

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

FIXED ASSET MANAGEMENT - POLICY AND PROCEDURES MANUAL

December 2018

OFFICE OF PROPERTY AND FLEET MANAGEMENT (OPFM)

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DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

OFFICE OF PROPERTY AND FLEET MANAGEMENT

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FIXED ASSET MANAGEMENT - POLICY AND PROCEDURES MANUAL

1.0 REFERENCES:

Sections 2-201, and 4-501 to 4-508 of the State Finance and Procurement Article
DGS Inventory Control Manual
GAD Accounting Procedures Manual Section 3.15
R*STARS Reference Manual Chapter 15
Department Directive DPSCS.010.0006 “Property Management”
Department Directive DPSCS.020.0021 “Inventory Control of Technology Equipment”

2.0 APPLICABLE TO:

Employees of the Department of Public Safety and Correctional Services (Department or DPSCS).

3.0 PURPOSE:

To establish policies and procedures that will enable Department management and staff to effectively safeguard fixed assets under their jurisdiction, and to properly record, monitor, and dispose of those assets in accordance with required procedures.

4.0 DEFINITIONS:

- 4.1 **A-Track** – DGS approved barcode inventory system that records detailed information on fixed assets.
- 4.2 **Accountable Officer** - An individual designated by an agency head to assume custody of and to direct the care and utilization of Department property under the agency’s jurisdiction.
- 4.3 **Agency** - An organization, institution, unit or program established as a separate budgetary unit within the Department of Public Safety and Correctional Services.
- 4.4 **Agency Head** – The highest ranking individual within an agency having responsibility for all activities within the agency - e.g., the managing officer of an institution; the director of a budgetary program.

- 4.5 **Building Improvements** – Changes to a structure that extends the useful life or use or enhances the value of the building such as additions, enlargements, improvements and the like. Roof replacements, exterior painting and normal maintenance and repairs are considered normal maintenance to retain the value of the building.
- 4.6 **Capital Equipment** - An item or furnishing having a probable useful life in excess of one year and a procurement cost of \$100 (\$500) or more (depending on an agency's current threshold). It also includes sensitive items having a procurement cost of \$50 (\$250) or more (depending on an agency's current threshold) and a useful life of one year or more.
- 4.7 **Consolidated Agencies** – Department agencies in which the Office of Property and Fleet Management (OPFM) provides control account services.
- 4.8 **Control Account** – A record that summarizes the history of acquisitions, disposals and transfers for each category of capital equipment independent of the detailed inventory records.
- 4.9 **DGS** – Department of General Services which is responsible for prescribing standards for controlling inventories of materials, supplies and fixed assets, and establishing the means for the State to determine the total values of these inventories.
- 4.10 **DGS Inventory Control Manual** – The Department of General Services (DGS) publication that prescribes standards for controlling inventories of State property, as well as specific procedures for reporting inventory values, reporting missing and stolen State property, and disposing of excess and surplus State property.
- 4.11 **DBM** – The Department of Budget and Management.
- 4.12 **Excess property** – Personal State property that is no longer needed by the Department, including usable and unusable items that have been replaced or that have become obsolete or property that is in excess of current requirements of the Department or property that is damaged, inoperable or not economical to repair or maintain.
- 4.13 **Excess Property Declaration (EPD)** - The DGS Form # DGS-950-9 used to declare property that is excess.
- 4.14 **FAS (R*STARS Fixed Asset Subsystem)** – A FMIS system that provides detailed subsidiary financial accounting for fixed asset accounts in R*STARS and detailed physical identification of fixed assets and inventory items.
- 4.15 **Fixed Asset** – State property that includes land, land improvements, buildings, building and leasehold improvements, and capital equipment. The term does not include materials and supplies and non-capital items.
- 4.16 **FMIS** – The State's Financial Management Information System.
- 4.17 **Infrastructure** - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most

capital assets. Examples: roads, bridges, tunnels, drainage systems, water & sewage systems, dams and lighting systems. Buildings, except those that are an ancillary part of an infrastructure network should not be considered infrastructure.

