

**Procurement**

**Property and Inventory Control Manual**

Revised February 9, 2010Table of Contents

**SECTION I - AUTHORITY POLICY AND PURPOSE**

1.1. Authority 6

1.2. Policies and Purposes 6

1.3. Definitions 7

**SECTION II – INVENTORY CONTROLS**

2.1. General Inventory Controls 10

2.2. Controls for Land and Buildings 10

2.3. Controls for Capital Equipment 12

2.4. Controls for Non-Capital Equipment acquisition cost less than  **$5,000**, or items with a useful life of less than one year 14

2.5. Controls for Materials and Supplies 14

**SECTION III – GENERAL INVENTORY MANAGEMENT REQUIREMENTS**

3.1. Delegation of Property Management Responsibilities 17

3.2. Policy Regarding Excess and Surplus Property Disposal 19

3.3. Leased Equipment and Equipment purchased with Grant Funds 19

3.4. Internal Controls 20

3.5. Procedure for Receiving Property 21

3.6. Tagging Equipment 22

3.7. Receiving Reports 22

3.8. Data entry in Property Control Database 23

3.9. Reconciliation 24

3.10. Found Property 24

3.11. Gift Letters 24

**SECTION IV - EXCESS PERSONAL PROPERTY DISPOSAL POLICY AND PROCEDURE**

4.1. Authority 26

4.2. Scope and Policy 26

4.3. General Requirements 26

4.4. Disposal Methods 27

4.4.A. Intra-Agency and Inter-Agency Transfers of Property 27

4.4.B. Trade-In 27

4.4.C. Scrap 27

4.4.D. Donation 28

4.4.E. Fire Arms and Other Weapons 28

4.4.F. Motor Vehicle Disposal (also see Appendix 1) 28

4.5. Disposal of Personal Property Acquired with Grant Funds 28

4.6. Procedure for Disposal of Excess and Surplus Property 30

4.6.1. Definitions 30

4.6.2. Procedures 30

4.7. Procedure for Disposal of Surplus or Excess Property by Sale 32

4.7.7. Sale by Request for Quotations 33

4.7.8. Transfer and removal from Inventory, Update of Control Account 34

4.7.9. Documentation 34

4.8. Disposal of Personal Property Acquired with Grant Funds 35

4.9. Disposal of Motor Vehicles Policy (also see Attachment 1) 35

4.10. Disposal of Firearms and other Weapons 35

4.11. Credit for Surplus Property 36

**SECTION V – MISSING AND STOLEN PERSONAL (STATE) PROPERTY**

5.1. Scope and Policy 37

5.2. Security Measures 37

5.3. Procedures for Reporting Stolen Personal (State) Property 37

5.4. Procedures for Reporting Missing Personal (State) Property 39

5.5. Report of Missing or Stolen Personal (State) Property 39

5.6. Missing or Stolen Private Property (not State Property) 40

**APPENDIX 1 – UB MOTOR VEHICLE DISPOSAL**

A. Scope 41

B. Vehicles Approved for Disposal by Trade-In 41

C. Disposal by Sale – Operable Motor Vehicles 42

D. Disposal by Sale – In-operable Motor Vehicles 43

E. Inoperable Vehicles involved in an Accident 44

F. Inoperable Vehicles **not** involved in an Accident 44

G. Dismantling Vehicles for Spare Parts 44

H. Vehicles Donations Prohibited 44

I. Missing and Stolen Vehicles 44

APPENDEIX 2 – UB STOREROOMS 45

APPENDEIX 3 – PHYSICAL INVENTORY TECHNIQUES 46

APPENDEIX 4 – CYCLE COUNTING 48

APPENDEIX 5 – EQUIPMENT IDENTIFICATION 49

APPENDEIX 6 – MINIMUM REQUIREMENTS FOR AUTOMATED INVENTORY SYSTEMS 51

APPENDEIX 7 – PROCEDURE FOR ADJUSTING VALUE THRESHOLD – CAPITAL EQUIPMENT 54

**SECTION 1 – AUTHORITY and PURPOSE**

**1. AUTHORITY**

A. Section 4-306 of the State Finance & Procurement Article, Annotated Code of Maryland, requires the Secretary of the Department of General Services to formulate and prescribe standards for maintaining stores and inventory control for all supplies required by any unit that procures supplies under Division II of the State Finance & Procurement Article. The USM is exempt from Division II of the State Finance & Procurement Article.

Pursuant to USM Policy and Procedure VIII-1.10 - POLICY FOR CAPITALIZATION AND INVENTORY CONTROL [http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110.html ] The following Policies and Procedures will be used by the University of Baltimore.

