

IMPLEMENTATION OF INVENTORY POLICY IN LOCAL GOVERNMENT UNITS

Paweł MODRZYŃSKI¹, Grażyna VOSS²

¹ Bydgoszcz University of Science and Technology; pawel.modrzynski@pbs.edu.pl,
ORCID: 0000-0003-1861-0643

² Bydgoszcz University of Science and Technology; grazyna.voss@pbs.edu.pl, ORCID: 0000-0003-3358-4009
* Correspondence author

Purpose: The aim of this article is to present the determinants of a properly conducted inventory process in local governments and to demonstrate the role of local Government Shared Service Centers (SSCs) in improving the quality of the inventory process.

Design/methodology/approach: The authors, based on a research tool - a case study, presented the results of inventory conducted in a rural municipality using a selected municipality in the Kuyavian-Pomeranian Voivodeship as an example. The inventory process was preceded by an analysis and development of appropriate internal documents, as well as employee training. After the inventory was completed, surveys were conducted among the employees involved in this process. The collected responses and the conducted literature studies, especially the analysis of post-control findings of national control organizations such as the Regional Audit Offices, allowed for drawing conclusions and achieving the set research goal.

Research limitations/implications: The conducted studies on the literature related to the subject and the available post-control findings in the area of public finances of local government units allow for drawing conclusions regarding the complexity of the inventory process. Despite the legally and substantively well-defined process of conducting inventory in the Accounting Act, public entities, and particularly the local government units examined in this article, still make many mistakes in this process. The inventory process is especially crucial for the accurate preparation of financial statements for entities, including local government units.

Originality/value: The research highlights the need to distinguish between the organizational and substantive aspects of the inventory process. While local government units can handle the substantive part (selecting proper methods and principles for individual assets), the organizational aspect poses challenges, especially in rural municipalities with complex structures and limited staff. The study reveals the close connection between the inventory process and internal documents like Municipal Office Regulations, employee records, and asset responsibilities. The findings identify problematic areas in the inventory process. The authors suggest that utilizing SSCs could enhance efficiency and security.

Keywords: inventory, Local Government Shared Services Centers, public finance, public management.

Category of the paper: research paper.

1. Introduction

The inventory policy is an exceptionally significant document in the process of creating accurate financial reports for local government units. Legal provisions, particularly Chapter 3 of the Accounting Act, govern the principles of inventory preparation, integrating them into the general accounting principles applicable to the respective entity (*Ustawa z dnia 29 września 1994 r. o rachunkowości*, 2023). However, the results of the Regional Audit Offices (Polish: Regionalna Izba Obrachunkowa – RIO) audit indicate numerous issues arising during the inventory process. The National RIO Council has pointed out that, I quote: *...errors occurred to varying degrees at each stage of the inventory process. The audit revealed numerous instances of non-compliance with applicable legal provisions and internal regulations, often conducted in an unreliable manner, involving actions or omissions, both on the part of unit managers and chief accountants. Irregularities included, among others: - failure to inventory all assets and liabilities, - conducting inventory in contravention of prevailing legal provisions and established procedures and instructions, - insufficient and unreliable inventory control, - failure to account for or incorrect accounting of the inventory* (Serwis Samorządowy PAP, 2016). As a result of the published report, the RIO called for the strengthening of managerial control in this area (Kęпка, 2016). Adamek-Hyska also perceives inventory as a component of managerial control and emphasizes that frequent errors in its improper planning and execution represent a significant violation of public finance discipline, affecting key individuals in public finance units, namely the manager of the public finance sector unit and its chief accountant (Adamek-Hyska, 2015). Maszczak also highlights commonly encountered errors in conducting inventory, which have a detrimental impact on the statutory purpose of its implementation, ultimately hindering the achievement of the intended outcome – the accurate preparation of the unit's financial report (Maszczak, 2017). The inventory process in local government units can be divided into stages, the scope and schedule of which are partly derived directly from the provisions of the Accounting Act (Polish: *Ustawa o Rachunkowości – UoR*). However, a crucial element of this process is its proper preparation. As indicated by Wachowicz, a key element of this process is the appropriate organizational preparedness of the unit, which encompasses the proper development of internal documentation and the training of employees (Wachowicz, 2017). Regional Audit Offices in Wrocław, in its 2016 report, pointed out the following categories of irregularities related to non-compliance with the provisions of the Accounting Act concerning inventory (Regionalna Izba Obrachunkowa we Wrocławiu, 2016):

1. Failure to conduct the inventory of individual assets and liabilities (resulting from the failure of the entity's manager, despite the statutory obligation to order its execution) or incomplete inventory of all assets and liabilities.

2. Conducting inventory activities in a manner inconsistent with legal regulations, including the use of inappropriate inventory methods, failure to meet inventory deadlines.
3. Lack of documentation or improper documentation of the results of the inventory.
4. Failure to reconcile the results of the inventory in the books for the year to which it pertained.
5. Failure to conduct a physical count of fixed assets owned by other entities.
6. Incorrect internal regulations of entities concerning inventory.

Therefore, we can group the identified inventory process irregularities into substantive ones related to methods, tool selection, or the lack of appropriate documentation, and those of an organizational nature, including the proper training of employees or the absence of assigned asset responsibility.