- 4.18 **ITCD** - The Information Technology and Communications Division of the Department..
- 4.19 **Land Improvements** – Betterments, other than buildings, that ready land for its intended use.
- 4.20 **Missing Property** – Items that cannot be located where there is no evidence of theft or forced entry, where the disappearance was not sudden or conspicuous and the disclosure of the loss is the result of a physical inventory
- 4.21 **Motor Vehicles (Vehicles)** – Automobiles, vans, light and heavy duty trucks, graders, tractors, motorcycles and other such equipment contrived for conveying passengers or objects. Marine vessels and aircraft are considered motor vehicles.
- 4.22 **Non-Capital Equipment** – Miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than \$100 (\$500) (depending on an agency's current threshold), sensitive items with an acquisition cost of less than \$50 (\$250) (depending on an agency's current threshold), or items with a useful life of less than one year.
- 4.23 **Office of Property Management** – Departmental unit with staff authority over all property issues and with responsibility for coordinating and monitoring agency compliance with required procedures regarding fixed assets.
- 4.24 **Property Officer** - An individual designated by an agency head to manage an agency's physical inventory according to established procedure and to direct the care and utilization of Department property under the agency's jurisdiction.
- 4.25 **R*STARS** – Relational Standard Accounting and Reporting System is the State's primary accounting system and the accounting system utilized by the Department.
- 4.26 **Sensitive Item** – A capital or non-capital equipment item that is prone to theft or which has a history of loss or theft within a particular agency. DGS has designated all computer equipment, recording devices, portable tools, hand radios, cameras and firearms and other law enforcement type weapons as sensitive items.
- 4.27 **Stolen Property** – The sudden or conspicuous disappearance of property. Whether or not there is evidence of theft or forced entry, an item shall be presumed stolen by its sudden and conspicuous disappearance.
- 4.28 **Threshold** – The amount approved by DGS for an agency which specifies the cost that determines whether an item is to be treated as capital or non-capital equipment and sensitive or non-sensitive. The threshold initially established by DGS is \$100 for capital items and \$50 for sensitive items, but some agencies have been authorized by DGS to use a threshold of \$500 for capital items and \$250 for sensitive items.

- 4.29 **Technology Equipment** – Computer equipment, network equipment and other information technology-related equipment. Technology equipment does not include radios, cameras, cell phones, or audio-visual equipment and accessories.

5.0 POLICY:

It is the policy of the Department of Public Safety and Correctional Services to ensure that all fixed assets are maintained in accordance with the requirements of state designated control agencies.

Each agency is responsible for the control, care, maintenance and security of all State property within its jurisdiction regardless of value.

6.0 PROCEDURES:

6.1 General Controls:

- 6.1.1 With the exception of the consolidated agencies, an agency shall have at least one Property Officer and a designated alternate responsible for overall management and coordination of State property within its jurisdiction, including maintaining accurate and current detail inventory records, completing appropriate forms such as Missing and Stolen Reports and Excess Property Disposal forms, maintaining internal transfer documentation, and performing physical inventories as required.
- 6.1.2 The Office of Property Management has responsibility to either monitor or perform property officer services for all the consolidated agencies with the mutual agreement of the agency involved.
- 6.1.3 Depending on an agency's current DGS-approved threshold, capital equipment that exceeds the threshold limit including non-sensitive items of \$100 (\$500) or more as well as sensitive items having a procurement cost of \$50 (\$250) or more shall be recorded, inventoried and reported as a fixed asset to the Department of General Services in accordance with Departmental procedures.

An agency may set more stringent thresholds for capital and sensitive equipment if the agency deems it appropriate for greater accountability or efficiency of operations.
- 6.1.4 Except for Maryland Correctional Enterprises (MCE), an agency shall record the following fixed assets in FAS:
 - 6.1.4.1 All land, easements, and construction in progress, regardless of cost,
 - 6.1.4.2 Buildings, infrastructure, improvements, equipment and software with a total project cost or cost per equipment item of \$50,000 or more, and

- 6.1.4.3 Assets acquired through capital lease. All capital leases (excluding interest) that relate to property acquisitions.
- 6.1.5 An agency shall maintain control accounts and detail records for each category and subcategory of fixed asset that apply to the agency.
- 6.1.6 An agency shall take every precaution practical or necessary to protect State property from being lost or stolen.
- 6.1.7 An agency shall investigate loss of equipment to determine the cause and shall take corrective action to protect property against future loss occurrences.
- 6.1.8 Easily concealed sensitive items shall be kept in locked cabinets, desks or storage rooms when not in use.
- 6.1.9 An agency shall ensure that fixed assets are not cannibalized or disposed of until authorization is obtained through the appropriate authority.
- 6.1.10 Office of Property Management.
 - 6.1.10.1 The Office of Property Management is established to monitor and coordinate the implementation of these procedures.
 - 6.1.10.2 The Director of the Office of Property Management shall have staff authority over all property issues and is responsible to monitor and facilitate agency compliance with laws, rules, regulations and procedures concerning property.
- 6.1.11 Forms to be used for property management may be found on the Department's Intranet under DPSCS Forms.

6.2 Control Accounts:

- 6.2.1 Separate control accounts shall be maintained for each of the following categories of fixed assets as applicable to the agency:
 - 6.2.1.1 Land and land improvements (FAS Class 001),
 - 6.2.1.2 Buildings and building improvements (FAS Class 002),
 - 6.2.1.3 Construction in progress (FAS Class 003),
 - 6.2.1.4 Infrastructure (FAS Class 004),
 - 6.2.1.5 Motor vehicles (FAS Class 500),
 - 6.2.1.6 Livestock and live animals (FAS Class 640), and
 - 6.2.1.7 All other Capital Equipment.
- 6.2.2 The Property Officer who maintains the fixed asset detail records may not also maintain the control account. Control accounts shall be maintained by an employee other than the individual who maintains the detail records.
- 6.2.3 Fixed assets control accounts shall be maintained and reconciled with detail records on at least a quarterly basis.