The University of Baltimore (UB) will keep on file in the University Procurement Office an inventory of all supplies and equipment that fall under the definition of an asset or a sensitive item. Such inventory shall be updated at least once annually and shall be subject to audit.

B. The authority for disposing of excess or surplus personal University property is

vested in the Board of Regents, and has been delegated to the campuses of the USM per USM policy VIII-1.20 – POLICY ON DISPOSAL OF SURPLUS PERSONAL PROPERTY. [http://www.usmd.edu/regents/bylaws/SectionVIII/VIII120.html ] This manual includes policies and procedures for disposal of Surplus University property.

**2. POLICIES AND PURPOSES**

The principal purposes of these procedures are to:

A. Ensure the efficient use of capital invested in the State's inventory of materials, supplies, and food.

B. Provide consistent guidelines for the management and protection of University property.

C. Establish uniform procedures for reporting inventory values.

D. Provide consistent guidelines for reporting missing and stolen University property.

E. Dispose of excess and surplus personal University property in a manner serving the best interests of the State.

The Legislative Auditor of the Department of Legislative Services audits inventory records of each agency and furnishes the UB President with information as to the adequacy and accuracy of records and reports.

Property records and reports shall be retained in accordance with the Record Retention Schedule on file.

**3. DEFINITIONS**

The following terms have the meaning indicated when used in these procedures:

"**Buildings**" are structures for housing humans, marine, plant or animal life, materials, supplies, equipment and mechanical apparatus.

"**Building Improvements**" are changes to a structure that upgrade the value of the building such as additions, enlargements, and architectural redesigns and improvements and the like. Roof replacements, exterior painting, architectural replacements or repairs and the like are considered as normal maintenance items to retain the value of the building.

"**Capital Equipment**” (Nonexpendable Item) means any equipment item or furnishing having a probable useful life in excess of one year **and** a procurement cost of  **$5,000.00** or more per unit, such as, furniture, machinery, instruments and other apparatus. The term includes all motor vehicles regardless of cost and livestock if the procurement cost is **$5,000** or more. It also includes sensitive items having a procurement cost of **\*\* $500** or more **and** a useful life of one year or more. **Firearms and other law enforcement weapons regardless of cost are considered capital equipment**. All capital equipment must be recorded, inventoried, and reported as a fixed asset.

"**Custodial Agency**" is the State governmental unit financially accountable for property under its control.

"**Excess Property**" means personal University property that is no longer needed by the UB. The term includes usable and unusable items that have been replaced or that have become obsolete. It also includes property that is in excess of current requirements of the custodial agency, or is damaged, inoperable or not economical for the custodial agency to repair and maintain.

"**Expendable Item**" See Non-capital equipment

"**Fixed Assets**" includes land, land improvements, buildings, building improvements and capital equipment. The term does not include materials, supplies, and non-capital equipment.

 “**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.

"**Junk**" means property that has no economic, scrap, or functional value.

"**Land**" means any land which is titled to or designated in any manner confirming ownership by the State of Maryland.

"**Land Improvement**" includes any improvement such as electrical, plumbing and heating systems, traffic signal devices, signs, storage tanks above or below ground levels, filtration systems, drainage components, sidewalks, bridges, fences and grounds beautification, including all landscaping.

"**Livestock**" includes all beef and dairy cattle, horses, mules, swine, dogs used in law enforcement and other stock. Animals acquired for laboratory and experimental use are not included.

"**Materials and Supplies**" (Commodities) means any item that is consumed, expended or changed in form by use, such as food, office supplies, raw materials, building and maintenance supplies, repair parts, items purchased for resale, storeroom supplies and other similar items needed to support normal operations.

"**Missing Property**" means property that has been reported missing as the result of an audit or inventory reconciliation and is frequently associated with items in storage.

"**Motor Vehicles**" includes all 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.

"**Maryland State Agency for Surplus Property** (**MSASP**). See DGS.

"**Non-Capital Equipment**" (Expendable Item) means miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than **\*\* $5,000** , sensitive items with an acquisition cost less than **$500** , or items with a useful life of less than one year.

"**Non-expendable Item**" See Capital Equipment.

"**Personal Property**" as opposed to real property refers to capital equipment items, non-capital equipment items, and materials and supplies owned by UB.

“**Procurement & Materials Management**. The UB Unit responsible for tracking and reporting the inventory of UB assets.

"**Real Property**" refers to land, including the buildings or improvements on it and its natural assets, such as minerals, water, etc.

