

District Performed Unannounced Inventory Spot Checks Procedures

Updated May 2013

1. General Information / Guidelines

A. The spot checks are to be unannounced;

I. The Districts must perform spot checks on all locations with an inventory utilizing a two year cycle—whereby each inventory location must be checked at least once every two calendar years.

1. Districts are permitted to exclude administrative locations in the Fixed Assets Reporting System (FARS) from the spot check requirement.

2. The locations permitted to be excluded are:

FARS Cost Center	Name
0	District / Division Name
160	Deputy Director
200	Business & Human Resources Administration
211	Accounting
221	Personnel
300	Planning & Programming Administration
400	Production Administration
500	Highway Management Administration

B. Each location will be evaluated independently;

C. The minimum percentage of items to be checked are:

I. Consumable Inventory (EMS)

1. Garage—15% with a maximum of 50 stock items

2. Maintenance—25%

3. Traffic—25%

4. Facilities—15% with a maximum of 50 stock items

II. Fixed Assets—10%

Please Note: Prior to copying and pasting any of the query data, it is advisable to ensure your GQL preferences are set so as NOT TO COPY THE COLUMN HEADINGS—doing so will ensure the information is formatted correctly

To check and change your options:

1. Go to TOOLS
2. Click on PREFERENCES
3. On the right side of the pop-up window, click on RESULTS OPTIONS
 - a. Uncheck the box—“SAVE COLUMN HEADINGS”
4. Click OK
5. Click OK

2. Scheduling

- I. Districts must perform inventory spot checks on all of their required locations during the calendar year.
- II. Organized and feasible scheduling becomes paramount to a successful cycle. Spot Check Teams should:
 1. Compile a listing of all locations eligible for the spot checks;
 - a. To ascertain the EMS Garages with inventory:
 - i. Open the template titled, “Garage and Cost Center Listing & Calendar Year Schedule”;
 - ii. Run EMS GQL query—“EMS GARAGE LIST BY DIST”
 1. As of Date = YESTERDAY’S DATE
 2. District Number = YOUR DISTRICT NUMBER
 - iii. Highlight the entire data set by clicking on the square to the left of the words “Garage No.”
 - iv. Right Click on that same square
 - v. Choose COPY
 - vi. PASTE into “EMS GARAGES” tab in cell **A – 5**
 - b. To ascertain the Fixed Assets Cost Centers with inventory:
 - i. Open the template titled, “Garage and Cost Center Listing & Calendar Year Schedule”;

ii. Run FARS GQL query—"FARS COST CENTER LIST"

1. Enter YOUR DISTRICT NUMBER

iii. Highlight the entire data set by clicking on the square to the left of the words "Location Number"

iv. Right Click on that same square

v. Choose COPY

vi. PASTE into "FARS COST CENTERS" tab in cell **A - 5**

2. Utilizing a calendar, the Spot Check Team should lock into dates for each spot check as well as dates for completion / publication of the Spot Check Report.

a. You may use the "SCHEDULE" tab in the , "Garage and Cost Center Listing & Calendar Year Schedule" worksheet to accomplish this

3. Countsheets / Preparation For Spot Check Visit.

I. The primary preparation task prior to the spot check visit is generating / printing the countsheets and the checklists used in the field. For this, the following file is needed:

1. "Spotcheck Countsheets & Summary – LOCATIONBLNK.xlsx" (hereafter, referred to as the *Countsheets File*)

a. **Save As** to the designated network location with the "LOCATIONBLNK" changed to the actual location being checked—and possibly with the date of the check noted

b. On the tab titled STATISTICS enter the name of the location being checked into Cell **B - 4**

II. Additionally, the following queries will be used to complete the countsheet generation:

1. QAR GARAGE ITEM LIST (EMS GQL Query)
2. QAR MAINT ITEM LIST (EMS GQL Query)
3. QAR TRAFFIC ITEM LIST (EMS GQL Query)
4. QAR FACILITY ITEM LIST (EMS GQL Query)
5. FARS ITEM LISTING (FARS GQL Query)

B. EMS COUNTSHEETS (Garage, Maintenance, Traffic & Facility)

I. To generate countsheets for consumable inventories:

1. Run Query—"QAR GARAGE ITEM LIST" (or other EMS query as appropriate)

- a. As of Date = YESTERDAY'S DATE (Enter this date into Cell **G - 5** on the Garage tab of the Countsheet File)
 - b. District Number = YOUR DISTRICT NUMBER
 - c. Garage Number = EMS GARAGE DESIGNATION FOR LOCATION BEING CHECKED
2. Highlight the entire data set that is brought back by clicking on the square to the left of the words "Garage No."
 3. Right Click on that same square
 4. Choose COPY
 5. PASTE into the *Countsheets File* in Cell **A - 9** on the appropriate tab
 - a. Notice that the countsheet automatically calculates the 15% or 25% sample (Cell **C - 6**)
 6. Print the countsheet
 - a. Prior to printing, it is advisable to randomly highlight stock items to be checked—enough to equal ½ of the 25% sample
 7. Repeat for all categories as needed