- 6.2.4 The ending balance of the control account for the period being reported should equal the beginning balance plus additions less disposals and transfers that occurred during the period.
- 6.2.5 For the fiscal year, the beginning balance (as of July 1) of the control account for each category of fixed assets is the June 30 balance reported on the Annual Report of Fixed Assets which was submitted to DGS by September 15 annually at the end of the prior fiscal year.
- 6.2.6 The individual responsible for maintaining the control account shall ensure that additions posted to the control account are reconciled to the related capital expenditures recorded in R*STARS during that period, including:
 - 6.2.6.1 Capital project expenditures applicable to that agency which were posted under Financial Agency 603;
 - 6.2.6.2 Capital project expenditures applicable to that agency which were posted under Financial Agency Q00 and charged to appropriation number Q00A0105;
 - 6.2.6.3 Capital maintenance project and other capital project expenditures applicable to that agency which were posted under the Department of General Services' Financial Agency 602;
 - 6.2.6.4 Operating budget expenditures in object 07 for additional and replacement vehicles and vehicle accessories;
 - 6.2.6.5 Operating budget expenditures in objects 10 and 11 for additional and replacement equipment; and
 - 6.2.6.6 Operating budget expenditures in object 14 for land, buildings and improvements thereto.
- 6.2.7 The aggregate balance of the detail property records shall be reconciled at least quarterly with the related control account. The total dollar value of the detail inventory records covered by a control account should equal the control account balance. If there is a difference, the transactions recorded during the period shall be analyzed and the necessary adjustments or corrections made to the inventory records or to the control account, as appropriate.
- 6.2.8 Any adjustments to a control account balance shall be approved by the agency head.
- 6.2.9 The reconciled final annual (fiscal year end) balances of the control accounts for land and land improvements, buildings and building improvements, capital equipment, construction in progress, and infrastructure shall be reported, as applicable for each agency, on the Annual Report of Fixed Assets.
- 6.2.10 The final annual reconciliation shall be certified in writing by the fiscal officer or by the Director of Property Management for the consolidated agencies. The certification shall be kept on file for audit purposes.

6.3 Detail Records – General Requirements:

An agency shall maintain fixed asset detail records for the following:

- 6.3.1 Land and Land Improvements.
- 6.3.2 Buildings and Building Improvements.
- 6.3.3 Construction in Progress.
- 6.3.4 Capital equipment by the following individual subcategories:
 - 6.3.4.1 Vehicles
 - 6.3.4.2 Equipment other than Vehicles
 - 6.3.4.3 Livestock
- 6.3.5 Infrastructure

6.4 Controls for Land, Buildings, and Improvements Thereto:

- 6.4.1 The property officer shall maintain fixed asset detail records in FAS for Land, Buildings, Improvements, and Construction in Progress (CIP) and Infrastructure.
 - 6.4.1.1 Land shall be recorded in FAS as Class 001.
 - 6.4.1.2 Land improvements that produce permanent benefits, such as fill, grading, utility installation, removal or relocation costs that ready land for the erection of a structure and landscaping shall be recorded in FAS as Class 001.
 - 6.4.1.3 Land improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots and fencing, shall be recorded in FAS as Class 004.
 - 6.4.1.4 Buildings and Building Improvements, including leasehold improvements shall be recorded in FAS as Class 002.
 - 6.4.1.5 Construction in Progress shall be recorded in FAS as Class 003.
 - 6.4.1.6 Infrastructure shall be recorded in FAS as Class 004.
- 6.4.2 For each State owned parcel of land and building within an organization's responsibility, the following minimum data shall be maintained:
 - 6.4.2.1 Land or building identification (Facility Name).
 - 6.4.2.2 Construction cost code and contractor (or seller).
 - 6.4.2.3 Acquisition cost and date.
 - 6.4.2.4 Physical location of the land or building (Address)
 - 6.4.2.5 The source of funds and the amount (if more than one fund source, all fund sources shall be indicated).
 - 6.4.2.6 Payments to contractors and vendors for building construction, land and improvements thereto shall be recorded as they occur in

FAS as Construction in Progress. Total payments to date shall be reported at the end of each fiscal year on the DGS Annual Report of Fixed Assets.

6.4.2.7 Justification and authorization reference for transfer or disposal.

6.4.3 All projects funded through the capital budget are capital projects by definition. All expenditures incurred for capital projects, including capital maintenance projects, shall be initially recorded in FAS as Construction in Progress (CIP) until the project is completed.

6.4.3.1 The Office of the Secretary Division of Financial Services (DFS) shall make available to fiscal officers reports of all Capital Project expenditures and the related documentation applicable to the fiscal officer's agency(s), within five working days after the close of each month. Capital Project expenditures include:

6.4.3.1.1 Capital projects approved in the capital budget and posted as expenditures under Financial Agency 603;

6.4.3.1.2 Capital projects approved in the operating budget appropriated to Q00A0105 and posted as expenditures under Financial Agency Q00; and

6.4.3.1.3 Capital maintenance projects and other capital projects for DPSCS agencies posted as expenditures under the Department of General Services' Financial Agency 602.

