

Asset Inventory

Best Practices

“Organizations that practice asset management had 15% lower total cost of ownership. The greatest savings from AM practices were realized in the areas of procurement (160%), disposal (60%), operations (44%), user support (43%) and database management (43%).”

IDC

Effective Asset Inventory Management

In today's current regulatory and highly-competitive business environment, asset management is taking on far greater importance than in the past, with closer scrutiny of return on investment as well as full disclosure of financial asset information.

Yet, in many organizations asset management is still one of the weakest areas of internal controls – resulting in overpayment of taxes and insurance, higher total cost of ownership, and the risk of non-compliance with regulatory mandates.

Whether it's Sarbanes-Oxley compliance or the pressure to squeeze out the maximum return on assets, it's no longer an option to continue business as usual. Companies today must make significant improvements to address how fixed assets are tracked and managed.

Everything to Gain

With fixed assets representing a significant sum on most organizations' balance sheets, incomplete and out-of-date information can have a major financial and compliance impact.

According to industry analysts and experts, organizations that practice effective asset management have a lower total cost of ownership, with reduced procurement, disposal, operations, and other costs. By identifying unused assets and retiring them, companies – especially ones in asset-intensive industries – can significantly reduce their property tax and insurance bills.

With an improved asset management process, companies can address both near-term compliance requirements and long-term process improvement to:

- Maximize the return on capital investment
- Increase efficiency of asset management, saving both time and money
- Improve the accuracy of financial and tax reporting
- Demonstrate Sarbanes-Oxley compliance



The Asset Inventory Pay-Off

- Reduce federal tax liabilities by writing off ghost assets
- Lower personal property taxes by retiring assets no longer in use
- Reduce insurance premiums by properly identifying and classifying assets and their conditions
- Increase efficiency of capital budgeting through more effective reuse of assets
- Validate assets for financial data and reporting
- Reduce the risk and potential losses due to theft with quick and accurate audits
- Supports documentation for Sarbanes-Oxley compliance



Best Practice: Asset Definition

- *Assets are defined as the lowest level of individual item commonly managed*
- *All assets are identified with a machine-readable asset label*
- *All items within a category are identified regardless of cost*
- *Capitalization limits are applied to transaction flow rather than asset recording*
- *Assets are identified individually, not by groups*

The Asset Inventory Process

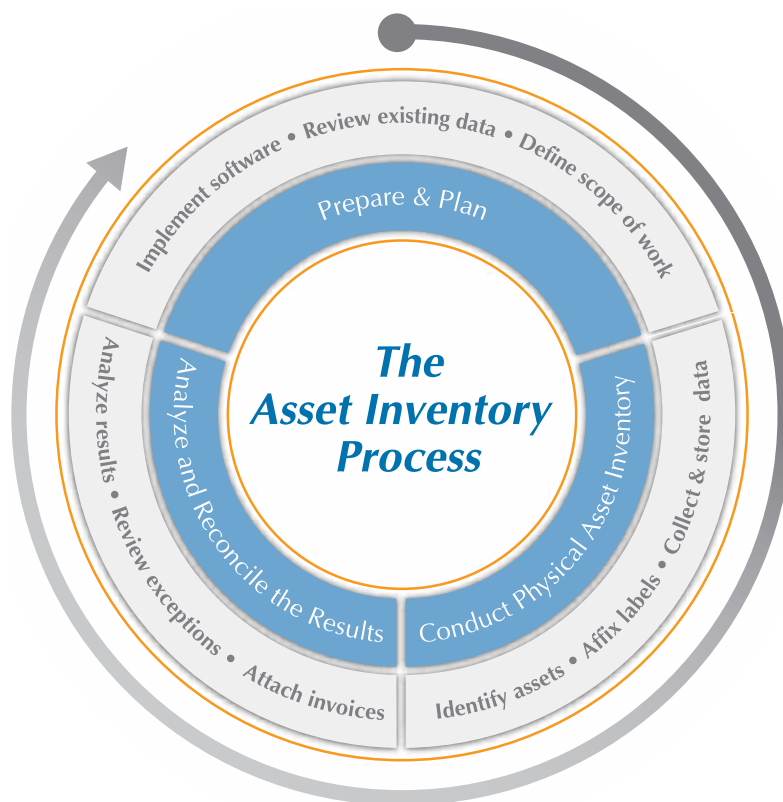
While fixed asset accounting focuses on the financial aspects of assets, including depreciation calculations and financial reporting, it is dependent upon having an accurate picture of actual physical inventory. Unfortunately, many companies lack the processes and systems needed to ensure that asset data is correct and reflects the current status.