C. FARS COUNTSHEETS

I. To generate countsheets for fixed assets inventories:

1. Run Query—"FARS ITEM LISTING"
 - a. Enter the Responsible Location for the area being checked
2. Highlight the entire data set that is brought back by clicking on the square to the left of the word "Located?."
3. Right Click on that same box
4. Choose COPY
5. PASTE into the *Countsheets File* in Cell **B - 7** on the FIXED ASSETS tab
 - a. Notice that the countsheet automatically calculates the 10% sample (Cell **K - 4**)
6. Print the countsheet
 - a. Prior to printing, it is advisable to randomly highlight stock items to be checked—enough to equal ½ of the 10% sample

D. CHECKLISTS & FIELD ORGANIZATION

- I. Print out the checklists associated with each applicable inventory category
- II. Organize countsheets and checklists in a manner conducive to the work to be done in the field during the spotcheck

4. Field Procedures

- A. Arrive and conduct a short meeting with the location's responsible personnel to inform them of the purpose and of what is being reviewed
- B. Perform counts
 - I. Approximately half of items being counted will be conducted by locating an item on the shelf / bin and verifying the quantity on the countsheet
 - II. Approximately half of items being counted will be conducted by locating an item on the countsheet and verifying the quantity on the shelf / bin
 1. This would be the items highlighted prior to printing the countsheet in the sections above
 - III. Additionally, Spot Check Team Members must scan the area being checked for items possibly not being properly housed in an inventory system
- C. Complete the checklists
- D. Once all counts have been reviewed, a short meeting should be conducted with the location's responsible personnel
 - I. Review the count accuracy
 1. Spot Check Team Members must take steps to ensure that their physical counts are without error—
 - a. Check pending 502s to determine if any item counted has usage not yet entered into EMS;
 - b. Communicate with the location's personnel to ensure material has not been taken off-site (e.g. signs to be put up that day)
 2. The location must be given ample time (1 – 2 weeks) to research discrepancies and perform corrective system transactions—
 - a. **THE CORRECTIVE SYSTEM TRANSACTION INFORMATION MUST BE FORWARDED TO THE DISTRICT OFFICE OF FINANCE FOR INCLUSION IN THE LOCATION'S REPORT FILE**
 - II. Review the checklist answers
 - III. Summarize the findings

5. Entering Counts

A. EMS Countsheets

- I. On the appropriate tab, enter the quantity of each item counted into the Quantity Counted column (Column F)

B. FARS Countsheets

- I. Choose YES or NO from the drop down menu in the Located? column (Column A)

1. Only complete this step for items checked—designating items as NO that were not checked will result in the item being flagged as an error.

C. Checklists

- I. Choose YES or NO from the drop down menu to reflect the findings in the field—also input any pertinent information into the NOTES fields

6. Report of Findings

- A. Once all counts are entered correctly, the STATISTICS tab will be populated with result data

- I. Total Items Checked

- II. Quantity Checked

- III. Value Checked

1. Error Percentages are calculated by the worksheet automatically

- IV. Checklist Negative Response Percentage

- V. Print this page to be used as an attachment to the Final Report.

7. Final Report

- A. Open the template—"SPOTCHECK REPORT LOCATIONBLNK"
 - I. **Save As** to the designated network location with the "LOCATIONBLNK" changed to the actual location being checked—and possibly with the date of the check noted
 - II. Complete the report documenting observations and designating each area checked with either
 1. Acceptable Area
 2. Area of Concern
 3. Outstanding Area
 - III. Add recommendations where appropriate
- B. The report is sent to Cost Center Manager responsible for the location and their respective Administrator
 - I. This person will be responsible for ensuring all recommendations are implemented in a timely manner
- C. The report must be retained at the District Fiscal Office for 3 years and is subject to Central Office QAR
- D. The Spot Check Report will be reviewed during the annual inventory certifications (consumable and personal property)
 - I. Further, Central Office Cost Accounting will request copies of the reports be sent to them along with Inventory QAR Procedure Test responses—in this way, the CO Inventory QAR will be able to check on recommendation progress

UNANNOUNCED SPOT CHECKS – DESIGNATION CRITERIA

To ensure statewide uniformity in designating locations as Acceptable, Concerning or Outstanding, each District will utilize and grade their locations using the same parameters. Primarily the **Percentage of Items in Error**¹ calculation will be used to grade the location following this schedule:

Designation	Error Percentage
Area of Concern	>=8%
Acceptable Area	1% to 7%
Outstanding Area	0%

Please note: There will remain subjective aspects to the overall designation of an area. If, for example, an area meets the Outstanding Criteria for count accuracy but is not well organized or well labeled then Districts would be well served to consider adjusting the designation to better reflect the overall state of the location's inventory.

¹ The Percentage of Items in Error is calculated by comparing the number of items checked versus those that had incorrect quantities (for Consumable Inventory) or those items which were not located (for Personal Property Inventory).