"**Scrap**" means property that is no longer useful and has no value other than the market value of its base material.

"**Scrap Pile**" means an accumulation of property, no longer recorded as inventory, that will be sold for the value of its base material.

"**Sensitive Items**" are capital or non-capital equipment items such as all computer equipment but not limited to laptops, notebook computers, palm pilots, recording devices, portable tools, hand radios, cameras and the like that are prone to theft and concealable in a handbag or briefcase. Equipment items that are too large for concealment such as typewriters, projectors, chain saws and the like, **shall be considered sensitive items if there is a history of loss or theft within a particular agency**. **Firearms and other law enforcement type weapons are always considered sensitive regardless of acquisition cost**.

"**Serviceable Item**" means an item is functional or operates satisfactorily "as is" without repairs or refurbishing. Obsolescence or age should not be factors in determining whether an item is functional or operates satisfactorily. Serviceable items can be obsolete or very old.

"**Stolen Property**" means 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 or conspicuous disappearance.

"**Surplus Property**" means personal property that is in excess of the requirements of UB. Excess property becomes surplus when it is no longer needed by UB.

**SECTION II**

**INVENTORY CONTROLS**

**.01 GENERAL INVENTORY CONTROLS**

A. Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.

B. The University prescribes basic inventory control standards. These standards are minimum requirements that must be met by any system, computerized or manual, for controlling inventories of State property. This manual also includes additional controls as appropriate and as circumstances warrant for UB.

**.02 CONTROLS FOR LAND, BUILDINGS AND IMPROVEMENTS THERETO**

A. Record Keeping Requirements

1. For each State owned parcel of land and building within an organization's responsibility, the following minimum data shall be maintained:

1. Land or Building identification.

2. Construction cost code and contractor (or seller).

3. Acquisition cost and date.

4. The physical location of the land or building.

5. The source of funds and the amount (If more than one fund source, so indicate).

6. Payments to contractors, subcontractors, vendors, etc. for building construction, land and improvements thereto shall be recorded as they occur for each involved fund. Total payments completed to date should be reported at the end of each fiscal year.

7. Justification and authorization reference for transfer or disposal. The BOR Agenda Item and the BPW Agenda Item along with confirmation of approval from the BOR and BPW should be maintained in the file.

2. The record of land, buildings and improvements will be maintained by the UB Department of Facilities Management

B. Physical Inventories

Physical inventories do not apply to land, buildings and improvements thereto.

C. Reconciliation of Property Records

1. Control accounts shall be maintained for buildings, land, and improvements thereto. A control account is a summarized history of real property acquisitions, improvements and disposals and is maintained independent of the detail property records. A sample format for an inventory control account appears as Exhibit 1 in Section VI.

The ending balance of an account should equal the beginning balance plus acquisitions (improvements) less disposals for the period being reported. Detail inventory records for land and buildings shall be reconciled at least annually with the covering control account. The total dollar value of the detail inventory records covered by a control account should equal the account balance. If there is a difference, the transactions recorded during the period shall be analyzed and the necessary adjustments made to the inventory records or to the control account as appropriate.

2. Adjustments to a control account balance shall be approved by someone in authority not below the level of Department Head or Agency Fiscal Officer (or designee) of an institution.

3. The final annual reconciliation shall be certified in writing by the Agency Fiscal Officer

 (or designee). The certification shall be kept on file in the organization for audit purposes.

4. The Control account for land, buildings and improvements will be maintained by the UB Comptroller’s Office.

D. Reporting Requirements

At the end of each fiscal year, State agencies shall report the value of fixed assets which includes land, buildings and improvements thereto, equipment and construction in progress. This form must be prepared and forwarded to the Department of General Services along with an itemized inventory listing including property description and dollar value. This information shall be submitted to DGS on or before July 15th of each year.

E. Disposal of Lands and Buildings

The disposal of land and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning, and the Board of Regents.

**Section II .03 - CONTROLS FOR CAPITAL EQUIPMENT**

(equipment costing $5,000 or more and sensitive items costing $500 or more)

A. Section 4-306 of the State Finance & Procurement Article, Annotated Code of Maryland, requires the Secretary of the Department of General Services to formulate and prescribe standards for maintaining stores and inventory control for all supplies required by any unit that procures supplies under Division II of the State Finance & Procurement Article. The USM is exempt from Division II of the State Finance & Procurement Article.

Pursuant to USM Policy and Procedure VIII-1.10 - POLICY FOR CAPITALIZATION AND INVENTORY CONTROL [http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110.html ] The following Policies and Procedures will be used by the University of Baltimore.