6.4.3.2 The fiscal officer shall ensure that:

6.4.3.2.1 The copies of the reports of capital project expenditures are provided to the employee responsible for posting the agency's fixed asset control accounts, and

6.4.3.2.2 The copies of the reports of all Capital Project expenditures and copies of the related documentation applicable to the fiscal officer's agency(s) are provided to the Agency Property Officer for posting to the detail records.

6.4.3.3 When the project is substantially completed and accepted for occupancy, the building shall be transferred out of CIP and into one of the following categories, prior to the close of the fiscal year that the building is occupied:

6.4.3.3.1 Land and land improvements,

6.4.3.3.2 Building and building improvements,

6.4.3.3.3 Infrastructure, or

6.4.3.3.4 Equipment.

- 6.4.4 For any improvement, replacement or maintenance project paid from the agency's operating budget with a project cost in excess of \$50,000, the fiscal officer shall determine if the project should be classified as a capital project (charged to object 14 Land and Structures) or as ordinary maintenance (charged to object 08):
- 6.4.4.1 The expenditure should be classified as a capital project if the total cost of the project will exceed \$50,000, and meets one of the following criteria:
 - 6.4.4.1.1 Additions to the land or building, for example the addition of a new (not replacement) fence or parking lot, the addition of an air conditioning system or camera system.
 - 6.4.4.1.2 Improvements to the land or building which provide superior performance capabilities, for example, a larger parking lot, replacement of existing manual locks with a computerized locking system.
 - 6.4.4.1.3 Major repairs that extend the useful life of the asset, and benefit more than a single operating cycle or period.
 - 6.4.4.1.4 Capital projects shall be recorded as expenditures in object 14 Land and Structures and posted to the fixed asset records.
 - 6.4.4.2 The expenditure should be considered ordinary repairs and maintenance if:
 - 6.4.4.2.1 The expenditure is required to maintain the asset in its original operating condition,
 - 6.4.4.2.2 The asset will continue to provide the same level of function, and
 - 6.4.4.2.3 The useful life of the asset is not increased.
 - 6.4.4.2.4 Ordinary repairs include preventive maintenance, normal periodic repairs and replacement parts. Repainting and roof repairs are ordinary repairs.
 - 6.4.4.2.5 Ordinary repairs and maintenance shall be recorded as expenditures in object 08 Contractual Services and should **not** be posted to the fixed asset records in FAS.
 - 6.4.4.3 Leasehold improvements shall be recorded in object 14 Land and Structures and posted to the fixed asset records only when:
 - 6.4.4.3.1 The total cost of the improvements at a single location exceed \$50,000, and

- 6.4.4.3.2 The remaining period of the lease at that location is at least 20 years.
- 6.4.4.3.3 Leasehold improvements which do not meet the above criteria shall be expensed in the year incurred and recorded in object 08 Contractual Services.

6.5 Controls for Capital Equipment:

- 6.5.1 Detail inventory records and control accounts for capital equipment shall be maintained by category of fixed assets, as follows:
 - 6.5.1.1 Motor vehicles,
 - 6.5.1.2 Livestock,
 - 6.5.1.3 All other capital equipment.
- 6.5.2 Except as provided in Department Directive DPSCS.010.0006, detail capital equipment records for DPSCS technology equipment, including software and telephone systems, shall be maintained by ITCD. However, agencies are responsible to acquire and maintain technology equipment that is an integral component when acquired in conjunction with surveillance and security systems.
- 6.5.3 The property officer shall maintain fixed asset detail records for capital equipment, to include the following minimum data:
 - 6.5.3.1 Item identification consisting of at least the agency property identification number and description,
 - 6.5.3.2 Name of supplier and purchase order or other acquisition document number (such as corporate purchasing card authorization number),
 - 6.5.3.3 Acquisition cost and date,
 - 6.5.3.4 Physical location of item,
 - 6.5.3.5 Serial number, if applicable,
 - 6.5.3.6 Source of funds,
 - 6.5.3.7 Most recent physical inventory date,
 - 6.5.3.8 Justification and authorization reference for transfer or disposal.
- 6.5.4 The Departmental standard for maintaining detail records for all capital equipment shall be A-Track. Any exceptions to the standard must be approved by the Director of Property Management.
- 6.5.5 An agency using A-Track for maintaining detail records for capital equipment shall allow The Office of Property Management view only access to A-Track for monitoring purposes.

