as a repair item that could be required within one year of acquisition. Items that would otherwise be considered Tangible Capital Assets (TCA), were it not for the TCA policy thresholds, are not to be considered inventory held for consumption or use. The important link to make is the association of carrying the goods with the fulfillment of the departments' or agencies' mandate.

NATURE OF INVENTORY HELD FOR RESALE

Products held where there is demand for the sale of those products.

Segregation of Duties

Proper stewardship of an entity's resources involves establishing internal controls over various corporate functions. Certain of these corporate functions are considered to be incompatible when one person is responsible for a combination of these functions. Inventory has certain of these incompatible functions; however, where there are staffing constraints, making proper segregation of duties impossible, other controls should be considered to mitigate any risk. The functions to be segregated are as follows:

- Ordering inventory
- Receiving inventory
- Issuing inventory
- Paying for inventory

The count teams (as discussed in the inventory count procedures) should be comprised of two individuals and should not include staff with responsibility for the handling of inventory or the accounting for inventory. If this is not possible, compensating controls would be required.

Government Accounting is available for consultation regarding the development of appropriate compensating controls when proper segregation of duties is not possible or practical (i.e., budget to actual comparisons, increased scrutiny during management review or testing, rotational visits by departments' or agencies' financial staff during counts, etc.).

Accounting Policy

Elements of Cost

As discussed in the CICA Handbook, 'Section 3030 – Inventories', the elements of cost vary depending on the type of inventory being carried. The cost of raw material inventory and inventory purchased for resale or consumption is considered to be " laid-down" cost. "Laid-down" costs include invoice cost, duties, and freight-in charges. Should there be any instances of work-in-progress or finished goods that were produced by the Province, the cost would include the "laid-down" costs plus any cost of direct labour directly attributable to the project and an applicable share of overhead expense. It is expected that there will be minimal instances where labour or overhead allocations would be appropriate.

Cost of inventory would not include items such as freight-out (this is a shipping or distribution charge) or warehousing. Generally, once the product is in final form (the form in which it will be sold or consumed), costs are no longer inventoriable to the product.

Inventory Cost

The Province of Nova Scotia's policy anticipates all departments and agencies using the SAP Inventory Module. Alternate methods may be required for departments transitioning to the SAP Inventory Module as well as for departments where this module is not practical (e.g., certain critical information or history would be lost if current system abandoned). Alternate inventory modules must provide adequate information for proper accounting and management.

The Province will cost all inventory using the weighted average cost, using the First-In-First-Out (FIFO) inventory turnover assumption. This method may not be possible or practical for a department or agency not using the SAP Inventory Module, or another computerized inventory system. In such cases the inventory should be costed using the most recent cost. As inventory control is important, it is expected all departments and agencies will consider migrating to the SAP Inventory Module.

Inventory Value

It is important that inventory is not carried in the accounts of the Province at a cost that is in excess of its fair value. Management must therefore complete periodic reviews of all inventories under their responsibility to assess valuation. Management must consider items such as damaged stock, obsolete stock, and market conditions. If valuation adjustments are required to reduce the carrying value of inventory to the realizable value (or replacement value), such adjustments must be approved by the department's or agency's Director of Finance if the adjustment is $10,000 to $25,000 and the Deputy Minister if the adjustment is greater than $25,000.

Valuation adjustments cannot be reversed if the conditions change at a later date, and the valuation of inventory is to be considered on an item-by-item level rather than as a pool of inventory.

Inventory that is considered obsolete should be disposed of within six months of this determination. This is important to maintain meaningful inventory records and efficient physical management of quality stock.

Financial Statement Inventory Policy description

INVENTORY HELD FOR CONSUMPTION OR USE

Lower of cost or replacement cost where cost is calculated using the average cost basis. Inventory of livestock will be valued at the lower end of fair value (as is consistent within the agricultural industry).

INVENTORY HELD FOR RESALE

Lower of cost or market where cost is calculated using the average cost basis.

ALTERNATIVE COSTING (NOT DISCLOSED IN FINANCIAL STATEMENTS)

Certain inventories are carried at the most recent cost. Any difference between most recent cost and moving average cost would not be considered material and therefore separate disclosure would not be considered necessary.

Use of SAP Inventory Module

The Provincial policy has been drafted with an expectation that all departments will consider implementing the SAP Inventory Module and that all departments with a significant volume of purchases each year would plan to move ahead with implementing the SAP Inventory Module. Guidelines for implementation would be any department or agency with inventory of $100,000 or greater that would turnover approximately one time per year should use the SAP Inventory Module. As support will be required from Corporate Information Systems Division (CIS) in setting up the inventory in SAP (as well as with the training of staff), the alternate costing method would be used during this transition period.

Inventory Existence

The nature of the departments' or agencies' operations could impact the type of work done to establish the existence of the inventory. The use of the SAP Inventory Module will also impact the ability to choose amongst acceptable alternatives. In a very well controlled environment full physical inventory counts are not necessarily required. To avoid the full physical inventory count, the computer system must be updated regularly (likely daily, or at least weekly) and there must be an adequate cycle count established to ensure all items will be counted at least one time per year. The following paragraphs discuss the different inventory count alternatives.

100% PHYSICAL INVENTORY COUNTS

Inventory not set up on a perpetual system with established cycle count procedures (*see the following discussion regarding cycle counts*) must be counted annually on March 31, the fiscal year-end. Where this date is not practical given operational concerns, the count must occur within 5 business days of March 31 (before or after year-end would be considered acceptable, as would a weekend date falling within this time frame) and the shipping and receiving records for the period between the count date and year-end must be available for review.

In *rare circumstances*, an example being certain seasonal and slow moving inventory items (e.g., components of Transportation and Infrastructure Renewal's County Stock) other count dates might be appropriate. The department must communicate the situation with Government Accounting in advance and be able to show at year-end that the movement of the inventory was *minimal*, and be able to produce printed report(s) and supporting audit evidence to the Office of the Auditor General at year-end to corroborate that inventory movement was minimal.

PERIODIC CYCLE COUNTS

Cycle counts are considered acceptable if inventory is accounted for on a perpetual computer system, and the system is found to be accurate (records updated regularly and very few adjustments are made resulting from the count and these adjustments are not considered significant in quantity or value). If the system is proven unreliable (significant variations between system quantity on hand and actual quantity on hand, or the differences result in significant monetary adjustments), full physical counts will need to be conducted at year-end.

The Cycle Count program should ensure all items are counted one time per year and that higher value stock, higher turnover stock, and stock susceptible to misappropriation should be counted at least two times per year. Cycle counts, therefore, should be on a program of at least one count each month, and could be structured so that there is a count as often as every day (operational concerns must be considered by each department/agency).

INVENTORY NOT SUSCEPTIBLE TO DIRECT PHYSICAL VERIFICATION

Where inventory held is of a nature where direct physical observation is not possible, appropriate alternate procedures must be documented and carried out. Gravel, salt, lumber, oil, livestock, and fish are examples of items that likely would not be susceptible to direct physical inventory counts. In such circumstances the involvement of specialists (those with in-depth knowledge of the inventory in question) would be expected. Measurements, or other count techniques, of the stock in question would therefore be taken and converted to the inventoriable unit. Any conversions should be supported by industry standards that are maintained to support all calculations. The timing of the verifications would be expected to be similar to the timings required for all other inventory (cycle counts periodically through the year or full physical counts at least once per year).

INVENTORY IN THE CUSTODY OF THIRD PARTIES
Inventory that remains the property of the Province, but that is in the custody of third parties must be verified. The verification of this type of inventory should be obtained through sending out inventory confirmations to the entities holding the Province's inventory. Appendix 13-B, Draft Inventory Confirmation Letter, should be used for this purpose.