A. Record Keeping Requirements

A procedure for maintaining a capital equipment inventory system, manual or computerized, shall be written and implemented. This manual includes the UB procedure for maintaining a capital equipment inventory system. These requirements are applicable to each State owned item of capital equipment within an organization's responsibility and on loan to the organization.

The following minimum data shall be maintained:

1. Item identification consisting of at least the agency property identification number and description

3. Acquisition cost and date.

4. Physical location of item.

5. Serial number, if any.

6. Source of funds (PeopleSoft Department).

7. Most recent physical inventory date.

8. Justification and authorization reference for transfer or disposal.

9. Detail inventory records and control accounts shall be maintained by category (equipment, motor vehicles, livestock) of fixed assets in manual systems

B. Physical Inventories

1. Capital Equipment

a. Sensitive Items - A complete physical inventory shall be taken at least once each year.

b. Non-Sensitive Items - A complete physical inventory shall be taken at least once every three years.

It is not necessary that the physical inventory be taken in its entirety on a given date. Periodic checks may be made throughout the period between inventory cycles. However, by the end of each cycle, all items shall have been physically checked.

2. Non-Capital Equipment

Physical Inventories are not required.

1. Physical Inventory Documentation Requirements

a. A record of the capital equipment physical inventory (i.e. procedures, count sheets, etc.) shall be maintained until after the next legislative audit has been completed and as prescribed by the agency's record retention schedule.

b. Reconciliation of Inventory Records

1. When the physical inventory is taken, inventory records shall be checked against the items inventoried to assure that records exist for each item, and that records for missing items are investigated, reported and removed in accordance with the procedures in this manual.

1. An inventory control account is a summarized history of acquisitions and disposals, and shall be maintained for each category of capital equipment independent of the detail records in either an automated or manual system. The ending balance of a control account should be equal to the net value of the beginning balance plus acquisitions less disposals for the period being reported. Inventory records for capital equipment shall be reconciled with the covering control account at least quarterly for computerized systems and at least twice annually for manual systems.

The total dollar value of inventory records covered by a control account should equal the account balance. If there is a difference, the transactions recorded during the reconciliation period shall be analyzed and the necessary adjustments made to the inventory records or to the control account as appropriate.

1. Adjustments to a control account balance or to the inventory records shall be approved by someone in authority not below the level of Department Head (or designee) of the institution.
2. The final control account reconciliation shall be certified in writing by The Agency Fiscal Officer (or designee) of the institution. The reconciliation data and the certification shall be kept on file in the organization for reference and audit purposes and as prescribed by the agency's record retention schedule.
3. The Inventory Control Account is maintained in the Comptroller’s Office.

D. Reporting Requirements

At the end of each fiscal year, State agencies shall use the Annual Report of Fixed Assets, to report the value of fixed assets which includes land, buildings and improvements thereto, equipment and construction in progress. This form must be prepared and forwarded to the Department of General Services along with an itemized inventory listing including property description and dollar value. This information shall be submitted to DGS on or before July 15th of each year.

E. Equipment Identification

1. Capital equipment items shall be marked with a property identification number and the words "Property of the State of Maryland". Agency designation is optional. 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 and tasteful manner.

a. Permanent type labels that cannot be removed without damage to the item are preferable for use on all capital equipment items.

b. If permanent type labels are not practical, the surface of the items may be etched or indelibly marked.

F. Disposal of Serviceable and Unserviceable Capital Equipment

Refer to Section IV for the disposal and removal of serviceable and unserviceable capital equipment from inventory records.

G. Disposal of Property Acquired Under a Federal Grant or Cooperative Agreement

Unless specified in the grant or agreement, equipment and furnishings acquired under Federal Grants or Cooperative Agreements will be disposed of in accordance with the procedures in Section IV.

**Section II .04 - CONTROLS for NON-CAPITAL EQUIPMENT**

(miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than  **$5,000**, or items with a useful life of less than one year, or sensitive items with an acquisition cost less than **$500**.)

Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.

A. Record Keeping Requirements

Equipment serial numbers shall be recorded since they are required when reporting property that is stolen or missing. There are no other record keeping requirements.

B. Physical Inventories

Physical inventories are not required.

C. Reporting Requirements

Inventory values should not be reported to the Department of General Services.

E. Non-Capital Equipment Maintained As Inventory Stock

A non-capital equipment item that is maintained in inventory for issue to users shall be recorded as a material and supply item as long as it remains in inventory. When issued from the material and supplies inventory to a user, an item becomes a non-capital equipment item in the user's program.