- 6.5.6 The property officer shall maintain fixed asset detail records in FAS for the following types of capital equipment:
 - 6.5.6.1 All equipment purchased as part of a capital project shall be posted to FAS in accordance with section 6.2.5 of this procedure.
 - 6.5.6.2 Any capital equipment item, including software, with a cost per item of \$50,000 or more shall be posted to FAS.
 - 6.5.6.3 The total cost of equipment financed via a capital lease through the State Treasurer's Office.
 - 6.5.6.4 Expenditures posted in Q00A0107 Major Information Technology Development Projects shall be recorded in FAS as follows:
 - 6.5.6.4.1 All Major Information Technology Development Project expenditures shall be initially recorded in FAS as Class 003 Construction in Progress, subclass 040 Equipment.
 - 6.5.6.4.2 A separate record shall be established for each project/ subprogram and all expenditures recorded in each project/ subprogram shall be posted during the fiscal year end closing process.
 - 6.5.6.4.3 Encumbrances shall not be posted in FAS until liquidated.
 - 6.5.6.4.4 When a project is completed and moved into production, the software costs shall be transferred out of CIP and into Class 300 Computer/Data Processing Equipment, Subclass 007 Computer Software in FAS.
 - 6.5.6.5 Except for MCE, agencies that have not yet established capital equipment detail records in A-Track shall maintain fixed asset detail records in FAS for all capital equipment.
 - 6.5.6.6 For agencies that have established and reconciled capital equipment records in A-Track, capital equipment detail records that were previously established in FAS may not be deleted. The property officer shall contact the Director of Property Management in order to arrange the transfer of those records.
- 6.5.7 Capital equipment shall be tagged with a property identification number and the words "Property of the State of Maryland" and assigned Agency designation.
 - 6.5.7.1 The marking shall be conspicuously located on the top or side of items so as to be readily seen and shall be applied in a neat manner.
 - 6.5.7.2 The marking shall be a permanent type label that cannot be removed without damage to the item. If a permanent type label is

not practical, the surface of the item shall be etched or indelibly marked.

6.5.7.3 Modular furniture components that meet the threshold shall receive a permanent type label.

6.5.7.4 Groups of modular furniture components will not be considered one asset.

6.5.7.5 The use of bar coded or other electronically sensed labels is encouraged to facilitate physical inventory taking.

6.5.7.6 All capital equipment items shall be tagged and added to the fixed asset detail records no later than 30 days after the item is received.

6.5.8 A leased equipment item shall be deemed to be a capital lease and recorded and controlled in the same manner as purchased equipment if:

6.5.8.1 The terms of the lease transfers ownership of property to the State by the end of the lease period;

6.5.8.2 The lease contains an option allowing the State to purchase leased property for a nominal sum or price substantially less than fair market value at the time the option becomes exercisable;

6.5.8.3 The lease term is greater than 75% of the property's estimated economic life; or

6.5.8.4 The present value of the lease payments exceeds 90% of the fair market value of the property.

6.5.9 Leased equipment shall be recorded at full cost when it is received. The recorded inventory value shall be the cost of the equipment only and shall not include service, maintenance or interest charges.

6.5.10 Donated equipment shall become property of the State and shall be recorded immediately upon acquisition. The value of donated items shall be established at the time of acceptance. All donations must be approved prior to acceptance.

6.5.11 The internal transfer of capital equipment must be fully documented using an internal transfer form signed by both the transferring and receiving property officer. If the transfer is for a vehicle, a copy of the transfer document shall be forwarded to the Office of Property Management by the property officer receiving the transferred vehicle.

6.6 Controls for Non-Capital Equipment:

6.6.1 The Department is vested with the responsibility for the control, care, maintenance and security of all State property regardless of its value.

6.6.2 For non-capital equipment items that have serial numbers, the property officer shall maintain a spreadsheet separate from the equipment records listing the non-capital equipment items and the related serial numbers. This information

is required when reporting property that is stolen or missing. There are no other record keeping requirements for non-capital equipment.

6.6.3 The Director of Property Management must be notified whenever modular furniture is moved to another location.

6.6.4 Physical inventories of non-capital equipment are not required.

6.6.5 Non-capital equipment items shall be marked with the words “Property of the State of Maryland”.

6.6.5.1 Identification numbers are not required.

6.6.5.2 The marking shall be conspicuously located on the top or side of an item so that it can be readily seen.

6.6.5.3 A permanent type label that cannot be removed without damage to the item may be used as well as engraving or indelible marking.

6.7 Donated Equipment.

6.7.1 Equipment to be donated to an agency of the Department is considered a gift and DBM procedures on acceptance of gifts and grants must be followed.

6.7.2 An agency head of the Department may not accept a gift of donated equipment regardless of value. The agency head referred to in the DBM procedures is the Secretary of the Department.

6.7.3 Gifts under \$1,000 in value may be accepted by the Secretary. Gifts over \$1,000 in value must be approved for acceptance by the Secretary of DBM. Aircraft, vehicles, vessels and real estate require the approval of the Secretary of DBM regardless of value.

6.7.4 The value of donated items shall be established at the time of submission of the acceptance form. Property Officers shall consult with the Director of Property Management for approval of the value to be established for donated equipment.

6.7.5 An agency shall submit a completed Form DBM-OBA-1-88 to the Deputy Secretary for Administration prior to accepting equipment that is to be donated to the Department or agency.

6.7.6 The Office of the Deputy Secretary shall process the Acceptance Form and notify the agency if the equipment may be accepted by the agency.