TOTAL INVENTORY OF DEPARTMENT LESS THAN $25,000
As the objective of this policy is to provide useful information to management, and to ensure the proper accounting standards are adhered to, if the department's total inventory is estimated to be less than $25,000, a count does not need to be completed. Should the department choose to complete a count, the processes outlined in this policy should be followed; however, it will be acceptable for management to estimate the value of inventory and certify that their best estimate of total value is less than $25,000. See Appendix 13-C, Certification Inventory < $25,000, for the form Government Accounting would expect to be submitted. The individual signing this certification would be required to be able to discuss the process followed to come to the estimated value as this could be a valid audit enquiry.

Inventory Count Procedures

Inventory counts must be carried out under the supervision of a member of management with sufficient knowledge of the inventory to properly supervise the count (to be referred to as 'count supervisor'). This role would require involvement in planning the count, completing the count, and assessing the count results and completing the necessary procedures to resolve discrepancies or unusual results. To achieve proper segregation of duties, the count supervisor should not have responsibility over the physical custody of the inventory, but must have sufficient knowledge of the inventory to assess reasonability of the inventory count results.

The inventory counts must be well controlled from a planning, execution and follow up standpoint. Those staff involved with the count should receive a hard copy of the inventory count procedures to be followed and these instructions should be explained to the individuals involved with the count prior to the commencement of the count.

The following represents the type of information that must be captured during the count:

- Item code
- Item description
- Quantity of item on hand
- Location code

Sufficient detail in the item code and item description must be captured to enable the count supervisor to compare the count results to the inventory records.

Manual Transaction Record Forms must be used to track any movement of stock during the count. This is important to ensure a proper cut-off is achieved. This form, and its use, is discussed further throughout Appendix 13-D, Inventory Count Instructions.

Management is expected to submit a certification confirming that government policy was followed in conducting the inventory count(s). Appendix 13-E, Inventory Count Certification, provides a template that Government Accounting will expect to have submitted along with the results of the inventory count.

DAMAGED OR OBSOLETE INVENTORY

If damaged or obsolete items are noted during the count, where all of the items were originally expected to be of good quality, the damaged or obsolete items should be physically separated from the good quality stock and the number of damaged and/or obsolete items recorded separately on an exception sheet. These items should be identified as part of the pre-count review (see Appendix 13-D, Pre-count procedures, point 4). To the extent these items are included in existing inventory records they must be counted to ensure proper adjustments are recorded, both physical quantity and valuation adjustments.

Regulatory requirements regarding the disposal of damaged or obsolete inventory must be adhered to. These considerations notwithstanding, damaged or obsolete inventory would be transferred to the Department of Transportation and Infrastructure Renewal for disposal. For instances where inventory is deemed to be damaged and/or obsolete and the item(s) have been previously recorded in inventory, a sufficient audit trail must be maintained to substantiate the write-down/disposal (e.g., transfer document noting units transferred, print out of value of the goods prior to disposal).

The following appendices have been included for management's use and these should be considered the minimum requirement. Other guidelines might be appropriate given the inventory under consideration. Government Accounting is available to assist in determining if variations would be appropriate.

Appendix 13-B – Draft Inventory Confirmation Letter (where the Province's inventory is in the custody of a third party)

Appendix 13-C – Certification Inventory < $25,000 (management's certification that the estimated total inventory is less than $25,000 and therefore an estimate of inventory is sufficient, rather than a full count)

Appendix 13-D – Inventory Count Instructions (pre-count, count, and post-count procedures included)

Appendix 13-E – Inventory Count Certification (management's certification that the count was conducted in accordance with the Provincial policy)

Scheduling of counts

Inventory count date(s) must be forwarded to Government Accounting as soon as possible, but not less than 10 business days prior to date of the count. To the extent it is practical, in the case of cycle counts or other special counts to be conducted through the year, the year's schedule should be forwarded to Government Accounting for planning purposes.

Documentation Retention

Departments and agencies should maintain inventory documentation for a period not less than seven years. Three years should be kept on hand (current year plus the two previous fiscal years). This documentation would include the detailed inventory listing, inventory count sheets, support for inventory adjustments, adjustments required as a result of replacement cost/market value testing, and other documentation that would be deemed necessary should a given location be subject to an audit (be it internal or external). The documentation retained should be accessible for audit purposes.