2. Literature review

The obligation, frequency, and scope of conducting inventory are defined in the provisions of the Accounting Act (Article 26 of the Accounting Act). Additionally, the Accounting Act imposes responsibility on the unit's manager for its execution, by requiring them to prepare the financial report of the unit in accordance with the provisions of the Accounting Act (*Ustawa z dnia 29 września 1994 r. o rachunkowości*, 2023). The legal framework for inventory matters in local government units is broader in scope. The Accounting Act itself highlights the responsibility of the unit's manager for conducting physical inventory, specifies the methods and deadlines for inventorying individual assets and liabilities of the unit, provides guidance on accounting for inventory differences in the accounting records, and outlines the documentation and reporting requirements for the inventory process (Motowilczuk, 2015). Violation of the provisions of the Accounting Act regarding inventory procedures is reflected in Article 18 of the Act on Liability for Violation of Public Finance Discipline (*Ustawa z dnia 17 grudnia 2004 r. o odpowiedzialności za naruszenie dyscypliny finansów publicznych*, 2023). Detailed guidelines regarding the nature of municipal real estate components have been specified in the regulation of the Minister of Development and Finance dated March 8, 2017 (*Obwieszczenie Ministra Rozwoju i Finansów z dnia 8 marca 2017 r. w sprawie ogłoszenia jednolitego tekstu rozporządzenia Ministra Finansów w sprawie szczególnych zasad rachunkowości oraz planów kont dla budżetu państwa, budżetów jednostek samorządu terytorialnego, jednostek budżetowych, samorządowych zakładów budżetowych, państwowych funduszy celowych oraz państwowych jednostek budżetowych mających siedzibę poza granicami Rzeczypospolitej Polskiej*, 2017). Kowalczyk (Kowalczyk, 2012) and Adamek-Hyska (Adamek-Hyska, 2015) interpret the statutory responsibility of the unit's manager for conducting inventory as follows:

- a) *The unit's manager is responsible for personally performing accounting duties when specific responsibilities have not been delegated to another individual.*
- b) *The unit's manager is not directly responsible for performing accounting duties when specific responsibilities have been assigned to another person with their consent in writing.*
- c) *The unit's manager is responsible for supervising the execution of duties by other individuals, even if specific responsibilities have been delegated to another person.*
- d) *The unit's manager cannot transfer the responsibility for conducting inventory using the physical count method to another person.*

Kaczurak-Kozak also points out that inventory is a key element in the course of the information process within a local government unit (Kaczurak-Kozak, 2011). The issues related to responsibility for violations of public finance discipline have been extensively discussed by Winarska and Kaczurak-Kozak, who have highlighted a significant element in defining it. Public finance discipline, in addition to complying directly with the legal provisions in this area, also involves strict adherence to rules set either within a group or self-imposed rules. Winarska and Kaczurak-Kozak point out that the fundamental legal act defining violations of public finance discipline, based on the negation of actions, is the Act of December 17, 2004, on Liability for Violation of Public Finance Discipline. The legislator, in emphasizing responsibility for breaches of public finance discipline, has highlighted its substantive and personal nature. In this context, the area of inventory also emerges as a potential risk of violating discipline, which is defined by the failure to conduct or account for inventory or by accounting for it in a manner inconsistent with the provisions of the Accounting Act (Winiarska and Kaczurak-Kozak, 2018). From a managerial control perspective, the proper planning and execution of the inventory process in a local government unit entail a significant risk of violating public finance discipline. The post-audit recommendations from the RIO and a review of the literature suggest that the organization and preparation of inventory are critical aspects of this process. Any errors or shortcomings in this phase can have an impact on the final and accurate outcome of the inventory, consequently affecting the accuracy of financial data in the published reports of local government units. In the context of risk management in local government units and the enhancement of their efficiency, special attention should be paid to specific organizational units known as Shared Service Centers (SSCs). Grzybowski et al. emphasize that, *The principle is that the head of the public finance sector unit is responsible for the entirety of the financial management. In the case of implementing shared services for organizational units within a local government unit, which are classified under the public finance sector, cultural institutions, or other local legal entities established to carry out public tasks (excluding enterprises, research institutes, banks, and commercial companies), this responsibility should be determined, taking into account the scope of duties assigned to the unit (or units) providing services within the framework of shared services. The legislator in Article 53(5) of the Public Finance Act explicitly states that the head of the servicing unit is responsible*

for financial management, accounting, and reporting of the serviced unit in the scope of duties assigned by a resolution or agreement regarding shared services (Grzybowski et al., n.d.). In the case of delegating responsibilities related to accounting and reporting for the serviced units, these tasks should be transferred in their entirety. Therefore, in this situation, a Shared Service Center (SSC) assumes responsibility, among other things, for conducting inventory in the serviced units. The organization and efficiency of local government Shared Service Centers have been extensively discussed in the literature (Gawłowski, Modrzyński, 2018; Modrzyński, 2018, 2020b, 2020a; Modrzyński, Gawłowski, Modrzyńska, 2018; Modrzyński, Gawłowski, 2019; Karaszewski, Modrzyński, Modrzyńska, 2021). The utilization of SSCs in the public sector aligns with global trends aimed at implementing organizational changes to enhance the efficiency of public administration and local government operations. Pollitt and Bouckaert, in presenting reforms in the public sector, defined their purpose as follows: *Deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better* (Pollitt, Bouckaert, 2011). When presenting global trends in public administration and local government management, one cannot overlook the contribution of Osborne, who, while defining the principles of New Public Management (NPM), emphasized the following key elements of management effectiveness:

- Development of Service Integration: Creating units (centers) that provide integrated, standardized services to other public entities.
- Promotion of e-Government: Implementing integrated electronic applications for delivering public services.
- Emphasis on Network Development: Encouraging collaboration networks within the public sector and with private and social partners (Osborne, 2009).

