# FINANCIAL POLICIES AND PROCEDURES

## SECTION 5: OPERATING EXPENDITURE & PAYABLES

## POLICY 7: INVENTORY

### Policy Rationale

Where [organisation] undertakes any commercial activities requiring inventories to be held, best practice inventory controls should be adopted to minimise exposures to obsolescence and / or theft.

### Policy Statement(s)

[organisation]’s CFO / Finance Manager shall ensure:

1. Inventories are stored securely
2. [organisation] has fit-for-purpose software and systems to accurately record the order, receipt and sale of inventories
3. Appropriate controls are in place to ensure the accurate and timely entry of transactional information into inventory systems
4. Inventories are purchased in accordance with [organisation]’s Procurement and Purchasing & Payments Policies
5. When stock is received the delivery docket is matched to a sales order and stock levels are promptly updated in the inventory and / or financial system
6. Appropriate segregation of duties and security over the access to inventories and the processing of inventory transactions, in accordance with [organisation]’s Delegated Authorities
7. Physical stock takes are conducted periodically and at the end of each reporting period
8. Reconciliation of physical inventory records with electronic records / transactions
9. Periodically review stock turnover times
10. Lower of cost or market value calculations are conducted at the end of each reporting period, thereby providing an accurate reflection of inventory being included in [organisation]’s Financial Statements and Management Reports
11. Obsolete or damaged goods are disposed of or scrapped as soon as possible

### Policy Implementation and Related Procedure Documents

The implementation and review of these Inventory policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s CFO / Finance Manager is responsible for implementing best practice systems and procedures for the ordering, receipting, selling and counting of inventories.

The following [organisation] policies and frameworks should be referred to in this regard:

* Finance Manual
* Delegated Authority Policy
* Accountability, Internal Controls & Audit Policy
* Financial Systems & Procedures Policy
* Commercial Activities, Grants & Funding Policy
* Revenue & Receipting Policy
* Insurance Policy
* Fraud Policy
* Purchasing & Payments Policy
* Procurement Policy

### Legislative Compliance Considerations

### Review Protocol

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| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |