

ANNUAL INVENTORY - MAJOR ITEMS OF PLANT SUPPLIES

1. GENERAL

1.01 This section provides the procedures to be used in the annual inventory of major items of outside plant supplies in Account 122-01 listed in V27.601.1. Also included is gasoline in Account 122-13 which is in stock only.

1.02 This issue replaces Section L24.310 Issue C.

1.03 The titles used in this section apply to the employee who has supervision over or who performs the particular function or who has been assigned to carry out the duties covered by this section.

2. DATE OF ANNUAL INVENTORY

2.01 The annual inventory of supplies is to be taken as of the close of business, June 30.

3. THE INVENTORY FORM

3.01 Form S-6590-1 and 2a-c, Inventory of Supplies, will be used for reporting inventory quantities. These forms are revised and printed each year for that year's inventory. The quantity of forms needed for each division is determined and ordered by each Division Buildings and Supplies Supervisor. (See Exhibit 1.)

3.02 The General Buildings and Supplies Supervisor and the Supervising Methods Accountant should jointly revise the inventory form by not later than March 31 of each year. The revised forms must be printed and delivered to the field forces by June 15th. The color of the form should be changed with each revision to ensure that only the current forms are used.

3.03 Concurrent with the above, the General Buildings and Supplies Supervisor should obtain requirements for Forms S-6590 from each Division.

3.04 The Division Buildings and Supplies Supervisor should send to the Printing and Stationery Supervisor a bonafide requisition to make a "one-time" shipment direct to the Division Buildings and Supplies Supervisor.

3.05 The Printing and Stationery Supervisor will hold the requisitions and release them to Western Electric Company when the forms are ready for shipment from the printer.

4. PREPARATION FOR ANNUAL INVENTORY

4.01 The Supervisor who will take the inventory should:

(a) Prior to and during the inventory month, check all related paper work, i.e., all outstanding shipping receipts, material transfer reports, local purchase order receipts, salvage adjustments, plant retirement reports, and see that the triplicate copies of RMN's are signed and forwarded expeditiously, (some cases may require Form S-6199, Duplicate Shipping Receipt be prepared where shipments are received but no shipping receipts, etc. are received).

(b) Check to ensure that only necessary situations are handled during the inventory month relating to ordering, transfers or retirements of major supplies so as to minimize uncompleted paper work.

(c) On June 30, prepare one copy of Form S-6633 to show the numbers of the unused Material Transfer Reports remaining

in his book of Forms SN-65 and forward it to the Accounting Department. Also, on June 30, he shall inform the Division Buildings and Supplies Supervisor by memo the last number used on Form S-6312, Salvage Adjustment and Retirement Report, and on Form S-6381, Returned Material Notice.

4.03 A week before the inventory date, the District Supervisor should prepare in triplicate a list of the names of all persons and their locations (alphabetically) of the Construction Forces and another list of the Wire Chief Forces, having supplies in Accounts 122-01 and 122-13, who will make an inventory count in the district. He should retain a copy of the lists for determining distribution of Form S-6590 that will be received from the Division Buildings and Supplies Supervisor and for checking against the receipt of Forms S-6590 from the inventory locations.

4.04 The Division Buildings and Supplies Supervisor should instruct the field to forward to the Accounting Department all outstanding Forms SN-65, Material Transfer Report, Forms S-6312, Salvage Adjustment and General Equipment Retirement Report, the triplicate copies of Forms S-6381, Returned Material Notice, and all shipping receipts affecting transactions made on or before the date of inventory.

4.05 The Buildings and Supplies Superintendent may:

- (a) Instruct Western to discontinue for a period shipments of major items to the field until after the inventory count.
- (b) Instruct the field not to make returns of these items to Western during a period before the inventory count.
- (c) In coordination with the Invoice

Supervisor, also instruct Western to complete their billing to the Telephone Company for major items shipped on or before the date of the inventory and to complete all Returned Material Notices, if possible. RMN's for Material returned prior to June 30 and not credited will be summarized in each Division Accounting Office as Uncredited Returns.

4.06 The Supplies Supervisor should review with the Invoice Supervisor unsettled claims against Western to see if any can be closed. The Invoice Supervisor will prepare a summary of unsettled claims as of June 30 by divisions for use by the Account Department.

5. THE FIELD INVENTORY

5.01 The field inventory consists of a physical count of the major items of supplies carefully made by an employee who is familiar with the items being inventoried. An accurate inventory is essential due to the large investment in this Account.

5.02 For convenience in taking the inventory, Forms S-6590-1a-c and 2a-c are provided which list specific items of supplies to be inventoried. However, any items on hand which are included in the list of major items of supplies but which are not printed on the forms must be inventoried and listed on the blank lines provided. Proper nomenclature for write-ins of items not listed may be obtained from the Stock List Book. Use only the current issue of the form. It is important that the notes and starred instructions printed on the forms be followed.

5.03 After the inventory is completed, the employee taking the inventory must sign all copies of the Form S-6590 and promptly forward the complete set to the district supervisor.

5.04 The District Construction Foreman and the District Plant Superintendent will then check the Forms S-6590 for proper entries and reasonableness of quantities. If entries appear in proper order, the original copy of the form must be countersigned in the upper left-hand corner by either of the district supervisors. The triplicate copy will be retained by the district supervisor for record. The originals with duplicates will be forwarded to the Division Buildings and Supplies Supervisor to reach him within three working days following the inventory date.

5.05 The Division Buildings and Supplies Supervisor should check the inventory forms received with the location list to ensure that all have been received. Once received, the original copy of Forms S-6590 is to be forwarded to the Accounting Department by the fifth work day following the inventory date. The duplicate is retained for reconciliation.

6. INVESTIGATION OF INVENTORY DIFFERENCES

6.01 The Accounting Department will prepare Form SW-4078, Supplies Inventory Summary and Reconciliation, which indicates preliminary quantity differences for each item inventory by location. This report is completed by Accounting within 30 days following the inventory date to allow ample time for investigation of differences which may exist.

6.02 The investigation of the inventory differences is a joint responsibility of the Accounting Department and the Division Buildings and Supplies Supervisor. Together, they must decide which, if any, of the preliminary differences warrant investigation. Judgment should be exercised in the determination based upon the cost of the items involved and the cost of the investigation by both Departments. A thorough investigation should be made for all major differences,

whether short or over, particularly to items of considerable value. A schedule of completion dates should be mutually established for orderly negotiating the various phases of investigation. However, the Accounting Department should have the results of all investigations not later than 75 days following the inventory date. Necessary information gathered by both Departments will be used to resolve the differences.

6.03 Any corrections of quantities originally inventoried should generally be reported on corrected Forms S-6590 or other forms of written notification signed by the employee who signed the original inventory and should again be approved as stated in 5.04. If it is necessary to make a correction by telephone or other informal means the correction should be promptly confirmed by an approved and signed corrected Form S-6590.

7. FINAL STATEMENTS OF THE INVENTORY DIFFERENCES

7.01 After the final inventory difference has been determined, which ordinarily should not be later than ninety days following the inventory date, the Disbursement Accounting will prepare final typed statements of differences. These statements will be by divisions on Form SW-2501. The number of copies required should be determined locally.

7.02 The original copy of the division statement will be signed as correct by the Division Accounting Manager and forwarded to the Division Plant Superintendent for approval and return.

7.03 A summary statement for the area will be prepared and the original, with copies of the approved division statements attached, will be forwarded for the approval of the General Accounting Manager, General Plant Manager, and Vice President and

General Manager. A statement of the inventory differences by principal classes of supplies will accompany the area inventory summary statement.

7.04 After the inventory statements have been approved, one copy of each division and area statement and statement of differences by principal classes of supplies will be forwarded to the Assistant Comptroller - General.