Indeed, New Public Management (NPM) has had a significant impact on the development of accounting and the creation of new forms and areas of responsibility within the field. NPM's emphasis on performance measurement, accountability, and efficiency has led to changes in public sector accounting practices. It has prompted the adoption of accrual accounting, the development of performance-based budgeting, and the establishment of more transparent and results-oriented financial reporting systems in the public sector. These changes aim to enhance the financial management and accountability of public organizations, aligning them more closely with private sector practices (Kurunmäki, 2009). The implementation of organizational changes based on efficiency indicators, as mentioned in NPM, initiated the development of public sector accounting, aimed at providing appropriately aggregated data (Watkins, Arrington, 2007). The administrative reforms focused on financial outcomes (Hood, 1991; Lodge, Page, Balla, 2015) have placed public sector organizations under simultaneous institutional pressure concerning social and financial responsibility, which, in a sense, acted as a catalyst for changes in the field of budgetary accounting (Clarke, Lapsley, 2004). In the context of public sector reform, there is a simultaneous increase in expectations placed

on financial and budgetary reporting, whose control functions align with the field of managerial control (Rahman et al., 2015).

The transfer of responsibility and the execution of inventory processes by a specialized unit, such as a Shared Service Center, appear to be the right direction for organizational changes in local governments. As indicated by previous research on shared services in local government entities, entrusting accounting services is a fundamental subject area of local government shared services.

The topic of inventory in local government units is widely discussed. The available literature focuses on substantive aspects of this process (Kołodziej, 2008), such as the selection of appropriate methods (Kąkol, 2018; Majewska, 2023; Kurylak, n.d.), documentation of the inventory process (Kołodziej, 2008; Maszczak, 2017; Król, 2023), and the correct accounting of inventory discrepancies (Kusio-Szalak, nd.). Despite the control findings presented by the RIO, which also address errors in the organization of the inventory process and its impact on the correctness of the inventory, there is still a lack of publications on this topic in the literature. A review of the subject literature allowed for the identification of **a research gap concerning the study of the inventory process in local government entities in the context of proper organization of this process.**

3. Research methodology

The topic of inventory has been extensively described and presented in the literature. However, the mentioned RIO (Serwis Samorządowy PAP, 2016) report points out numerous problems and errors in the organization and execution of this process. There can be many reasons for the occurrence of so many irregularities, and among them, it's important to consider the size and characteristics of a particular local government. Rural municipalities are units with complex subject matter structures but typically have limited organizational capacity. The execution of complex and comprehensive processes, such as inventory, is often problematic in such cases.

This article presents **the results of developing and implementing internal legal regulations in the field of inventory and accounting policy in a rural municipality in the Kuyavian-Pomeranian Voivodeship during the period from November 2021 to March 2022.**

The selected research method, **the case study**, allowed the authors to provide a comprehensive description of the phenomenon - the organization and process of inventory in the selected municipality. Based on the gathered information, this approach enabled them to conduct an in-depth analysis and assessment of problematic areas.

Based on the analysis of the literature, especially the post-audit results from the Regional Audit Offices, the following **research objectives were set**:

1. Identify the key risk areas in the inventory process within the examined municipality.
2. Analyze the key internal legal regulations of the municipality related to managerial control of the inventory process.
3. Develop guidelines for the proper organization of the inventory process for other rural municipalities based on the insights gained.

In the conducted research, the following research questions were posed: What elements of the organization of the inventory process are crucial for ensuring its correctness? Would the involvement of specialized units, such as local government shared service centers, have a positive impact on the inventory process?

The research results and conclusions drawn from the analyzed rural municipality were compared with the findings of the inventory process carried out in a large urban municipality by a specialized local government unit - the Shared Service Center.

Within the agreed scope of work, the following stages/areas were included:

- Examination and verification of the internal documentation of the rural municipality concerning the inventory of assets of the Municipal Office. The process of verifying documentation encompassed all management directives, instructions, and regulations specified by the Mayor of the Municipality regarding the principles of conducting inventory at the Municipal Office.
- Examination and verification of the procedures for appointing inventory committees at the Municipal Office and the method of conducting inventory activities.

During the process of verifying the internal documentation of the examined rural municipality, the recommendations and post-audit findings of the Regional Audit Offices (RIO) were also taken into account. These findings pointed to significant problem areas. A critical issue was the lack of an up-to-date and properly prepared accounting policy for the municipality. Additionally, in the context of inventory, it was noted that the Mayor of the Municipality had delegated the tasks and responsibilities related to conducting a complete inventory to the Inventory Committee and the inventory teams responsible for conducting physical counts. Alongside formal and substantive deficiencies such as incomplete physical counts, lack of the Municipality Office seal, or missing elements specified in document templates, there was also a lack of valuation of inventory items, absence of signatures from members of inventory teams and individuals responsible for the inventory. Furthermore, RIO highlighted the absence of protocols documenting the results of the conducted inventory, which should have been prepared by the inventory committee.

A more extensive examination of internal documentation, including job descriptions for individual employees, revealed that in many cases, there was no formal transfer of responsibility for entrusted property items to specific employees. Additionally, RIO's audit indicated a failure to maintain records of strict accountability documents related to inventory

sheets for the years 2018-2020. According to the provisions of the Accounting Act and the Act on Responsibility for Violation of Financial Discipline, RIO identified the Mayor of the Municipality as the responsible person for these irregularities, and in the financial aspect, the Municipal Treasurer.

The analysis of internal and external documentation, as well as the results of control audits, allowed for the proper development of procedures and the planning of their implementation in the examined rural municipality.

The development of new procedures primarily aimed at aligning them with current external regulations and ensuring the completeness of procedures in accordance with applicable legal provisions. As a result of the audit and examination of the municipality, significant formal-legal and organizational determinants were identified that had an impact on the proper conduct of the inventory process for the municipality's assets. These determinants include:

1. The organizational regulations of the Municipality Office did not assign the management of its assets to a separate organizational unit.
2. There was no formal assignment of material responsibility to individual municipal employees to whom the municipality's property was theoretically entrusted.
3. Staff turnover, which in practice made it difficult to accurately account for individuals responsible for the municipality's assets.
4. Involvement of newly hired employees in inventory teams who lacked sufficient knowledge about the municipality's assets being inventoried.
5. Lack of comprehensive knowledge about inventory among members of the Inventory Committee.

4. Discussion

The analysis of the internal legal documentation of the examined municipality indicated that the organization of the inventory process was preceded by the establishment of a permanent inventory committee and the issuance of the appropriate order regarding the conduct of the inventory in the municipality's office. The inventory of assets and liabilities included the following components: inventory of assets and liabilities verified by the physical count method, confirmation of balances, comparison of accounting records with relevant documents, and verification. In accordance with the regulations, the inventory was conducted by the physical count method for the following items:

1. Fixed assets, other than land and fixed assets with restricted access (including infrastructure, buildings, residential or non-residential premises, and property rights classified as immovable), as of November 30, 2021.

2. Fixed assets, other fixed assets, machinery, and equipment included in assets under construction, as of November 30, 2021.
3. Foreign fixed assets owned by other entities, as of November 30, 2021.
4. Strict accounting forms, deposits, checks, foreign promissory notes, bank and insurance guarantees provided as security for the performance of agreements, as of December 31, 2021.
5. Materials, unused current assets components that directly charge costs at the time of purchase (e.g., office supplies, promotional materials), as of December 31, 2021.

Excluded from the inventory by physical count method are assets that do not meet the criteria for fixed assets with an expected economic useful life of less than one year and low-value assets with a gross value of up to 350.00 PLN.

The inventory by balance confirmation method, as of December 31, 2021, covered the following components:

1. Cash held in bank accounts.
2. Loans, borrowings, and bonds.
3. Receivables (excluding public law receivables, doubtful or disputed receivables, receivables from employees, and receivables from individuals not maintaining accounting records).
4. Long-term financial assets - stocks and shares.
5. Own assets entrusted/lent to other entities.

The inventory by comparing accounting records with relevant documents and verifying their values, as of December 31, 2021, covered the following components of the municipality's assets:

1. Land.
2. Fixed assets to which access is significantly restricted (including buildings forming infrastructure, residential or non-residential buildings, and rights classified as real property).
3. Fixed assets under construction.
4. Intangible assets.
5. Long-term financial assets - stocks and shares.
6. Disputed and doubtful receivables, public law settlements, settlements with employees, and settlements with individuals not maintaining accounting records.
7. Other unmentioned assets and liabilities not subject to inventory by physical count or balance confirmation.

The substantive framework of the inventory process has been correctly defined in accordance with the provisions of the Accounting Act (*Ustawa z dnia 29 września 1994 r. o rachunkowości*, 2023). The Mayor of the Rural Municipality's order specified the scope and methods of inventory and established 3-person inventory teams, with the number corresponding to the organizational structure of the municipal office, including its organizational units

(e.g., departments). This legal arrangement was designed to ensure the proper conduct of the inventory process. In total, 33 employees were involved in verifying the assets of the municipal office, with 27 working within 9 inventory teams and 6 appointed to the permanent inventory committee.

After developing and implementing internal procedures for the inventory process, training was provided to the selected employees responsible for carrying out the relevant tasks. Following the completion of the entire inventory process, a survey was conducted among this group of employees. The aim of the survey was to assess the effectiveness of the internal procedures implemented, the conducted training, and to identify potential problem areas. For this purpose, a questionnaire was prepared, consisting of six closed-ended questions and one open-ended question in which respondents were asked to indicate potential problematic areas. Table 1 presents the consolidated results of the survey for the closed-ended questions. Figure 1 displays the graphical results of the survey from Table 1, where positive ratings ("rather yes" and "definitely yes") and negative ratings ("rather no" and "definitely no") are grouped together. Figure 2 shows the collected and cataloged problematic areas as indicated by respondents in the open-ended question.

Table 1.

Compilation of questions and responses regarding the organization of the inventory process in the examined municipality

Itemization	definitely no	rather no	I don't have an opinion	rather yes	definitely yes	sum of responses
Do you think that appropriate internal regulations for the inventory of the municipality's assets have been introduced?	2	5	4	14	8	33
In your opinion, was an adequate amount of time allocated for the inventory process?	8	15	3	5	2	33
Do you think that adequate training was provided to the employees?	2	4	3	19	5	33
In your opinion, did the employees receive sufficient support from the municipality's management on an ongoing basis?	7	12	7	5	2	33
Do you believe that the legal aspect of the inventory is crucial for the efficient conduct of the inventory in the municipality?	5	12	3	11	2	33
In your opinion, is the organizational aspect of the inventory crucial for the efficient conduct of the inventory in the municipality?	4	5	2	16	6	33
Do you think that individual employees involved in the inventory process had the necessary competencies?	9	12	2	8	2	33
In your opinion, did the municipality's management have the necessary competencies?	3	14	3	10	3	33

Source: Own compilation based on conducted research.