F. Disposal of Unserviceable Items

Items that are unserviceable and not economical to repair should be placed on a scrap pile or junked. Disposal by scrapping or junking shall be approved by the owning Department Head or Designee.

G. Disposal of Serviceable Items

Serviceable items that are no longer needed by an agency shall be reported to the Property Control Specialist.

H. Disposal of Property Acquired Under a Federal Grant or Cooperative Agreement

Unless specified in the grant or agreement, equipment and furnishings acquired under Federal Grants or Cooperative Agreements will be disposed of in accordance with the procedures in Section IV.

**Section II .05 CONTROLS FOR MATERIALS AND SUPPLIES**

A. Record Keeping Requirements

1. Perpetual inventory records provide information necessary to manage and control inventories, and shall be maintained if:

a. The average grand total of the last three inventory values, reported by UB (or sub-unit thereof), is at least $ 25,000; OR

b. If the averages for the last three years of annual expenditures in object codes 05 and 09 by UB, exceeds $250,000, AND.

c. Warehouse or Stockrooms with stock valued at $25,000 or more are maintained by UB or any sub-unit of UB.

**(no such stock-rooms typically exist at UB because supplies are ordered just-in-time).**

2. When perpetual inventory records are required, a procedure for maintaining a perpetual inventory system, manual or computerized shall be written and implemented. A copy of the procedure shall be retained on file for audit purposes.

3. Perpetual inventory records shall contain, at the minimum, the following information:

a. Item identification consisting of a description and State standardized commodity code. (Refer to the National Institute of Governmental Purchasing Commodity/Service Code System Index).

b. Quantity Received and Purchase Order or Receiving Ticket Number.

c. Quantity Withdrawn and Withdrawal Ticket Number.

d. Balance of Inventory on Hand.

e. Adjustments to the on Hand Balance and Adjustment Voucher Number.

f. Unit of Issue.

g. Unit of Issue Cost.

h. Supplier's Name, Purchase Order Number, Unit Cost and Order Quantity.

In manual systems, Form DGS-950-7 (Section VI) is the recommended format for keeping perpetual inventory records. **Computerized systems shall have the capability to maintain and report required information.**

B. Physical Inventories and Cycle Counting

1. Schedule

a. Whether or not perpetual inventory records are required, a physical inventory of all items shall be taken within the last ninety days of each fiscal year, preferably at the end of the fiscal year.

b. More frequent checks (cycle counts) of high dollar usage items shall be made throughout the year for control purposes. (Refer to Appendix IV, Cycle Counting and Appendix VI, Computerized Systems Requirements.)

2. When taking annual physical inventories, lists of all materials and supplies shall be prepared. Item number, description, unit of issue, last unit of issue cost and the balance on hand expressed in both units and dollars, shall be shown for each item. No discounts shall be used to arrive at unit cost. On hand amounts shall represent physical inventory counts taken at fiscal year end (June 30), or they shall represent perpetual record balances as of June 30 which have previously been verified by physical counts taken within the last ninety days of the fiscal year. The grand total in dollars of all commodities listed shall be used to report the annual value of State property for materials and supplies on Form DGS-950-1. In addition to the DGS-950-1, shall be an itemized listing information including property description and dollar value. This shall be kept on file for the period between Legislative Audits. Form DGS-950-6 (Section VI), is a suggested format for the lists.

3. Reporting Requirements

At the end of each fiscal year, State agencies shall submit an annual report of State property, materials and supplies on a DGS- 950-1 (See Section VI) to report the value of materials and supplies. The form is made available by annual mailings from the Department of General Services. It is also available on the DGS’s website, at www.dgs@state.md.us. The form must be prepared and forwarded to the Department of General Services along with an itemized listing including property description and dollar value. This information shall be submitted to DGS on or before August 15th of each year.

C. Reconciliation of Inventory Records

1. At the time of physical inventory or cycle count, the perpetual record balance shall be compared to the physical count for each item to confirm record accuracy.

2. If the record balance differs from the physical count, the variance shall be investigated and the record balance adjusted, up or down, to make it equal to the physical count. Each entry to correct a perpetual record balance shall be clearly recorded as an adjustment and not as a withdrawal or receipt. A voucher shall be completed for each adjustment, listing the date, item description, commodity code, unit of issue, unit of issue cost, a plus or minus variance expressed in both units and dollars, the reason for the adjustment and the signature of the approving authority. All adjustment vouchers shall be approved by someone in authority not below the level of Department Head (or designee) of the institution. All adjustment vouchers shall be retained for audit purposes and in accordance with the agency's record retention schedule.