Enquiries

Manager, Financial Accounting
Department of Finance
(902) 424-8592

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Appendix 13-A

Items to be Included in Inventory

The following is a list of items to be included in inventory. Please note that it is not possible to produce an all-inclusive listing of such items, therefore judgment will need to be exercised. Please contact Government Accounting with any questions that might arise.

- Books
- Equipment Parts
- Electrical Supplies
- Feed for livestock/aquaculture
- Fuel
- Gravel
- Lab Supplies
- Large Tools (value > $100 per unit)
- License Plates
- Livestock/aquaculture
- Maintenance Supplies
- Medical Supplies (including Drugs)
- PC Repair Supplies
- Plumbing Supplies
- Road Salt
- Signs
- Telecommunications Supplies
- Tree Seedlings

Please take special note of the following points:

- With the exception of the Stationary Stock Room, which has very large quantities, it is not expected that regular office supplies (printer paper, pencils, pens, computer discs, post-it notes, etc.) will be considered 'supply inventory'.
- Items that meet the definition of a Tangible Capital Asset (TCA), but do not meet the TCA policy thresholds are not to be considered inventory. Such items should be treated in accordance with the directives outlined within the TCA policy.
- The distinction of 'supply inventory' from 'inventory held for resale' is a very important issue for proper disclosure in the Provincial financial statements.

Appendix 13-B

Draft Inventory Confirmation Letter

Date

Contact Name
Contact Title
Contact Organization's Name
Address

Subject: Inventory of ***(name of Dept./Agency)*** held by ***(name of Contact Organization)***

Dear Sir or Madam:

As a matter of public accountability and in order to submit accurate figures to the Province of Nova Scotia regarding our inventory, ***(Name of Dept/Agency)*** is required to conduct a full physical inventory count of all supplies inventory and inventory held for resale on ***(Date)***. We have identified your organization as an organization holding certain stock which continues to be owned by ***(Name of Dept/Agency)***, and as such we require that you report to us the following details with regard to this inventory as at ***(Date of Count)***:

- Product code (if applicable)
- Product description
- Quantity of each product on hand as at ***(Date of Count)***
- Location of each product on hand as at ***(Date of Count)***
- Detail of any damaged product on hand

We appreciate your attention to this matter and would appreciate your signing and returning a copy of this letter below, certifying the accuracy of your records with regard to this inventory.

If you have any questions regarding this process please do not hesitate to give me a call, I can be reached at ***(phone number)***.

Yours very truly,

(Name of appropriate Dept/Agency official)

I hereby certify that the inventory owned by ***(Dept/Agency Name)*** has been counted and accurately reported as at ***(Date of Count)***. Please see the enclosed for the requested details.

Signature: ______________________________

Name (please print): ______________________________

Title: ______________________________

Date: ______________________________

Appendix 13-C

Certification Inventory <$25,000

Date

Contact Name
Accounting Manager
Respective Department/Corporate Services Unit
Address

Subject: Inventory of ***(name of Dept./Agency)*** as at ***(Date)***

Dear ***(Contact Name)***:

Upon review of our inventory, it has been determined that the estimated value of all supply inventory and/or inventory held for resale is less than $25,000. As this value is not considered to be significant, as per the Government's policy, we have not conducted a physical inventory count.

The enclosed listing approximates the quantity and value of supply inventory and/or inventory held for resale as at ***(Date)***.

By signing this letter I certify that I have an in depth knowledge of the inventory on hand which provides the ability to assert to the reasonableness of the estimated value being less than $25,000 as at ***(Date)***.

Should you have any questions please do not hesitate to contact me directly.

Yours very truly,

Signature: ______________________________

Name (please print): ______________________________

Title: ______________________________

Date: ______________________________

Appendix 13-D

Inventory Count Instructions

Pre-count procedures

1. Determine date(s) for inventory count(s) and communicate this to Government Accounting.
2. Arrange to have adequate count teams available, ensuring that each count team is comprised of two individuals. Anticipate and resolve any overtime issues that may arise as a result of best efforts to ensure counts are conducted in a timely and efficient manner.