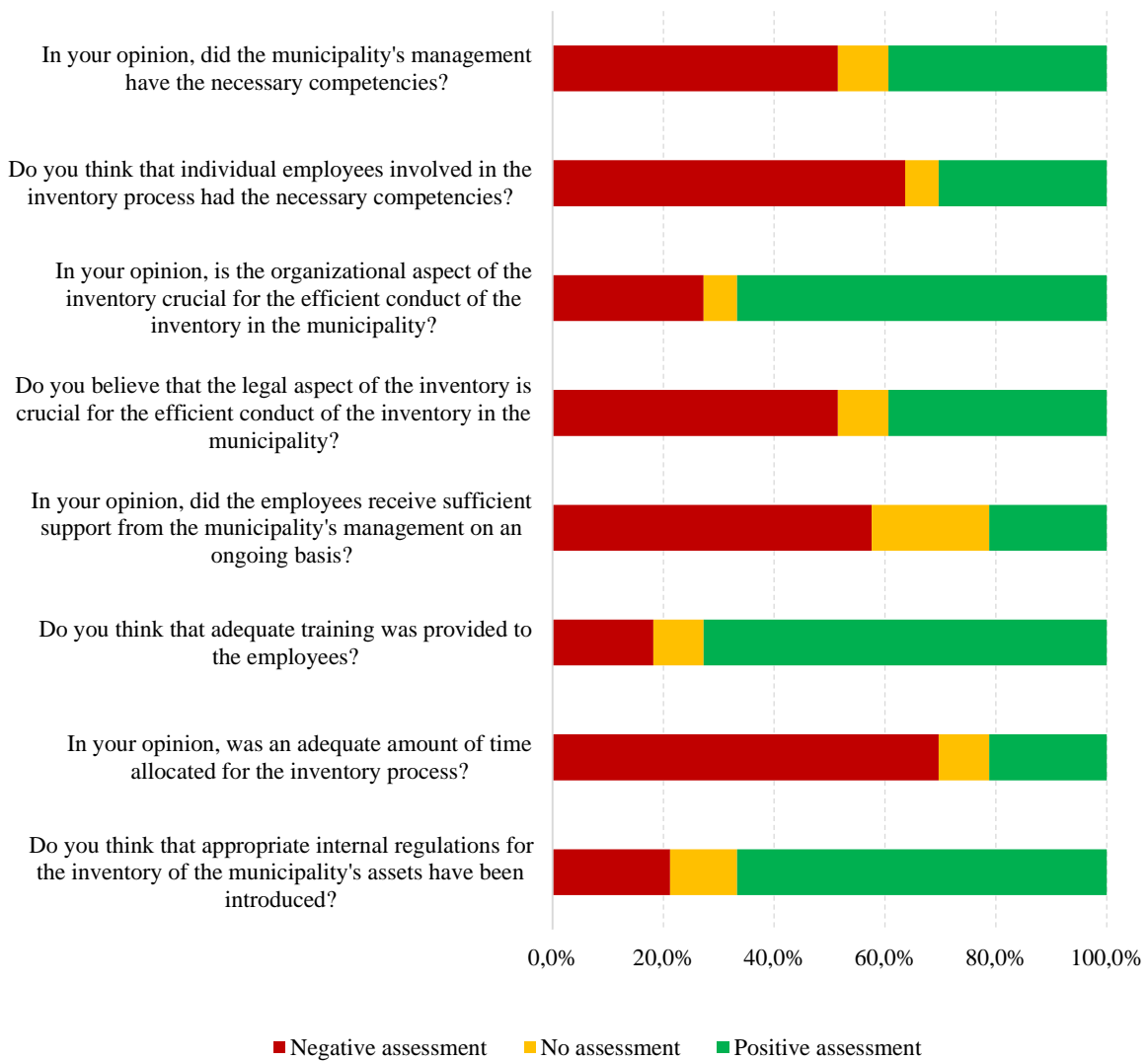


Figure 1. Evaluation of catalogued problematic areas in the inventory process.

Source: Own compilation based on conducted research.

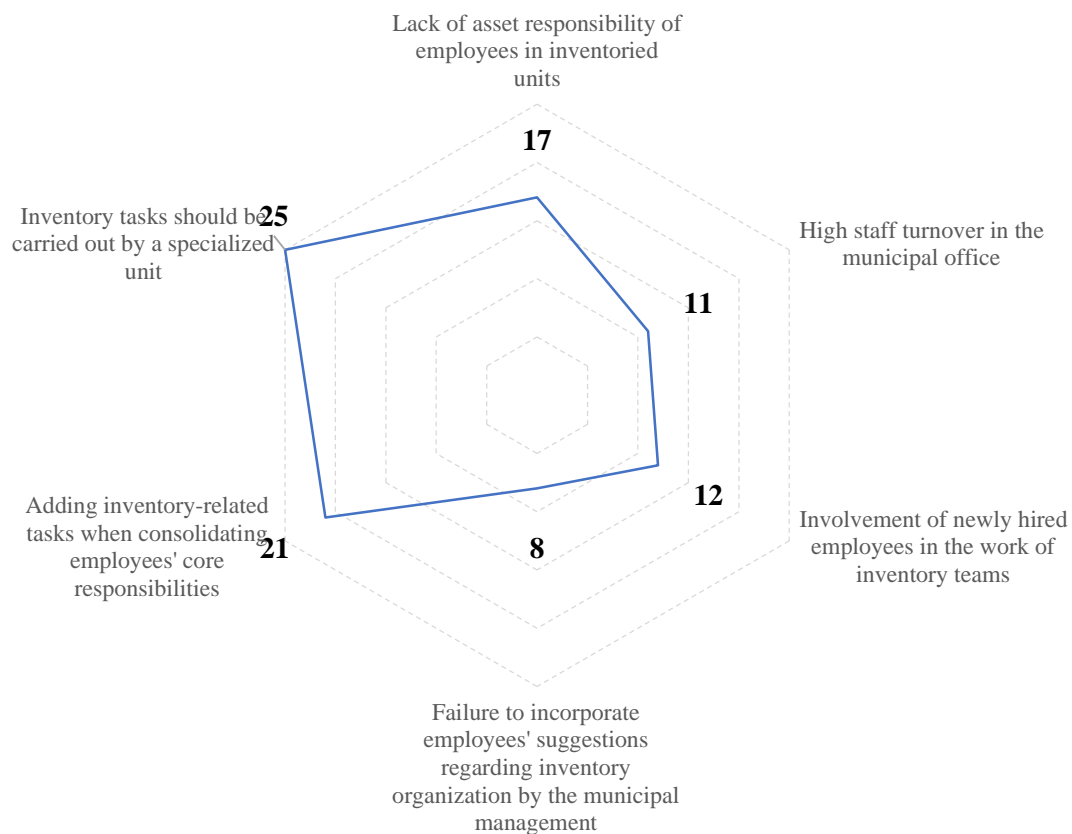


Figure 2. Presentation of catalogued problematic areas by the number of mentions by respondents.

