Annual Inventory Verification and Audit Tips

It's that time of year again! The Controller's Office requests verification of each cost center's equipment inventory through each campus Procurement Office. Here are some answers to FAQ and some tips on how to comply with university policies and related audits.

Why? To identify loss, damage, or theft; to ensure records are accurate; to help achieve accountability; to comply with accounting standards

Why me? UT Policy FI0605 delegates custody and control of individual equipment items to individual departments.

What? Policy FI0605 requires updating the university's fixed asset system with an accurate tag number, serial number, and location for each item. Policy FI0600 covers requirements for sensitive minor equipment.

How? Review the inventory report provided by the Controller's Office for your cost center when received. Verify all items on the report, including asset number, inventory number, description, serial number, building name/number, and room number.

What if something doesn't match? If anything (asset number, tag number, etc.) on your department's inventory report does not match what you physically have in your department, note the corrections on your report and send to the Controller's Office for correction in the IRIS system.

What if something's missing? If you cannot locate an item on your department's inventory report, look in other areas to determine if the item has moved since last reported. For example, check surplus logs or other areas/labs nearby to see if you can locate the item. If the item has moved, note the new location on your report and send to the Controller's Office for correction in IRIS. If an item cannot be located and you conclude it is missing, complete a missing items report and submit to campus officials. Note, missing items are reported by the Office of Audit and Compliance to the State Comptroller's Office.

What if I need a new or replacement inventory tag? Contact the Controller's Office to request tags.

What if my department has physical inventory items not listed on the report provided for verification?
Add inventory or equipment defined in university policies FI0605 and FI0600 located in your department to the inventory report and send to the Controller's Office for correction. Follow policies to ensure any applicable inventory forms are completed for new equipment.

What if my department is selected for an audit? Audits are performed annually to verify accuracy of inventory records. A sample of departments are selected each year for audit.
- The annual inventory verification is reviewed to ensure corrections were submitted by the department.
- Items are selected from your department's inventory report for physical observation and verification.
- Items are selected from your area to verify they are properly included in the inventory report.

Audit Tips:
- Run IRIS transactions ZAM_EQUIP_VERIFY and S_ALR_87011963 for your cost center(s) to verify your department's inventory records.
- Be familiar with the locations of your inventory to show auditors items they will select for testing.
- Be familiar with your department's inventory records to show auditors where physical inventory items they select are recorded in your department's inventory report in IRIS.
- It is better to note a correction in advance than to wait for an audit to catch a correction or mistake.
- Corrections you submit during the annual inventory demonstrate effective internal controls and will not result in an internal audit finding. Discrepancies identified in inventory records that have not been reported to the Controller's Office for correction result in department audit findings. Findings require written management response and action in addition to audit follow up to ensure the actions are implemented.
- Follow and be familiar with university inventory policies FI0605 and FI0600 to understand your responsibilities and requirements related to inventory and equipment controls.

Contact information:

Inventory Verification Questions	**Internal Audit Questions**
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