D. Inventory Levels

Agencies shall establish and record ordering controls such as, maximum stock levels and minimum reorder points, on perpetual inventory records. Ordering controls provide desired levels of stock out protection without incurring unnecessary inventory costs.

1. To keep inventory costs within Statewide guidelines, ordering controls shall produce an overall inventory turnover of at least three times per year. In a practical sense, this can be achieved by not ordering or receiving more than 3-4 months supply of high dollar volume items, or more than 12 months supply of low dollar volume items, whenever stock levels of the individual items reach their reorder points. Using authorities not adhering to this practice may incur excessive or unwarranted inventory costs.

2. In order to provide adequate stock out protection against late deliveries and more than normal usage, it is recommended that the minimum reorder point for any item be equal to its lead time (period of time between issuance of a purchase order until receipt of material) usage plus one month's supply. Levels need not be established for:

a. items which are received daily, weekly or purchased on a seasonal basis; or

b. items which are stocked for emergency purposes; or

c. standby items which protect State property or prevent costly shutdown of operations.

E. Inventory Withdrawals

Withdrawals from materials and supplies inventory shall be controlled by withdrawal tickets prepared in sufficient detail to properly show the quantity and description of items being reported.

1. The withdrawal ticket should be a multi-part form consisting of at least three copies.

a. One copy to be retained by the requisitioner for audit and receipt verification purposes,

b. One copy to be forwarded to the inventory records keeping function for record updating, and

c. One copy to be retained by the storekeeper for overall control of completed tickets.

2. Prior to obtaining supplies, withdrawal tickets should be signed by someone in the requisitioning program authorized to approve inventory withdrawals. In emergencies and on occasions when it may not be practical to obtain advance approval, the approval authority shall review and sign all completed, unapproved withdrawal tickets, after the fact, to verify that items withdrawn were properly accounted for.

3. At the time supplies are issued, all storeroom copies of the withdrawal ticket shall be signed by the person receiving supplies.

4. All withdrawal tickets completed by the storeroom should be prenumbered for reference and control purposes. However, if prenumbering is impractical, the recommended procedure is to have the storekeeper assign sequential numbers to withdrawal tickets as they are completed.

5. The numerical sequence of posted withdrawal tickets should be monitored by the inventory records keeping function to account for all completed tickets from the storeroom.

6. To assure that items and quantities on posted withdrawal tickets have not been altered, the inventory records keeping function shall compare all copies of random samplings of completed withdrawal tickets.

7. All withdrawal ticket copies shall be retained for the period between legislative audits and as prescribed by the agency's record retention schedule.

F. Disposal of Materials and Supplies Acquired Under a Federal Grant or Cooperative Agreement (also refer to Section IV)

1. If there is a residual inventory of unused materials and supplies of $5,000 or less in total aggregate of fair market value upon termination or completion of the award, disposal will be in accordance with the procedures in this manual.

2. If there is a residual inventory of unused materials and supplies exceeding $5,000 in total aggregate of fair market value upon termination or completion of the award, disposal will be in accordance with Federal regulations. The grantee or subgrantee shall contact the awarding agency for instructions.

**SECTION III**

**GENERAL INVENTORY MANAGEMENT REQUIREMENTS**

1. **DELEGATION OF PROPERTY MANAGEMENT RESPONSIBILITIES**

To ensure effective management of the personal State property, control responsibilities shall be delegated to "Property Officers" or “Property Control Specialists”. One individual, will be delegated the responsibilities with an alternate to become trained as a Property Officer. The UB Director of Procurement and Material Management will serve as liaisons to the Department of General Services (DGS), Inventory Standards and Support Services Division (ISSSD).

Custodial responsibilities shall be delegated to "Accountable Officers" or “Inventory Coordinators”. The UB Director of Procurement and Material Management will coordinate and conduct Inventory Coordinators meetings (User Group Meetings).

A. Duties of the Property Control Specialist

1. Initiate and implement internal inventory control procedures and make recommendations for improvements. Procedures shall be written and disseminated to all concerned. A copy of the procedures shall be kept on file for reference and audit purposes.

2. Coordinate and initiate action to take physical inventories of personal State property.

3. Conduct physical inventories of personal State property under their jurisdiction as required, and certify in writing, the accuracy of the physical inventory.

