

3.2.2

Policy Title: 3.2.2 Inventories

Section: 3.0 Operations

Last Approved: January 2020

BACKGROUND

The purpose of this policy is to ensure that inventory is safeguarded and managed efficiently and effectively.

APPLICATION

The application of this policy is to provide direction to current employees and Executive members regarding Association inventories. Inventories would apply to items that are purchased and are not immediately consumed exceeding \$10,000.

DEFINITIONS

Inventories represent items that are purchased or produced and are not immediately consumed. They are recorded as an asset until they are issued for consumption or sale, at which time they are expensed. There are two main types of inventories: Inventories Held for Consumption or Use and Inventories Held for Resale.

Inventories Held for Consumption or Use are non-financial assets that will be used or consumed in the normal course of operations. Because the primary purpose of operations is to provide services, the future economic benefit of inventories held for consumption or use is embodied in their capacity to render service that furthers objectives. They are not intended for sale in the ordinary course of operations.

Inventories Held for Resale are financial assets that will be sold or used to produce a product that will be sold in the ordinary course of operations.

POLICY STATEMENT

1. Management is responsible for implementing adequate systems for recording, controlling, and maintaining optimum levels of inventories.
2. Management should implement physical security measures to safeguard inventory from risks of theft and damage.
3. Where inventories are excluded from this policy or are below the minimum thresholds, management should ensure sufficient records are kept to meet reporting needs and to mitigate risks of theft or other loss. It is management's responsibility to determine if it is not cost effective to maintain inventory records.

REFERENCES