Note: The count supervisor is not to be a member of the count teams, and individuals with responsibility over the handling of inventory or accounting for inventory should not be members of the count teams (segregation of duties is very important).

3. Ensure the system is updated for all inventory transactions up to the inventory cut-off.
4. Ensure the stock room is organized in a manner that will facilitate an accurate and complete inventory count (i.e., all like items are grouped together, damaged/obsolete goods are separated from regular stock, consumable stock partially used should be stored in separate location).
5. Where practical, arrange to have the warehouse/stock room closed during the count. At minimum, restrict movement of inventory during the count to vital orders only, where shipments must be issued or receipts must be accepted, maintain supporting documentation to ensure the correct cut-off has been achieved (i.e., if a receipt is accepted ensure the payable is set up with the inventory).
6. Arrange to have pre-numbered count sheets or pre-numbered count tags in order to maintain proper control over the inventory count. Where SAP is used, and possibly other perpetual systems, count sheets can and should be generated by the system.
7. Where count sheets are used and generated from the system, ensure there is no indication of physical quantities on hand per the system, the count teams must provide a completely independent count.

8. Where count sheets are used, ensure count stickers of one colour are available for count teams to place on the stock, or on the SAP Inventory Identification sticker, once an item is counted (practicality must override here in certain instances; livestock being an example). The colour of the sticker should be changed for subsequent counts unless removal of stickers prior to the next count is possible.
9. Provide a blank count sheet to each count team for the purpose of reporting exceptions (i.e., damaged stock found during count, inventory item that does not appear on the count sheet).
10. Review the count instructions with the count teams, ensuring the teams understand the importance of obtaining an accurate count.
11. Where the warehouse/stockroom can be closed, post that the area is closed due to the inventory count.

Physical Count Procedures

1. Count Supervisor Procedures:
   a) Distribute the inventory count sheets/count tags to the count teams. Track what sheets/tags were assigned to each count team, as they are responsible to return these sheets/tags to the count supervisor. The count teams should be responsible for distinct areas of the stockroom (i.e., whole rooms, section of shelves, inside vs. outside).
   b) If count stickers are used (use if count sheets are used), ensure teams have sufficient quantities to place on stock being counted.
   c) If the stockroom must handle inventory transactions during the physical count (this should be minimized), the following must be adhered to:
      i. A Manual Transaction Record Form stating the inventory item, part number (if applicable), quantity, movement type, cost centre involved, etc. must be filled out for later processing. A copy of this form must be placed on the stock on hand to track the movement – the transaction is to be noted as being after the inventory count.
      ii. Retain the Manual Transaction Record Form separately until completion of the stock taking.
      iii. The Manual Transaction Record Form should be signed by the individual issuing or receiving inventory on behalf of the department or agency. This should also be signed by the third party representative receiving or shipping the inventory. This will provide the necessary trail to support the adequacy of the inventory cut-off.

For counts prior to year-end (including counts conducted on March 31), if there is this kind of inventory movement, these Manual Transaction Records would be used to update the inventory records subsequent to the count. Inventory received would be included in the results and inventory shipped would be removed from the results. These forms, with appropriate supporting documentation, would provide the audit trail substantiating inventory cut-off.

d) Sample counts should be completed of higher risk, higher value goods as well as a sample of other items to ensure the proper implementation of the count instructions by the count teams. If differences between the test count and count of the count team exist, follow this up with the count team prior to completion of the count. Number of tests will vary based on knowledge of stock and experience of count teams.
e) When count teams have completed the count, visually inspect the stock room to ensure all inventory items have been counted (should have count tag or count sticker on all inventory items).
f) When you are satisfied that all items have been counted, ensure that all inventory count sheets/tags are accounted for after the count has been completed. This involves a count sheet/tag continuity where all used and unused sheets/tags numbers are accounted for (numbers 1 through 100 were issued, must ensure all 1 through 100 have been returned).