6.7.7 Donated equipment becomes property of the State and shall be recorded immediately upon acquisition.

6.8 Physical Inventory of Capital Equipment:

6.8.1 Physical inventories are not required for and do not apply to land, buildings, infrastructure and improvements thereto. Physical inventory requirements only apply to Capital Equipment.

- 6.8.2 A complete physical inventory of capital equipment shall be taken at least once every three years.
 - 6.8.2.1 A complete physical inventory of sensitive items shall be taken at least annually.
 - 6.8.2.2 Cycle counting, that is taking physical inventories of selected sections at regular intervals throughout the annual (or three year) cycle, is acceptable provided that all capital equipment items have been physically checked by the end of the cycle.
 - 6.8.2.3 An agency may establish a more stringent requirement for the conduct of physical inventories for better management and control of equipment.
- 6.8.3 The agency property officer shall coordinate and initiate action to take physical inventories of capital equipment as required by Department and agency policy and procedures. The ITCD property officer shall initiate action and coordinate with agency property officers to take physical inventories of technology equipment in accordance with procedures established by ITCD.
- 6.8.4 An accountable officer shall conduct a physical inventory of capital equipment under the accountable officer's jurisdiction, as directed by the agency property officer, and shall certify in writing the accuracy of the physical inventory.
- 6.8.5 An agency using A-Track for maintaining detail records for capital equipment may use a barcode scanner to inventory fixed assets, to download the information to the A-Track Inventory Control System and to facilitate the reconciliation of the physical inventory to the detail records.
- 6.8.6 The agency property officer shall reconcile the physical inventories to the detail capital equipment records and certify in writing the completeness and accuracy of the agency's physical inventories.
 - 6.8.6.1 Inventory records shall be checked against the items inventoried to assure that records exist for each item.
 - 6.8.6.2 Missing items shall be investigated, reported and removed in accordance with the procedures in section 6.12.
 - 6.8.6.3 Items identified during the inventory for which detail inventory records have not been established should be investigated to determine acquisition date and cost and added to the detail capital equipment records as appropriate.
- 6.8.7 Adjustments to the detail fixed asset records, or the related control accounts shall be approved by the agency head.

6.9 Year End Reporting and Reconciliation of Records:

- 6.9.1 Agencies shall submit their Annual Report of Fixed Assets to the Office of Property Management for review and transmittal to DGS by September 1 of each year.
- 6.9.2 On an annual basis and prior to submission of the Annual Report of Fixed Assets to DGS, the Director of Property Management shall verify that the following items have been posted to FAS:
 - 6.9.2.1 All capital project expenditures, including:
 - 6.9.2.1.1 Capital project expenditures which were posted under Financial Agency 603;
 - 6.9.2.1.2 Capital project expenditures which were posted under Financial Agency Q00 and charged to appropriation number Q00A0105;
 - 6.9.2.1.3 Capital maintenance project and other capital project expenditures applicable to DPSCS which were posted under the Department of General Services' Financial Agency 602;
 - 6.9.2.2 Any capital equipment item, including software, with a cost per item of \$50,000 or more.
 - 6.9.2.3 All equipment financed via a capital lease through the State Treasurer's Office.
 - 6.9.2.4 All expenditures posted in Q00A0107 Major Information Technology Development Projects.
- 6.9.3 The Annual Report of Fixed Assets shall be prepared by the property officer based upon the reconciled ending balances of the control accounts for land and land improvements, buildings and building improvements, capital equipment, construction in progress, and infrastructure, as applicable for each agency.
 - 6.9.3.1 The Annual Report of Fixed Assets shall be submitted to the Office of Property Management on or before September 1 of each year, along with an itemized inventory listing including property description and dollar value.
 - 6.9.3.2 A copy of the Annual Report of Fixed Assets shall be provided to the Office of the Secretary, Division of Financial Services for inclusion with the year-end closing package.
 - 6.9.3.3 A copy of the Annual Report of Fixed Assets and the related itemized inventory listing shall be retained by the fiscal officer for audit purposes.
 - 6.9.3.4 The Director of Property Management shall ensure that the Annual Report of Fixed Assets and related itemized inventory listing for each agency is submitted to DGS annually as required.

6.10 Procedure for Receiving Property:

- 6.10.1 Each agency shall ensure that there are identified locations for receiving fixed assets and that staff are assigned to receive incoming items as a primary or secondary responsibility and that all equipment, including equipment purchased by the inmate medical contract vendor and equipment purchased with corporate purchasing cards shall pass through the designated receiving areas and appropriate documentation of receipt is made.
- 6.10.2 Within one working day after property has been received, the property shall be inspected and a receiving report or receiving documentation shall be prepared for each shipment, to include the following information:
 - 6.10.2.1 Purchase order number (if applicable),
 - 6.10.2.2 Vendor,
 - 6.10.2.3 Quantity received for each item,
 - 6.10.2.4 Item name or description, and
 - 6.10.2.5 Unit of measure and commodity number, if applicable for each item.
- 6.10.3 Receiving reports and packing slips or other documentation shall be forwarded within two working days to appropriate agency personnel responsible for:
 - 6.10.3.1 Approving and/or processing invoices for payment, and
 - 6.10.3.2 Maintaining inventory records.