Source: Own compilation based on conducted research.

The respondents highlighted two particularly problematic areas: the insufficiently short duration of the inventory process (69.7% negative ratings) and the competencies of employees involved in these tasks (63.6% negative ratings). To interpret the above responses, it's worth noting the respondents' comments in the open-ended question, where they mentioned the inclusion of newly hired or relatively inexperienced employees in the inventory work (12 mentions) and the high staff turnover (11 mentions). Experienced employees with not only substantial expertise but also a deep understanding of the office's layout and organizational changes, which can significantly hinder the proper identification of assets, should participate in inventory committees. Furthermore, the conclusions drawn from the implementation of inventory procedures in the examined municipality indicate that the substantive and legal aspects of inventory were carried out correctly, and employees in this area did not raise significant concerns (over half of the respondents had no objections here). According to the respondents, the proper organization of the inventory process itself in the municipality is a key element, as indicated by 66.7% of responses. When comparing this result with the problems identified by those performing inventory activities, especially those involved in physical inventory, such as newly hired individuals and the mention of high staff turnover, it is possible to point to a significant connection between these elements.

In the examined municipality, a separate organizational unit or independent position responsible for asset matters was not established within the organizational structure. Based on the internal document analysis and personnel documentation, it was also found that partial asset responsibilities were not assigned to other employees, especially to the heads of individual departments - the primary organizational units of the municipality. As a result, problematic areas emerged, as indicated by respondents (17 mentions).

In the examined municipality, a separate organizational unit was established within its organizational structure, carrying out statutory tasks assigned to local government shared service centers. This unit provides full accounting and payroll services to the municipality's educational institutions as part of its core tasks. Based on the experiences of the inventory committees and other employees involved in the inventory process, it is suggested that these tasks should be carried out by a specialized unit in the future, such as the Shared Services Centers (25 mentions, which represents 75.8% of respondents).

5. Research implications

The presented research results allow for practical conclusions for individuals managing public finance sector units and local government entities responsible, among other things, for conducting inventory in the organization. Grzybowski et al. (Grzybowski et al., n.d.) and Modrzyński et al. (Modrzyński, Gawłowski, Modrzyńska, 2018) point to an increasingly common practice of creating Shared Service Centers within local government structures and incorporating accounting responsibilities into the scope of shared services. The reports prepared for the Association of Polish Counties (Polish: Związek Powiatów Polskich) and the Union of Polish Metropolises (Polish: Unia Metropolii Polskich) clearly indicate that the subject matter of shared services is very similar and largely involves tasks related to accounting and payroll services (Modrzyński, Gawłowski, 2018; Modrzyński, Gawłowski, Modrzyńska, 2019). The Chief Accountants of Shared Services Centers (SSCs) confirm the validity of including inventory activities in shared services. Commonly identified errors included issues like the lack of or improper maintenance of inventory books. SSCs allows for the application of economies of scale, where a designated team of employees can be responsible for all asset management activities in the serviced units, including standardized inventory bookkeeping, while another team of employees conducts inventory in accordance with the law and an approved schedule as part of the shared service. The municipal (city) council, in the resolution establishing the shared service, determines the subject matter and the scope of the shared service, and the SSC manager, acting under the appropriate authorization of the mayor/president, carries out inventory duties as defined by the Accounting Act¹.

¹ Developed based on an expert interview with the Chief Accountants of the Shared Services Centers in Katowice and Krakow.

6. Conclusions

The applicable legal regulations, including the Accounting Act, explicitly define the methods and deadlines for conducting inventory activities, but the correctness of its implementation requires a broader legal and organizational context. In this regard, direct reference should be made to the public finance regulations or the Act on Responsibility for Violation of Financial Discipline, which place significant emphasis on accountability and risk assessment at every level of the public sector entities, including local governments. The inventory process involves the confrontation of accounting documentation with the actual state of affairs, thus bridging the gap between accounting and administrative areas. There is a growing recognition of the effectiveness of managing and coordinating the efforts of various units involved in complex processes such as inventory. As Carnegie et al. suggest, cooperation and responsibility at different levels within an organization are key factors for success in this regard (Carnegie, Napier, 2023). A correctly conducted inventory represents a significant step in the process of preparing financial statements for various entities, including local government units. A review of the available literature in the examined area, especially an analysis of the results of audits conducted by the Regional Audit Offices (RIO), indicates the need to focus on improving inventory procedures. Research findings and the increasingly common practice in larger local governments that utilize comprehensive support from shared service centers suggest that the organization of the inventory process, as well as the experience and expertise of the staff responsible for these activities, are crucial elements for its proper execution.

The analysis of the case study - the implementation of internal inventory documentation and training of employees involved in this process - suggests that these are crucial actions to ensure the correctness of the inventory process. From a scientific perspective, it seems justified to conduct further research in this area. Two research directions can be identified in this area. First, similar studies can be conducted in other municipalities, allowing for a comparison of the collected results. Second, conducting research to assess the effectiveness of organizing the inventory process in municipalities where this process was carried out with the support and utilization of shared service centers. The presented publication contributes to this discussion, which should be continued.

Author Contributions

Conceptualization, P.M. and G.V.; Methodology, P.M. and G.V.; Project administration, P.M.; Supervision, G.V.; Writing—original draft, Writing—review & editing, P.M. and G.V. All authors have read and agreed to the published version of the manuscript.

Funding

This work was not supported by any external source. The authors take all responsibility to prepare and conduct research.

Data Availability Statement

The graphs presented in this publication were developed by the authors based on the collected results of their own research. Detailed information about the source of the publication is attached to each graph.

Conflicts of Interest

The authors declare no conflict of interest.

