



Accounting for Excess Stores Inventory

Lawrence Berkeley
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Financial Policies and Procedures

Part I

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Primary contact:	Controller

Summary

This policy and procedure prescribes financial processes to be followed in accounting for excess stores inventory.

Policy

Inventory or material stocks that exceed the demand expected in the normal course of operations because the amount on hand is more than can be sold or used in the foreseeable future, that do not meet management's criteria to be held in reserve for future sale or use, and that are not required as a safety or insurance margin, shall be classified as excess. Excess items are those items that are more cost-effective to dispose of than to hold.

Procedures

- At the beginning of the fiscal year, the Stores Inventory Specialist and Site Services Management identify inventory items to excess.
- Stores personnel will physically remove the excess material from the shelves, and also remove it from the Maximo system.
- The excess inventory is then sent to the Property Reuse Center, and entered into the Excess Tracking System.
- The Excess Inventory account is charged when items are removed from the Maximo system.
- When the excess inventory is disposed, the Excess Inventory account is credited, and a loss is recorded for the cost of the inventory.
- If all or part of the excess inventory is sold, the proceeds are used to reduce the loss recognized on the excess inventory sold.

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- The General Accounting Department reconciles all of the Stores Inventory accounts as well as the Allowance for Loss on Stores Inventory account.

Authority

- DOE Accounting Handbook, Chapter 9, Accounting for Inventory and Related Property
- Work Instruction – Site Services Group #SS06 – March 1, 2005

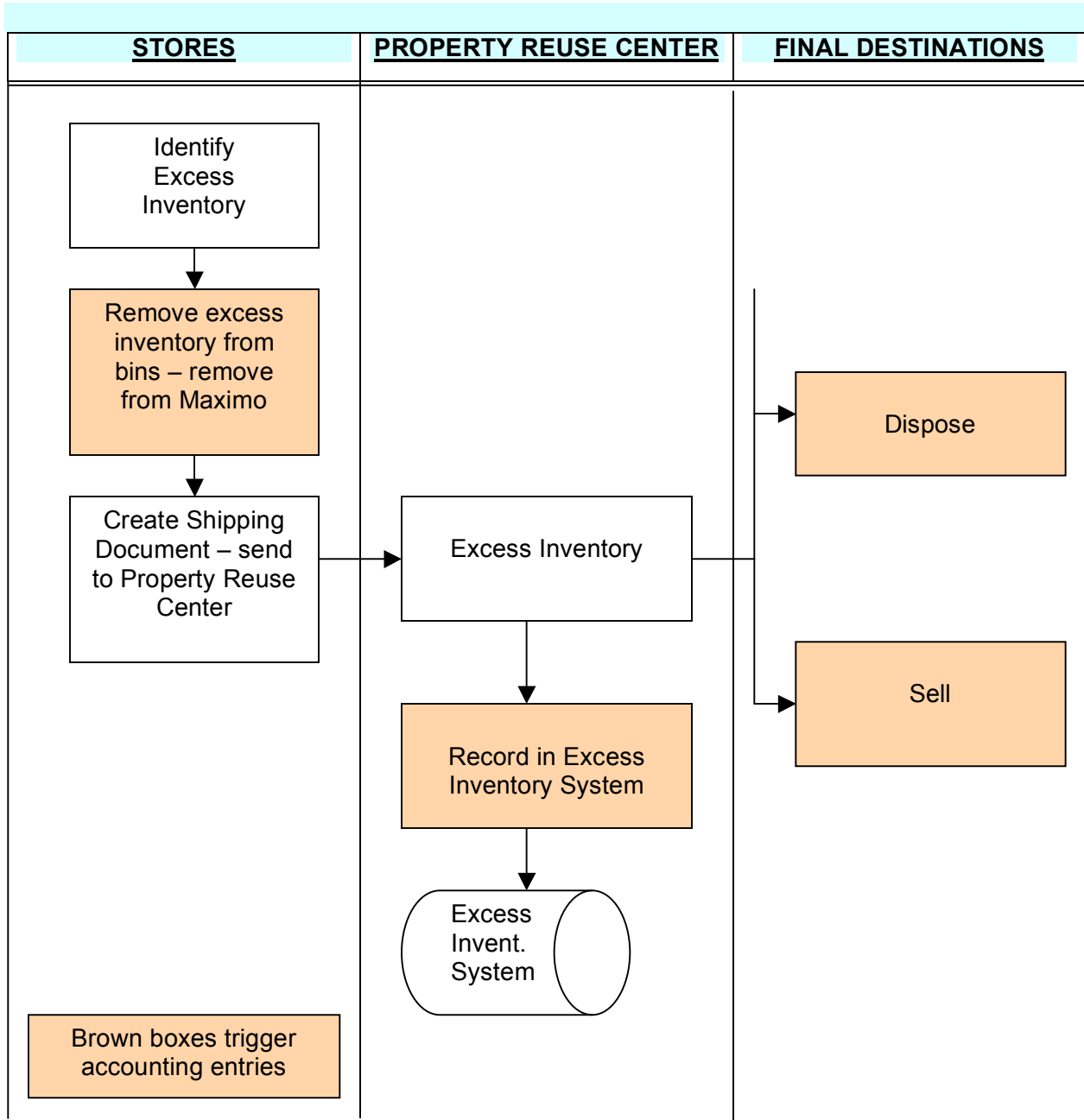
Contacts

- Manager, General Accounting
- Manager, Financial Policy and Training

Glossary

- **Stores Inventory:** Materials, supplies, and parts on hand that are normally used or consumed in operations, maintenance, and general use.
- **Excess Inventory:** Inventory or material stocks that exceed the demand expected in the normal course of operations because the amount on hand is more than can be sold or used in the foreseeable future, that do not meet management's criteria to be held in reserve for future sale or use, and that are not required as a safety or insurance margin, shall be classified as excess. Excess items are those items that are more cost-effective to dispose of than to hold.

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RELATED ACCOUNTING ENTRIES

Remove excess inventory from bins – remove from Maximo

<u>GL Account (DOE)</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
151200 – (1691)	Excess Stores	100	
151941 – (1691)	Stores Issues		100

Disposal of Excess (no sale of excess)

<u>GL Account (DOE)</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
614010 – (8132)	Excess Operating Allowance for Loss	100	
151200 – (1691)	Excess Stores		100

Partial Sale of Excess/Disposal of Remainder (different from Disposal of Excess Entry)

<u>GL Account (DOE)</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
614010 – (8132)	Excess Operating Allowance for Loss	50	
211602 – (3151)	Cash	50	
151200 – (1691)	Excess Stores		100