6.11 Disposal of Fixed Assets:

- 6.11.1 The disposal of land, land improvements and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning.
- 6.11.2 The disposal of State vehicles must be authorized by the Department of Budget and Management (DBM) State Fleet Administrator prior to the disposition of the vehicle. The method of disposition shall be determined by DGS. Procedures for the disposition of State vehicles are delineated in Appendix I of the DGS Inventory Control Manual. Prior to the disposal of a vehicle, the agency shall:
 - 6.11.2.1 Remove all emblems and any identifying State markings from the vehicle.
 - 6.11.2.2 Remove all State owned equipment (radios, telephones, emergency lights, etc.) from the vehicle.
 - 6.11.2.3 State license tags shall be removed from the vehicle at the time of transfer and returned to MVA by the agency.

- 6.11.2.4 The vehicle fueling card for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager. The agency fleet manager shall return the vehicle fueling card to Commercial Fuel Systems within 14 days.
- 6.11.2.5 The vehicle maintenance card and *E-Z Pass* transponder shall be removed from the vehicle and returned to the Office of Property Management.
- 6.11.2.6 The property officer may not remove a vehicle from the fixed asset records until written authorization is received from DGS.
- 6.11.3 Whenever a serviceable asset (excluding ITCD equipment) is determined to be excess to an agency, the agency property officer or consolidated agency accountable officer shall prepare and submit the following:
 - 6.11.3.1 The Director of Property Management will ensure that serviceable property is made available to other agencies within DPSCS in a document with the below listed information.
 - 6.11.3.1.1 Picture (approximately 3" x 5") of asset.
 - 6.11.3.1.2 Description of asset to the right or under the picture; include dimensions of desks and tables, serial number, and, if present, state property bar code number.
 - 6.11.3.1.3 Quantity of asset.
 - 6.11.3.1.4 Top of each page (header) must have name of agency and date.
 - 6.11.3.1.5 Point-of-Contact (POC) name and phone number must be at bottom of page or included in header.
 - 6.11.3.1.6 Number each page.
 - 6.11.3.1.7 Property Management will forward the document to the Department's property officers and consolidated agency accountable officers.
 - 6.11.3.1.8 Officers will have 7 days from OPFM notification to contact the POC and arrange for asset pick-up. The receiving agency is responsible for loading and transport.
 - 6.11.3.1.9 Asset(s) must be transported to the new location within 14 days of OPFM notification.
 - 6.11.3.2 Whenever a capital asset (excluding ITCD equipment) is determined to be excess to an agency, (including an asset that is broken or unserviceable), and is not needed by another agency within the Department, the agency property officer shall prepare

and submit to the Director of Property Management an Excess Property Declaration form (DGS 950-9).

6.11.3.2.1 Forms containing Capital assets will be reviewed by the Director of Property Management or his/her designee prior to submission to DGS.

6.11.3.2.2 Use separate forms for serviceable items and unserviceable items.

6.11.3.3 Upon receipt of the Excess Property Declaration form, DGS shall provide to the agency an Excess Property Disposal Order (DGS 950-11) with disposal instructions.

6.11.3.4 The agency shall dispose of the property in accordance with DGS instructions and complete Section A of the Excess Property Disposal Order certifying that the disposal action has been completed. The completed Excess Property Disposal Order shall then be returned to DGS, along with a receipt documenting the disposal or an itemized list of the salvaged components, as applicable.

6.11.3.5 DGS shall complete Section B of the Excess Property Disposal Order authorizing the removal of the items from the agency's fixed asset records, and return the completed form to the agency.

6.11.3.6 Capital equipment items may not be placed in storage, cannibalized, scrapped, junked, sold, transferred to another agency outside DPSCS, or donated without DGS approval. Furthermore, capital equipment items may not be removed from the fixed asset records prior to obtaining written approval from DGS.

6.11.4 Disposal of non-capital equipment:

6.11.4.1 The disposition of serviceable non-capital equipment items outside of DPSCS shall be conducted in accordance with the procedures for the disposal of capital equipment, as described above and in Section IV of the DGS Inventory Control Manual.

6.11.4.2 Non-capital equipment items that are unserviceable and not economical to repair shall be scrapped or junked, subject to approval of the agency property officer. The disposition of these items should not be reported to DGS.

6.11.5 The preferential sale or gratuitous disposition of property to a State official or employee is prohibited in accordance with Board of Public Works policy.

6.11.6 Agencies are required to participate in the DGS Govdeals program and to follow DGS procedures with regard to that program.

