Designation: E3298 – 21

Standard Practice for Inventory by Exception (IBE)[1]

This standard is issued under the fixed designation E3298; the number immediately following the designation indicates the year of original adoption or, in the case of revision, the year of last revision. A number in parentheses indicates the year of last reapproval. A superscript epsilon (ε) indicates an editorial change since the last revision or reapproval.

INTRODUCTION

Physical inventory verification is the process of comparing an entity's official list of assets to the actual assets. This requires planning and execution that can incur a significant dedication of resources. Inventory verification is used to verify or assess if controls are working. Controls are used to verify the existence, condition, and location of an asset. Traditional inventory verification is conducted by directly touching assets by means of a *sight-touch* method during a scheduled inventory period.

The verification that assets exist can also be performed indirectly using IBE. IBE counts assets that have been *touched* physically or electronically during the inventory cycle as already inventoried. IBE includes actions or transactions where assets are *touched* by independent systems or disinterested parties throughout the inventory cycle. Documentation supporting the transaction should be included as part of the accountable record.

When implementing this type of inventory, it is extremely important to define what constitutes a touch. A *touch* in this context verifies asset existence.

1. Scope

1.1 This practice describes the method used to verify the existence of items on record using IBE. It does not provide a method for verification of completeness of records.

1.2 In accordance with the provisions of Practice E2132, this practice clarifies the implementation of IBE as an effective and efficient inventory practice.

1.3 This practice does not override or increase requirements specific to governmental authorities. To the greatest extent practicable, the guidance in this practice should be considered by these entities where efficiencies can be gained.

1.4 *This standard does not purport to address all of the safety concerns, if any, associated with its use. It is the responsibility of the user of this standard to establish appropriate safety, health, and environmental practices and determine the applicability of regulatory limitations prior to use.*

1.5 *This international standard was developed in accordance with internationally recognized principles on standardization established in the Decision on Principles for the Development of International Standards, Guides and Recommendations issued by the World Trade Organization Technical Barriers to Trade (TBT) Committee.*

2. Referenced Documents

2.1 *ASTM Standards:*[2]

E2132 Practice for Inventory Verification: Electronic and Physical Inventory of Assets
E2135 Terminology for Property and Asset Management
E2495 Practice for Prioritizing Asset Resources in Acquisition, Utilization, and Disposition
E2608 Practice for Equipment Control Matrix (ECM)

3. Terminology

3.1 *Definitions*—For definitions related to property and asset management, refer to Terminology E2135.

3.2 *Definitions of Terms Specific to This Standard:*

3.2.1 *disinterested parties*—persons without stewardship, pecuniary, fiduciary, or other responsibilities or interest.

3.2.1.1 *Discussion*—Disinterested parties in the context of this practice are those entity and contracted personnel who are required to perform activities outlined in 6.2 who do not have asset ownership or custodial responsibility outside of the specific action being performed in relation to those outlined in 6.2. Any party who has a segregated duty in the asset addition, deletion, or edit process is inherently NOT a disinterested party.

[1] This practice is under the jurisdiction of ASTM Committee E53 on Asset Management and is the direct responsibility of Subcommittee E53.01 on Process Management.

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[2] For referenced ASTM standards, visit the ASTM website, www.astm.org, or contact ASTM Customer Service at service@astm.org. For *Annual Book of ASTM Standards* volume information, refer to the standard's Document Summary page on the ASTM website.