4. Ensure that equipment is properly marked and identified.

5. Maintain inventory records for fixed assets.

6. Receive and review Excess Property Forms from UB Deans, Directors and Department Heads (Accountable Officers) to:

a. determine if the excess property is no longer needed in the agency or parent department.

b. to verify the accuracy of the form and ensure that proper agency approvals are obtained.

7. Report missing and stolen property in accordance with the procedures in this manual.

8. Reconcile physical inventories to inventory records.

9. Assist the Comptroller’s Office in the reconciliation of inventory records to control accounts.

10. Ensure accurate inventories by test counting a reasonable number of items.

11. Verify the reconciliation of individual inventory records with physical counts by selecting a reasonable number of records and comparing them with the physical inventory.

12. Certify in writing, the completeness and accuracy of the agency’s physical inventories.

13. Attend Department of General Services, Property Officers Certification Training.

14. UB shall produce one University-wide Inventory Report. Annual Inventory Reports shall be itemized to include the property descriptions along with their values.

B. Duties of Accountable Officers or “Inventory Coordinators”:

1. Assume custody of all personal State property under their jurisdiction.

2. Know the whereabouts at all times of all personal State property under their jurisdiction.

3. Enter receipts in PeopleSoft Financials for incoming personal property.

4. Ensure that equipment is properly marked and identified.

5. Instruct employees that they are personally responsible for the use and care of State property in their custody or under their control and for reporting losses promptly.

6. Require personnel to sign a receipt for property assigned to them for the conduct of official business outside the program or agency.

7. Report missing, stolen and damaged property to the Property Officer immediately upon discovery of loss or damage.

8. Report excess property to the Property Officer immediately when the property is no longer needed.

C. Qualifications of the Accountable Officer

Accountable Officers shall be supervisory or administrative employees with sufficient authority to direct the care and utilization of personal property assigned to them.

**Section III .02 Excess and Surplus Property Disposal**

1. The disposal of land, land improvements and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning, and USM Board of Regents.

B. Capital Equipment

1. Disposal by inter-agency transfer, selling, scrapping, junking or donation shall be conducted in accordance with the procedures in Section IV.

2. Transfers within the same department or independent agency are not subject to procedures in Section IV and need not be reported to DGS.

C. Non-Capital Equipment, Materials and Supplies

1. The disposition of serviceable items outside the department or independent agency shall be conducted in accordance with the procedures in Section IV.

2. The disposition of unserviceable items that are worn or damaged beyond economical repair is an agency responsibility and should not be reported to DGS.

**Section III .03**

**CAPITAL EQUIPMENT BEING LEASED; OBTAINED THROUGH GRANTS, LOANS AND DONATIONS; WITHOUT ORIGINAL COST INFORMATION; OR ACQUIRED FROM THE "MARYLAND STATE AGENCY FOR SURPLUS PROPERTY"**.

A. An item that is being leased shall be recorded and controlled in the same manner as other purchased items if:

1. Terms of the lease transfer ownership of property to an agency by the end of the lease period; or

2. The lease contains an option allowing an agency to purchase leased property for a nominal sum or price substantially less than fair market value at the time the option becomes exercisable. Equipment under a lease/purchase agreement 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.

B. Items acquired through Federal grants shall be recorded and considered property of the State. Under current Federal regulations:

1. Title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

2. A State will use, manage and dispose of equipment acquired under a grant in accordance with State laws and procedures. (Ref: Federal Register; Friday, March 11, 1988; Part III: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule; page 8095)

C. Donated equipment becomes 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 with a unit value greater than $500 shall be approved by the Director of Procurement and Materials Management prior to acceptance.

D. Property on loan to the State shall be recorded and managed as though it were State property for the duration of the loan. Property labeling is optional, however, ownership of the item must be readily ascertainable through appropriate documentation.

E. Property acquired from another agency to satisfy a short term or emergency need should not be recorded as agency property.

F. Items now on hand without original cost information and such property acquired in the future shall be given an appraised value (i.e. estimated cost) and recorded for inventory purposes.

G. Items acquired from the "Maryland State Agency for Surplus Property" (MSASP) shall be recorded in the same manner as other purchased items and shall be considered State property. The actual amount paid by the receiving agency to MSASP is the item's acquisition cost.

**Section III .04 INTERNAL CONTROLS**

A. Warehouse, Storerooms, and Office Areas

To protect against theft and unauthorized usage of property:

1. Access to warehouses and storerooms should be controlled and limited to assigned personnel only.

2. Unauthorized persons should be denied access to storage areas.

3. Warehouses, storerooms and office areas should be locked during non-working hours and during working hours when unattended.