6.12 Reporting Missing and Stolen Property:

- 6.12.1 Stolen property regardless of its value shall be reported immediately upon discovery to the Department's Internal Investigative Unit (IIU).
- 6.12.2 Any loss of capital equipment, or loss of non-capital equipment and supplies exceeding \$100 in aggregate cost value, shall be reported to DGS before the loss is written off by the agency.
 - 6.12.2.1 The agency property officer shall complete and sign a Report of Missing or Stolen State Property (DGS 950-8) itemizing the missing or stolen items and the total amount. The Description of an item is to include, at a minimum, the equipment type, make, model and serial number.
 - 6.12.2.2 The Report of Missing or Stolen State Property shall be signed by the agency head.
 - 6.12.2.3 The Report of Missing or Stolen State Property shall be forwarded to the Director of Property Management, through the DOCH property officer for DOC agencies, along with the following:
 - 6.12.2.3.1 A signed letter from the agency head indicating what procedures have been implemented to prevent this type of loss in the future.
 - 6.12.2.3.2 For stolen property, a copy of the IIU report.
 - 6.12.2.3.3 Copies of any other supporting documentation relating to the loss, including detailed written statements from all State employees involved in the loss or investigation of missing or stolen equipment Accountable Officer, etc.).
 - 6.12.2.4 The Director of Property Management shall forward the Report of Missing or Stolen State Property and the related supporting documentation to the Secretary for signature and then to DGS.
 - 6.12.2.5 Upon receipt of the Report of Missing or Stolen State Property DGS shall forward a Missing/Stolen Personal State Property Write-off Authorization (DGS 950-10) authorizing the custodial agency to remove the items from their inventory records.
 - 6.12.2.6 The property officer for the custodial agency shall complete Section A of the Missing/Stolen Personal State Property Write-off Authorization certifying that the items have been removed from the agency's inventory records. The completed form shall be returned to DGS through the Office of Property Management.
 - 6.12.2.7 DGS consolidates and annually files each reporting entity's Inventory and Missing and Stolen Property Reports with the Board of Public Works.

7.0 RESPONSIBILITIES:

- 7.1 It is the responsibility of the Accountable Officer to:
 - 7.1.1 Assume custody of all capital and non-capital equipment, including technology equipment, under their jurisdiction.
 - 7.1.2 Know the whereabouts at all times of all capital and non-capital equipment, including technology equipment, under their jurisdiction.
 - 7.1.3 Conduct physical inventories of capital equipment, including technology equipment, under their jurisdiction as required, and certify in writing the accuracy of the physical inventory.
 - 7.1.4 Ensure that capital and non-capital equipment, including technology equipment is properly marked and identified.
 - 7.1.5 Instruct employees that the employee is personally responsible for:
 - 7.1.5.1 The use and care of capital and non-capital equipment, including technology equipment in their custody or under their control;
 - 7.1.5.2 Reporting acquisitions, transfers and losses of equipment promptly to the accountable officer.
 - 7.1.6 Require personnel to sign a receipt for property assigned to them for the conduct of official business outside the program or agency.
 - 7.1.7 Report equipment acquisitions and transfers to the property officer,
 - 7.1.8 Report missing, stolen and damaged property to the property officer immediately upon discovery of the loss or damage.
 - 7.1.9 Report excess property to the property officer immediately when the property is no longer needed.
 - 7.1.10 Ensure that capital equipment items are not placed in storage, cannibalized, scrapped, junked, sold, transferred to another agency outside DPSCS, or donated without prior approval by the property officer and DGS.
- 7.2 It is the responsibility of the agency Property Officer to:
 - 7.2.1 Initiate and implement internal inventory control procedures and make recommendations for approval.
 - 7.2.2 Coordinate and initiate action to take physical inventories of capital equipment. Coordinate with the ITCD property officer to take physical inventories of technology equipment.
 - 7.2.3 Maintain detail inventory records for fixed assets.
 - 7.2.4 Receive and review Excess Property Declarations from accountable officers:
 - 7.2.4.1 To determine if the excess property is no longer needed in the agency;
 - 7.2.4.2 To verify the accuracy and completeness of the declaration and ensure that proper agency approvals are obtained;

- 7.2.4.3 To forward approved Excess Property Declarations to the Director of Property Management when property is no longer required by the agency.
- 7.2.5 Report missing and stolen property in accordance with the procedures in section 6.12.
- 7.2.6 At least quarterly, reconcile the detail inventory records to the related control account.
- 7.2.7 Reconcile physical inventories to detail inventory records, and investigate and resolve discrepancies.
- 7.2.8 Ensure the accuracy of physical inventories by test counting a reasonable number of items.
- 7.2.9 Maintain documentation of the physical inventory counts performed and submitted by the accountable officers.
- 7.2.10 Certify in writing the completeness and accuracy of the agency's physical inventories.
- 7.2.11 Attend mandatory DGS Property Officers Certification Training annually.
- 7.3 It is the responsibility of the agency head as well as the supervisor of the agency property officer to:
 - 7.3.1 Ensure that fixed asset control accounts are maintained for each category of fixed assets by an employee who is not responsible for the detail records.
 - 7.3.2 Ensure that the fixed asset control accounts are posted and reconciled to the detail records at least quarterly.
 - 7.3.3 Ensure that a complete physical inventory of capital equipment is taken at least every three years, and a complete physical inventory of sensitive items is taken annually.