

# Inventory

## FIN-ACC-I-390



### About This Policy

Effective Date:  
07-01-1996

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07-01-1996

Responsible University Office:  
**Financial Management Services**

Responsible University Administrator:  
**Vice President and Chief Financial Officer**

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### Related Information

\* [I-350, Accrual Accounting](#)

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## Scope

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## Policy Statement

The recharge centers will inventory all items that were purchased for resale that have not been sold. Also, the items that were purchased for use in the production process will be inventoried. The valuation method used for recording inventory should be specific identification or average cost or First-In First-out (FIFO), or Last-in First-Out (LIFO) or Retail inventory method. This inventory value should be recorded as an asset in the University's Quali Financial System.

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## Reason For Policy

The recharge center balance sheet should accurately reflect the unit's financial position at the end of the fiscal year. A physical inventory of the items maintained in inventory should be taken at least once every fiscal year.

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## Procedure

All items that are purchased for resale should be coded with the title "purchases for resale". Any other items that are used in the final product or service should be identifiable in the university's accounting records. All of the inventory items that are purchased for resale or the items used in making the product should be counted during the physical inventory. The physical inventory should be recorded in the KFS in the fiscal period in which the inventory was counted.

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## Definitions

**Purchases for Resale:** Expenditures for products or services that will be resold. The title of the object code used should state that it is purchases for resale.

**Recharge Center:** An entity whose primary mission is to provide a good or service for the convenience of Indiana University.

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## History

The source to this policy is:

Cost Accounting Standards (CAS) 9905.501, Consistency in estimating, accumulating and reporting costs by educational institution, CAS 9905.502, Consistency in allocating costs incurred for the same purpose by educational institutions, and Chief Accountant