

Welcome to Asset Management 101 module four which is Inventory and Accountability. I'm Gwen Rush, Property Utilization Specialist at the Denver Office. In this module we will discuss how to maintain accountability through the inventory process to schedule, conduct and reconcile and complete a fiscal year property inventory.

I'd like to begin this module with definitions of inventory and of accountability as defined in both the Encarta Dictionary and the American College Dictionary. The American College Dictionary defines inventory as a noun meaning a detailed descriptive list of articles with number, quantity and a value of each. The Encarta Dictionary's second, third and fourth definitions are; the act or process of making an inventory or the period of time when this is done. List of items, a list of things, especially items of property assets or other resources and lastly a record of business' current assets including property owned. So when we speak of inventory, we're referring to the bureau's record of assets both in the accounting system and the property system and property owned by the bureau that is locally managed property. You remember this from module one. The definition of accountability in the Encarta dictionary is responsible to somebody or for something or able to be explained and the American College Dictionary defines accountability as liable to be called to account; responsible. So there are many ways in which we are all held accountable. In property management we conduct routine inventories to ensure that we can account for the assets we have in our possession.

Let's talk about inventory requirements. The bureau's requirement for inventories are mandated in the BLM manual 1520 and the Department of Interior's manual 410-114-60. Annual physical inventories are required for all personal property items controlled in the bureau's property management system. Accountable personal property items are identified with a BLM property number. You've already learned that accountable personal property items have a specific original acquisition cost which is found in the BLM manual 1520 or are listed on the bureau managed property list. If you haven't already wondered who has the responsibility to actually perform the inventory and who's ultimately responsible for the inventory or why are we mandated to do inventories and how do we go about it? Then you're probably wondering that about right now. We ask all of these questions at one time or another and at the end of this module you will be able to answer these questions.

Each fiscal year the Property Operations Section in Denver issues an annual directive to all Accountable Officers announcing the requirement to conduct an inventory and provides the date the inventory is due. So there's your answer to question who's ultimately responsible? It's the accountable office who could be the State Director, Center Directors, District Managers or Field Office Managers as mandated by the BLM. An Accountable Officer is responsible for the property in his or her office. Therefore the Accountable Officer is responsible for the inventory of accountable property assigned to their office. But Accountable

Officers depend on their Property Managers, you, to reconcile the inventory. Performing the inventory however is not as some might think the Property Manager's responsibility. Property Managers orchestrate the inventory process that will be performed by all the employees under the Accountable Officer who have been assigned government property. So there's the answer to the second question; who has the ultimately responsibility to actually perform the inventory?

So you ask; how does a Property Manager orchestrate the inventory process? To better understand you need to know who the players are. As a music major, the best way I can explain is to visualize an orchestra playing at a concert. So you have the conductor and different sections such as the strings and the brass and the woodwinds and each section has a first seat that's responsible for leading their section and as a whole they all come together to perform their music in sync. The conductor is responsible for ensuring each section performs their part when they're supposed to and keeps all the sections playing together so they're all playing on the same page so to speak. When the piece is ended, all sections should be in the same measure on the last note and all together. So the audience listens to the performance; gives a standing ovation at the end. An inventory is performed by each office section and led by their first seat, the Custodial Property Officer or CPO. The CPO has been given their music which is a list of property items assigned to them by the conductor aka Property Manager. Each CPO will ensure the Cognizant Employee in the section which is you and me personally accounts for each property item assigned to them; thus

keeping the section in tune and together with the other sections who by the way are doing the same thing. The entire inventory is in sync under the direction of you the Property Manager.

So what exactly does a Property Manager provide to the CPOs? To begin with, the Property Manager will run reports for each Custodial Property Officer. This report provides the list of personal property assigned to each Cognizant Employee under the CPO. The CPO's job is to verify with each Cognizant Employee that they indeed have the property items assigned to them. The Cognizant Employee is responsible for assuring the property is in their possession. It's the responsibility of both Cognizant Employee and CPO to note accountable personal property in their area that is not on the inventory list so it can be added if necessary. Additionally you may find bureau property that is not on your inventory list but in your possession. So should that happen, make a note on the inventory list so the Property Manager can later find who the property item has been assigned to. We are now sort of crossing sections in our orchestra.

The CPO will also verify any personal property that is not accountable in the inventory system with each Cognizant Employee and make sure it is assigned to the employee through a DI-105 Receipt for Property. The CPOs document their inventory results and provide them to the Property Manager. It is now the Property Manager's responsibility to update the inventory in the property system.

The update could include any change that may have occurred since the last inventory.

So now the finale is when the Property Manager prepares the annual inventory-inventory completion letter for signature by the Accountable Officer and transmits the completed letter to the property office in Denver by the due date. At the end of the inventory, all sections have played their parts and all end at the same time hopefully on the same note with no notes left outstanding. So the standing ovation from the Property Operations Section in Denver is well deserved but instead of a bouquet of roses, the orchestra receives a completion letter presented to the Accountable Officer and the entire orchestra which is the accountable office takes a bow; no encores please. You've completed an annual inventory and answered yet another of your questions; how do we go about performing an inventory?