References

1. Adamek-Hyska, D. (2015). Inwentaryzacja jako istotny element kontroli zarządczej. *Zeszyty Naukowe Uniwersytetu Szczecińskiego*, no. 76, vol. 2/864, pp. 169-180. Available at: <https://doi.org/DOI: 10.18276/frfu.2015.76/2-14>.
2. Carnegie, G.D., Napier, C.J. (2023). *Handbook of Accounting, Accountability and Governance*. London: Edward Elgar Publishing Ltd.

3. Clarke, P., Lapsley, I. (2004). Management accounting in the new public sector. *Management accounting in the new public sector*, 15(3), pp. 243–245. Available at: <https://doi.org/10.1016/j.mar.2004.06.002>.
4. Gawłowski, R., Modrzyński, P. (2018). Shared Services Centres in the Public and Private Sectors: The Case Study of the United Kingdom. *Journal of Corporate Responsibility and Leadership*, 4(2), pp. 25-42. Available at: <https://doi.org/10.12775/JCRL.2017.008>.
5. Grzybowski, P. et al. (n.d.). Finansowo-prawne aspekty organizacji i funkcjonowania samorządowych centrów usług wspólnych. In: *Prawne aspekty organizacji i funkcjonowania samorządowych centrów usług wspólnych* (pp. 143-178). Łódź: Wydawnictwo Uniwersytetu Łódzkiego (Akademia Samorządowa).
6. Hood, C. (1991). A public management for all seasons? *Public Administration*, 69(1), pp. 3-19. Available at: <https://doi.org/10.1111/j.1467-9299.1991.tb00779.x>.
7. Kaczurak-Kozak, M. (2011). Zasady (polityka) rachunkowości i prowadzenie ksiąg rachunkowych w samorządowych jednostkach budżetowych. *Studia Lubuskie*, VII, pp. 287-307.
8. Kąkol, D. (2018). Nowe podejście do inwentaryzacji – inwentaryzacja rozproszona. *Poradnik Rachunkowości Budżetowej*, 5 September. Available at: <https://ksiegowosc.infor.pl/rachunkowosc/inwentaryzacja/2746928,Nowe-podejscie-do-inwentaryzacji-inwentaryzacja-rozproszona.html>, 15 October 2023.
9. Karaszewski, R., Modrzyński, P., Modrzyńska, J. (2021). The use of blockchain technology in public sector entities management: an example of security and energy efficiency in cloud computing data processing. *Energies*, 14(7), p. 1873.
10. Kępka, W. (2016). Kontrola RIO: samorzady nie radzą sobie z inwentaryzacją mienia. *Akademia*, 18, 12 September. Available at: <https://akademia.infor.pl/kurs/FOB0000000000000773327,powiazane,artykul,I41.2016.018.000002600,Kontrola-RIO-samorzady-nie-radza-sobie-z-inwentaryzacja-mienia.html>, 10 August 2023.
11. Kołodziej, B. (2008). Zasady inwentaryzacji w jednostce budżetowej. *Audyt i kontrola*, 6 November. Available at: https://samorzad.infor.pl/sektor/finanse/audyt_i_kontrola/388653,Zasady-inwentaryzacji-w-jednostce-budzetowej.html, 15 October 2023.
12. Kowalczyk, E. (2012). *Odpowiedzialność kierownika i głównego księgowego jednostki sektora finansów publicznych w zakresie rachunkowości i gospodarki finansowej*. Gdańsk: ODDK.
13. Król, T. (2023). 200 porad z zakresu rachunkowości i sprawozdawczości na dwusetne wydanie Poradnika Rachunkowości Budżetowej. *Poradnik Rachunkowości Budżetowej*, 11 August. Available at: <https://ksiegowosc-budzetowa.infor.pl/wiadomosci/6270207,200-porad-200-wydan-poradnika-rachunkowosci-budzetowej-zapraszamy.html>, 15 October 2023.
14. Kurunmäki, L. (2009). Management Accounting, Economic Reasoning and the New Public Management Reforms. In: C.S. Chapman, A.G. Hopwood, M.D. Shields (eds.), *Handbooks*

