

Area:	Fiscal Systems
Subject:	FS34 – Inventory of Fixed Assets
Reference:	45 CFR Part 92.32
Policy:	SCOE is required to maintain a perpetual inventory of all items purchased with a per-unit cost of \$500 or more.

Introduction:

The inventory resides on a Web-Interface Tracking System (WITS) provided by Associated Valuation Services. This is the system of record for CFS inventory and any reporting should be based on information retrieved directly from this system. Within the WITS system, CFS Inventory is organized by location. Reports can be produced for the entire CFS division, or for a specific location. The naming convention for all of our locations begins with CFS, then the name of the site/center, i.e. CFS-Muncy. Also, each delegate agency has been given a unique location for inventory that we have purchased on behalf of the agencies, i.e. CFS-Pajaro. Business Services is responsible for maintaining the inventory for all SCOE divisions. The CFS Budget Analyst serves as the liaison between CFS and Business Services for all inventory related activities, such as adding items, removing items, changing item locations, etc. Any questions or requests should be directed to the Budget Analyst, who will coordinate with the Internal Accounting Manager in Business Services to ensure that the appropriate changes are made.

Procedure:

1. **Adding items to inventory.** There are two ways to add items to inventory:
 - a. Through the Shipping/Receiving Department (common and recommended procedure) - All CFS deliveries should come through Receiving as outlined in FS12. When items are received, Receiving reviews the Purchase Order and Packing Slip to determine if any individual item received cost \$500 or more. If so, the item is designated an asset and an asset ID sticker is placed on the item. Receiving enters the required information into the WITS system prior to delivering the items.
 - b. Manual entry by the Internal Accounting Manager in Business Services (should be infrequent) - This generally happens for construction projects that need to be capitalized or if an error occurs or a situation dictates that the merchandise be directly received at the CFS site by division staff, the responsible staff person needs to communicate with Receiving to ensure that an asset tag is received and inventory is updated. A courtesy e-mail to the Budget Analyst should be sent to allow for monitoring to insure the addition of the item into WITS.
2. **Removing items from inventory** involves completion of Form BO-372, the Surplus Disposal Form. First, a determination of the market value of the item needs to be

estimated. If this is not possible, the remaining book value of the item can be verified in WITS. Per 45 CFR 92.32, disposing of items with a market value of \$5,000 or greater requires prior written approval from ACF. If under \$5,000, items may be discarded if damaged or by auctioning the item through the County established procedure. The following guidelines should be followed for removing items from inventory. The approval of the Director of CFS Business Services must be obtained prior to the completion of either a. or b. below:

- a. Decision to throw away item
 - i. Remove all fixed asset tag(s) from item. (Some items have the old yellow fixed asset tag, as well as the new white tags)
 - ii. Complete Surplus Disposal Form as completely as possible and attach tags removed from item.
 - iii. Forward completed form with tags to supervisor/manager for approval. Manager should also determine when and how disposal will be made.
 - iv. If a Maintenance Work Order is required to remove and dispose of item, follow procedures outlined in FS11.
 - v. Forward completed form to CFS Budget Analyst who will obtain Director approval and then submit to Business Services for removal from inventory.
 - b. Decision to auction
 - i. Procedure mirrors one outlined above, but in the Surplus Disposal Form it is imperative to notate in the Special Instructions that item to be removed should be auctioned. This should also be mentioned in the notes of the Maintenance Work Order. When the Surplus Disposal Form is submitted to the Budget Analyst, the correct account coding will be added.
 - ii. Proceeds from auctioned items should go to the appropriate fund and resource and this must also be included in the Special Instructions.
3. **Changing locations of an item in inventory** is facilitated with an email to the Internal Accounting Manager with a copy to the CFS Budget Analyst. The email should list the Asset Number, a description of the item, current physical location, and location that it is being moved to. No forms are required to change locations of inventory.
 4. **Transferring items to a delegate agency** requires a change in location email as outlined in Step 3, unless the item is being sold to the delegate. Selling the inventory would require removing it from SCOE inventory and a Surplus Disposal Form is required.
 5. **Fixed assets that have been donated to us** still need to be added to inventory if the initial cost of the item is \$500 or more. These items will be recorded with an acquisition cost of zero. Receiving should be contacted and provided with a full description of the item including serial numbers. Receiving will create an Asset ID sticker, add the item to inventory, and typically mail the Asset ID via interoffice mail.
 6. **Removing Vehicles from inventory** requires the completion of the Surplus Disposal Form and additional communication with the Facilities Department. The Facilities Department.

has a separate Vehicle Surplus Checklist that ensures that additional steps are completed, such as removing the vehicle from SCOE insurance list, destroying duplicate keys, coordinating auction, and communicating with Maintenance Department.

7. **Computer equipment changes** are facilitated by Technology Services. When old computers are replaced and taken away by Technology Services, they coordinate directly with SCOE Business Services to remove items from inventory. CFS should ensure that all such computer changes are dealt with exclusively by Technology Services. Obsolete computers are not to be thrown away by staff.
8. **Physical Inventories** for all CFS locations are to be conducted annually and will be coordinated and/or conducted by CFS Budget Analyst. Discrepancies between WITS system and physical inventories will be communicated with site supervisors and management, and joint efforts will be made to properly reconcile WITS.
9. **Delegate Inventories** are required to be submitted annually, and should include items purchased by SCOE on their behalf with a notation as such. Items purchased by SCOE should have zero acquisition cost on the Delegate Inventory. This will allow the Delegate agencies to assume responsibility for the annual physical inventories of these items.

Supervised by: Director of CFS Fiscal Services

Performed by: Budget Analyst

Forms needed: Surplus Disposal Form, Vehicle Surplus Checklist

Frequency: On-going