So let's dig a little deeper into exactly what goes on during an inventory.

Conducting a physical inventory means to look at or touch all controlled property and managed property. There are two most commonly used types of inventory process; a perpetual inventory and an annual inventory. To explain a perpetual inventory, let me begin by explaining that because the inventory process is a tool used to ensure property items are accounted for; anytime a property item is transferred to another employee or CPO or has an- any other type of system change such as the condition or the description update; the property is

considered to have been inventoried at that time. So when the annual inventory comes up, those property items have already been inventoried in essence and are not required to be inventoried again. Anytime a change is made in the system the inventory date is updated to the current date, thus the name perpetual inventory.

To conduct an annual inventory, you would look at or touch all controlled and managed personal property in your area of responsibility and update the property system yearly. In addition you would add any property items that have not been added to the property system that were discovered during the physical inventory. There is also another inventory called wall to wall inventory. This is the type of inventory where the Cognizant Employee, Custodial Property Officer and Property Manager literally look at and touch every piece of property within an accountable office and update the inventory regardless of the last inventory date in the system. This is done before an Accountable Officer leaves and a new Accountable Officer comes in. The outgoing Accountable Officer verifies that all personal property is present and accounted for and the incoming Accountable Officer signs and accepts the responsibility of the personal property.

So here's the answer to another question you asked; why are we mandated to do inventories? The purpose of an inventory is to ensure property items listed as accountable by your office are in the possession of the cognizant employee the property's assigned to. So in summary the Accountable Officer is relying on you,

the Property Manager, each Custodial Property Officer and each Cognizant Employee to ensure the accuracy of the inventory. The Accountable Officer will do his or her part to emphasize to all employees the importance of the annual property inventory. This is where good communication comes in up and down the organization. A great way to bring awareness and importance of property management and to stress the need for cooperation during the inventory process is to discuss it at an all employee meeting and explain the employee's role during the inventory process. Employees should be made aware of when the inventory will be conducted and be available to the CPO to assist in conducting the inventory.

After the inventory has been completed the Property Manager must perform a local reconciliation. This means the property system must be reconciled with the inventory results and during the course of the inventory you will undoubtedly have items that somehow slip through the cracks and are not accounted for in the property system or sometimes you won't be able to find a piece of property or learn that it has- it has been transferred to another office. Property found during the inventory or new acquisitions must be entered into the property system within three working days; that's 72 hours as we learned in module two during the accountability process so don't sit on it. A BLM logo sticker should be affixed to all BLM personal property items. A DI-105 Receipt of Property should be completed and a copy maintained on file by the Property Manager. Property transferred to another location should be entered into the property system to

reflect the correct location. So when personal property is found for an Accountable Office that is in the system but is not assigned to your accountable office they should be notified so their inventory can be reconciled and they as the accountable office that it belongs to.

So what if the item is not in the possession of the cognizant employee? If you know who has the property the CPO should make a note on the inventory printout provided to them by the Property Manager and a DI-105 Receipt for Property should be completed to transfer custody. If the location of the item is not known then you make a diligent search for the property hoping you'll find it. You may have loaned it to another employee and did not document the transfer of responsibility on a DI-105. You can send an e-mail around your section. Maybe somebody remembers seeing it or maybe someone in your section borrowed it when you were out. Sometimes employees move to other sections or other accountable offices and they take their property with them. It's happened, one office will report a property item missing; another office will report the property item as found in their area because no one has updated the inventory system. Whatever actions you take in making a reasonable search for the property, make notes and provide the information to the Property Manager. Sometimes employees find that they no longer need a property item but the property is still usable and could be used by other employees. These property items identified as not presently in use or no longer needed or property that is not

in use but will be used in the near future should be warehoused or stored in a secure area.

We'll discuss what happens to property items that can't be found or that are no longer needed by the accountable office in modules five and six but for now the inventory process is to identify any property that's not accurately reflected in the inventory or that is not in the inventory at all and properly document them.

There are a few occasions that require a full inventory other than the scheduled annual inventory, the perpetual inventory or wall to wall and this is the encore we really didn't want. Such times include situations when the inventory records and the property system records have inconsistencies discovered during an audit. So let's go over what we've learned about inventory and accountability.

We learned that the inventory process is how we account for the bureau's property annually. Annual physical inventories are required for all property items controlled in the bureau's property management system as well as locally managed property. Each fiscal year the Property Operations Section in Denver issues an annual directive to all Accountable Officers announcing the requirement to conduct an inventory and provides a date the inventory's due. Property Managers orchestrate the inventory process, the Custodial Officers inventory their areas of responsibility with the assistance of each Cognizant Employee. Part of the inventory includes annotating accountable property in

their area that is not on the inventory list so it can be properly added to the inventory and after the inventory has been completed the property system is reconciled with the inventory results. There you have it; another concert well played.