Best practices for asset inventory require rethinking past processes and understanding the tools available today. Establishing a company-wide method of asset inventory management is key to reducing costs and ensuring compliance. The asset inventory process involves establishing an accurate basis and developing policies and procedures for maintaining and auditing this information going forward.

Getting Started

Before you start the inventory validation process, ensure you have the software, hardware, and expert help you need to make it a success. Critical ingredients for asset inventory include:

- Organization-wide participation
- Individual asset tagging
- Automated data collection and maintenance
- Integration with your accounting system



Asset Inventory – Three Critical Steps

1. Prepare & Plan

This step includes installing and setting up any new software and hardware components you'll need for asset tracking and management. The process continues with reviewing and examining all of your current asset inventory data to identify whether assets are tagged and whether there is individual identification of assets. You'll also need to check for data consistency and completeness to get a sense for the current state of your assets

- Implement asset inventory software
- Review existing data
- Define scope of physical inventory work

2. Conduct Physical Asset Inventory

Asset labeling provides a foundation for rapid, accurate inventories. And because a bar code label is simply scanned, the person conducting the inventory does not need extensive product knowledge to create reliable results. Target assets to be inventoried based on the scope of the project you identified in the first step. Each asset will be affixed with a bar code label. During the process, relevant asset data is collected and missing information such as location, condition, serial number, tag number, custodian, cost center, and more is entered.

- Identify target assets
- Affix standard or custom bar code labels to assets
- Collect asset data and store in asset inventory software

3. Analyze and Reconcile the Results

This last step reconciles the results of the physical inventory with your asset records. As part of the reconciliation, exceptions will be identified as well as any ghost assets. Best practices include matching, scanning, and attaching corresponding invoices to your asset records.

- Load data from bar code readers and analyze the results
- Review exceptions and identify ghost assets
- Match, scan, and attach invoices to asset records

BNA Asset Inventory™ At a Glance

- **Complete solution**
Everything you need to gain control of your assets.
- **Easy data collection**
Bar code technology eliminates errors and reduces labor.
- **Fast, accurate ongoing management**
Dynamic inventory eliminates duplicates and makes maintenance fast and easy.
- **Integrated with BNA Fixed Assets™**
Enter assets once for both inventory and financial management.
- **Expert assistance**
We can help you deploy your solution, conduct an inventory, and reconcile data.
- **Custom training services**
Training designed to help your team establish and maintain the right process for your organization while maximizing the use of your asset inventory software.

"...70% of organizations have a 30% discrepancy between a planned inventory and their actual inventory."

Gartner

BNA Asset Inventory™ **Managing the Entire Process**

BNA Asset Inventory provides the comprehensive solution you need to improve the accuracy and efficiency of the management of your moveable fixed assets. Integrated with BNA Fixed Assets™, BNA Asset Inventory includes state-of-the-art software, hardware, supplies, and expert professional services.

BNA Asset Inventory helps you track assets such as furniture, fixtures, IT software and hardware, plant assets, machinery, equipment, tools, and more – from receipt of the asset through to retirement. With BNA, you'll be able to efficiently perform accurate asset inventory, validate data and reconcile it with existing asset data on the books, and track the physical location of assets for accurate payment of personal property taxes and insurance payments.

The fixed assets experts at BNA can help you implement your solution, conduct asset inventory, reconcile asset data, and train your staff on using the software as well as maintaining the asset inventory process. They can also assist you with ongoing audit and inventory services. Ensuring accurate and timely results, BNA Professional Services can relieve your organization of the burden of conducting a physical inventory – helping you more effectively and efficiently improve the accuracy of fixed asset data.

Learn More: Are you tracking your physical assets?

Has asset management become a higher priority issue for your organization? Find out how to maximize the return on your assets with BNA Asset Inventory. **Sign up for a free Webinar at www.bnasoftware.com/assetinventory**

About BNA Software

Established in 1983, BNA Software specializes in developing expert solutions for tax and accounting professionals. As part of BNA, the premier publisher of news and analysis of legal and regulatory developments for over 75 years, we deliver the highest degree of tax, regulatory, and compliance expertise in every BNA Software solution and service engagement.



BNA Asset Inventory Solution

- *BNA Asset Inventory Software*
- *Hardware and Supplies*
 - *Classic Batch Terminals*
 - *WiFi Data Terminals*
 - *Asset Labels*
- *BNA Asset Management Professional and Training Services*

Call 1.800.424.2938 (select option 3) or contact your local BNA sales representative for more information about a BNA Asset Inventory solution.