- of Management Accounting Research*, pp. 1371-1383. Elsevier. Available at: [https://doi.org/10.1016/S1751-3243\(07\)03009-X](https://doi.org/10.1016/S1751-3243(07)03009-X).
15. Kurylak, B. (n.d.). Inwentaryzacja znaczących składników majątkowych - udział biegłego rewidenta. *Rachunkowość*. Available at: <https://ksiegowosc.infor.pl/rachunkowosc/inwentaryzacja/5339930,inwentaryzacja-biegly-rewident.html>, 16 October 2023.
 16. Kusio-Szalak, I. (n.d.). Inwentaryzacja – czy pracownik może wypowiedzieć umowę o wspólnej odpowiedzialności materialnej. *Portal FK.PL*. Available at: <https://www.portalfk.pl/dzialalnosc-pracodawcy-i-pracownikow/inwentaryzacja-czy-pracownik-moze-wypowiedziec-umowe-o-wspolnej-odpowiedzialnosci-materialnej-38303.html>, 14 October 2023.
 17. Lodge, M., Page, E.C., Balla, S.J. (eds) (2015). *The Oxford Handbook of Classics in Public Policy and Administration*. Oxford University Press. Available at: <https://doi.org/10.1093/oxfordhb/9780199646135.001.0001>.
 18. Majewska, M. (2023). Inwentaryzacja 2023/2024. *Poradnik Rachunkowości Budżetowej*, 3 October. Available at: <https://ksiegowosc-budzetowa.infor.pl/wiadomosci/6326676,prb-spisy-z-natury-i-wysylanie-wezwan-do-uzgodnienia-sald-od-1-pazdziernika-2023-r-inwentaryzacja-2324.html>, 15 October 2023.
 19. Maszczak, T. (2017). Inwentaryzacja w aspekcie koncepcji rzetelnego i jasnego obrazu. *Finanse, Rynki Finansowe, Ubezpieczenia*, 1(4(88)), pp. 167-179. Available at: <https://doi.org/DOI: 10.18276/frfu.2017.88/1-16>.
 20. Modrzyński, P. (2018). Globalne trendy w zarządzaniu publicznym – przykład centrów usług wspólnych. *Zeszyty Naukowe Politechniki Śląskiej, Organizacja i Zarządzanie*, 129, pp. 297-311.
 21. Modrzyński, P. (2020a). Benefits and threats to the implementation of the shared service market model in local governments. In: *Local Government Shared Services Centers: Management and Organizations* (pp. 117-182). Emerald Publishing Limited. Available at: <https://doi.org/10.1108/978-1-83982-258-220201004>.
 22. Modrzyński, P. (2020b). *Local Government Shared Services Centers: Management and Organization*. London: Emerald Publishing Limited (Emerald Points).
 23. Modrzyński, P., Gawłowski, R. (2018). *Powiatowe Centra Usług Wspólnych w Polsce. Rok 2018*. Bydgoszcz: Związek Powiatów Polskich, p. 29. Available at: http://www.forumsamorządowe.pl/files/file/Raport_PCUW_31_03_2018_Modrzyski_Gawowski.pdf, 28 September 2023.
 24. Modrzyński, P., Gawłowski, R. (2019). Shared Service Centres in the Public Sector - Building Corporate Governance or Implementing Barely-altered Organisational Changes? *Zeszyty Naukowe Politechniki Śląskiej, Organizacja i Zarządzanie*, 139, pp. 363-378. Available at: <http://dx.doi.org/10.29119/1641-3466.2019.139.29>.
 25. Modrzyński, P., Gawłowski, R., Modrzyńska, J. (2018). *Samorządowe centra usług wspólnych: założenia i praktyka*. Warszawa: CH Beck.

26. Modrzyński, P., Gawłowski, R., Modrzyńska, J. (2019). *Samorządowe Centra Usług Wspólnych. Analiza funkcjonowania i ocena efektywności świadczonych usług*. Toruń: Unia Metropolii Polskich, p. 22. Available at: <https://www.portalsamorzadowy.pl/gospodarka-komunalna/centra-uslug-wspolnych-jak-dzialaja-po-ponad-dwoch-latach-od-wprowadzenia-zobacz-raport,121502.html>, 28 September 2023.
27. Motowilczuk, I. (2015). *Inwentaryzacja w jednostkach sektora finansów publicznych – przeprowadzanie, rozliczanie i dokumentowanie*. Warszawa: INFOR PL S.A. (Rachunkowość budżetowa).
28. *Obwieszczenie Ministra Rozwoju i Finansów z dnia 8 marca 2017 r. w sprawie ogłoszenia jednolitego tekstu rozporządzenia Ministra Finansów w sprawie szczególnych zasad rachunkowości oraz planów kont dla budżetu państwa, budżetów jednostek samorządu terytorialnego, jednostek budżetowych, samorządowych zakładów budżetowych, państwowych funduszy celowych oraz państwowych jednostek budżetowych mających siedzibę poza granicami Rzeczypospolitej Polskiej* (2017). *Dz.U.* 2017 poz. 760.
29. Osborne, S.P. (2009). *The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance*. Routledge.
30. Pollitt, C., Bouckaert, G. (2011). *Public Management Reform: A Comparative Analysis: New Public Management, Governance, and the Neo-Weberian State*. New York: Oxford University Press.
31. Rahman, I.K.A. et al. (2015). Management Accounting Best Practices Award for Improving Corruption in Public Sector Agencies. *International Accounting and Business Conference 2015, IABC 2015*, 31, pp. 503-509. Available at: [https://doi.org/10.1016/S2212-5671\(15\)01192-2](https://doi.org/10.1016/S2212-5671(15)01192-2).
32. Regionalna Izba Obrachunkowa we Wrocławiu (2016). *Informacja o wynikach kontroli koordynowanej. Inwentaryzacja składników mienia w jednostkach samorządu terytorialnego (lata 2011-2014)*. Wrocław, p. 34. Available at: <https://inwentaryzacja.info.pl/2022/12/jak-zdaniem-rio-powinna-wygladac-inwentaryzacja/>, 18 October 2023.
33. Serwis Samorządowy PAP (2016). *Balagan w księgach. RIO wytyka wady organizacji procesu inwentaryzacji w JST. 24 August*. Available at: <https://samorząd.pap.pl/kategoria/finanse/balagan-w-ksiegach-rio-wytyka-wady-organizacji-procesu-inwentaryzacji-w-jst>, 17 August 2023.
34. *Ustawa z dnia 17 grudnia 2004 r. o odpowiedzialności za naruszenie dyscypliny finansów publicznych* (2023). *Dz.U.* z 2021 r., poz. 289; 2023 r., poz. 1030, 1532.
35. *Ustawa z dnia 29 września 1994 r. o rachunkowości* (2023). *Dz.U.* z 2023 r., poz. 120, 295.
36. Wachowicz, A. (2017). Inwentaryzacja - od czego zacząć? *Prawo.pl*, 22 March. Available at: <https://www.prawo.pl/biznes/inwentaryzacja-od-czego-zaczac,227253.html>, 4 July 2023.

37. Watkins, A.L., Arrington, C.E. (2007). Accounting, New Public Management and American Politics: Theoretical Insights into the National Performance Review. *Critical Perspectives on Accounting*, 18(1), pp. 33-58. Available at: <https://doi.org/10.1016/j.cpa.2005.02.003>.
38. Winiarska, K., Kaczurak-Kozak, M. (2018). *Rachunkowość budżetowa. Regulacje obowiązujące od 1 stycznia 2018 roku*. Warszawa: Wolters Kluwer.