2. Count Team Procedures:
    a) Count teams are to start at their assigned locations and systematically proceed through their assigned section with their assigned count sheets/tags.
    b) All recordings are to be done in pen. Any corrections to recorded quantities are to be noted by one stroke through the error, the new number noted, and the counter's initials by the corrected number.
    c) Where count sheets are used, when the item has been physically counted, identify the item on the inventory count sheet, verify the details on the count sheet (item description, etc.) and note the number counted and then place a count sticker on the item.
    d) Where count tags are used, note the item details on the tag, count the number of items on hand and note the quantity on the count tag. Place the removable part of the count tag on the stock counted, and maintain the other part of the count tag to return to the stockkeeper/inventory analyst.

e) Where an exception is noted, the count details should be recorded on the blank count sheet provided by the count supervisor for exception reporting. Exceptions could be, but are not limited to, damaged/obsolete stock found in an area during the count. Count teams are expected to record sufficient detail to ensure proper adjustments and follow up procedures can be completed.

f) If a Manual Transaction Record Form is found on the inventory stock item about to be counted, you must count the stock that continues to be on hand and add the number of items removed as shown on the Manual Transaction Record Form, record this total number as the amount counted.

g) When the count teams complete their counts, each team member is to sign and date each page of the completed Physical Stocktaking List (where count sheets are used). Where count tags are used, each team member should sign and date the tag continuity prepared by the count supervisor. The signature is indicating responsibility for completed counts, and would also indicate what count tags were returned unused (therefore not claiming responsibility for any counts completed on numbers originally assigned to that team).

h) If given a Re-Count document, only count the items specified and follow the count procedures as outlined in this appendix.

Post -count Procedures

1. Count Supervisor Procedures:

a) Update inventory records for any items counted and properly included as inventory but that were not part of the previous inventory records.

b) Compare the results of the inventory count with the quantity in the system (where some reliance can be placed on the reasonableness of a perpetual system if one is used). Where a perpetual system is not used, compare the count results with your expectation of what should be held, and also compare the results with your own test counts. Where discrepancies are found or are expected, complete the following:

i. Determine if the variance is significant enough to warrant a re-count of that item.

ii. If no re-count is considered necessary, update the records for the results of the count.

iii. If a re-count is required, create a Re-Count Document (a listing of items to be re-counted, this can be system generated in SAP).

iv. Number the Re-Count Documents to maintain control of these, similar to the control over the original count sheets/tags.
v. Distribute the Re-Count Documents to the count teams, ensure the re-counts are completed by teams that were not responsible for the original count of the items being re-counted.

c) Receive the Re-Count Documents and review the results of the re-count, assessing these results in comparison to the system or your expectation.

d) Continue to produce Re-Count Documents until you are satisfied with the results of the count. Once the variances are considered to be acceptable, have the inventory records appropriately updated. Have the manager responsible for the cost centre sign off on the count results.

e) Create a list of Inventory after the Inventory Count, and mark it as such. This is the record of inventory on hand at the end of the count.

f) For any items that appear unusual, review the history of the inventory item (purchase history or usage history) and assess if there is a trend that indicates a change in the level of the item that should be carried. This could result in indicating higher or lower levels are necessary (changing circumstances could affect desired inventory levels – i.e., new equipment may require new repair parts, but at a lower level).

Appendix 13-E

Inventory Count Certification

Date:

Contact Name

Accounting Manager

Respective Department/Corporate Services Unit

Address

Subject: Inventory of ***(name of Dept./Agency)*** as at ***(Date)***

Dear ***(Contact Name)***:

Please find enclosed the results of our physical inventory count(s) conducted on ***(Date)***. The count was conducted in accordance with Government Policy and I hereby certify this to be an accurate reflection of the inventory quantity held on the above noted date.

Should you have any questions please do not hesitate to contact me directly.

Yours very truly,

Signature: ______________________________

Name (please print): ______________________________

Title: ______________________________

Date: ______________________________