



Awards for Excellence

IN GOVERNMENT FINANCE

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Government Finance Officers Association's (GFOA) Awards for Excellence in Government Finance recognize innovative programs and contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.



2018 Winner for Exceptionally Well Implemented GFOA Best Practice: CITY OF BOWLING GREEN, KY SAFEGUARDING EQUIPMENT ASSETS WITH THE PHYSICAL INVENTORY

The city of Bowling Green utilizes the Physical Inventory of Equipment Assets program on a biennial basis to locate and identify all equipment assets. The program began in this current form in FY2008, with improvements continually added, such as embedding the process into the City's financial software to automatically upload minor changes directly to the capital asset file. The physical inventory of equipment assets is detailed in the following steps:

- Program kicks off with a notification email from the Assistant CFO and refresher training. Documentation of the process is distributed to certain department staff.
- A department point of contact creates and maintains a physical asset inventory batch for their respective department in the City's financial software.
- Departmental staff locate all listed assets and note any changes to location, responsible department, responsible employee, and/or asset descriptions.
- If an asset is not found, a missing asset form is completed and investigated by the Assistant CFO.
- Department enters updates in the software with results from the inventory.
- The senior department staff review and approve updates.
- The Assistant CFO reviews and posts after all changes have been validated and documented.
- Verification of a random sample of approximately 5-10% of each department's assets is completed by the internal auditor or the chief accountant.
- A summary memo of the entire process is written to the CFO and department results provided to the senior department staff.

Additionally, another distinguishing feature of the City of Bowling Green's physical inventory process is the fiscal year-end review of departmental equipment asset listings. These features have helped the City to see a reduction in the variances reported during the inventory, improved compliance with surplus program requirements, and has reengaged department personnel in the asset program and reaffirms the importance of fiscal responsibility.



GFOA BEST PRACTICE: Inventories of Tangible Capital Assets

GFOA recommends that every state and local government periodically inventory its tangible capital assets so that all such assets are accounted for, at least on a test basis, no less often than once every five years. While well-designed and properly maintained perpetual inventory systems can eliminate the need for an annual inventory of a government's tangible capital assets, no inventory system is so reliable as to eliminate completely the need for a periodic physical inventory.

See <http://gfoa.org/inventories-tangible-capital-assets> for more information on this best practice.