4. Keys to storage areas should be restricted to personnel responsible for these areas.

B. Good Housekeeping Practices

Good housekeeping practices should be followed at all times.

1. Materials and supplies should be stored in an orderly fashion to facilitate accurate commodity identification and counting.

2. Storage areas must be kept neat, safe and clean to protect inventories against losses from damage and deterioration.

1. Segregating the Functions of Storekeeping, Record Keeping and Inventory Taking The duties of inventory record keeping, inventory custody and physical inventory taking shall be segregated whenever practical or economically feasible. The concept of reasonable assurance recognizes that the cost of an internal control procedure should not exceed the benefit derived, and also recognizes that evaluation of these factors necessarily requires estimates and judgments by management. Whenever it is not practical or economically feasible to segregate these duties, inventories and inventory procedures should be audited periodically by personnel not directly assigned to the storekeeping or record keeping functions to assure that physical stock balances agree with record balances and transaction quantities in the records agree with quantities on source documents (i.e. withdrawal tickets, receiving documents and adjustment vouchers). Periodically, a reasonable number of items and transactions should be randomly selected and audited. Audit results should be maintained until the next Legislative Audit has been completed and as prescribed by the agency's record retention schedule.

**Section III .05 PROCEDURE FOR RECEIVING PROPERTY**

Each agency shall implement a procedure to ensure that property obtained by purchase, transfer, or donation is received in the following manner. The UB procedure for receiving property obtained by purchase, transfer, or donation is as follows:

1. A central location for receiving materials, supplies and equipment shall be established, and personnel shall be assigned to receive incoming merchandise as a primary or secondary responsibility.
2. The Central Receiving Facility shall be the loading dock in the Law Center Building, and the adjacent office.
3. The UB Receiving Specialist will be responsible for receive incoming supplies and equipment as a primary responsibility.

B. Verification of the Bill of Lading or Delivery

Freight carriers are responsible for the number of shipping containers (or weight) specified in the bill of lading or delivery ticket. Truckers will not wait for the contents of containers to be inspected for concealed damage. Therefore, the Receiving Specialist shall receive incoming merchandise and shall:

1. Verify that the total number of shipping containers ~~or the gross weight~~ of the shipment agrees with the amount on the bill of lading or vendor's delivery ticket.

2. Visually inspect the outside of shipping containers or unpacked items for apparent shipping damage.

3. Any exception for weights, counts or apparent damage shall be brought to the attention of the person making the delivery, and shall be noted on the bill of lading or delivery ticket. Failure to note an exception for a shortage or apparent shipping damage obligates the State for property described in the shipping document, and can forfeit the right to recover missing or damaged property losses from the freight company and the vendor.

4. When shipments are sent by UPS or other carriers directly to the end user, the end user is responsible for inspection of the shipment, and should contact the UB Receiving Specialist for assistance as needed.

C. Verification of Merchandise with the Purchase Order

1. Inspection of merchandise may be performed in the central receiving location or it may take place at a location in the requisitioner's area by personnel in the requisitioner's program assigned to receive property. When shipments are sent by UPS or other carriers directly to the end user, the end user is responsible for inspection of the shipment, and should contact the UB Receiving Specialist for assistance as needed.

2. Copies of purchase orders, or written instructions to accept transferred or donated property, shall be maintained in PeopleSoft and be accessible by personnel assigned to receive merchandise. If a copy of an open purchase order, or other written receiving instruction is not on file, receiving personnel should notify the UB Buyer of the delivery, and hold the merchandise until a copy is made available.

3. Within one working day after the merchandise has been received:

a. at least one shipping container of each different item shall be opened and visually checked for quantity, quality, and condition. (Several shall be opened for truck load shipments of the same item.)

b. The entire shipment shall be counted or weighed in the same units of measure specified in the purchase order.

c. For audit purposes, computations for arriving at counts or weights for each item must be clearly indicated on the PeopleSoft Receipt.

4. The buyer shall be notified as soon as possible if:

a. The quantity weighed or counted for each item is not the same as the quantity on the packing slip or purchase order or

b. The number of units inside opened containers does not agree with the number appearing on the outside of the container and on the packing list; or

c. The appearance, packing, labeling or other means of identifying items does not agree with the identification or specifications in the purchase order; or

d. The condition of any part of the shipment is unsatisfactory.

5. Receiving personnel shall log the receipt in PeopleSoft Financials following standard processing steps.

6. Provided that the items are received in good order, the PeopleSoft Receipt number shall be noted on the invoice, and the invoice and other necessary documentation will be forwarded to Accounts Payable for processing without delay.

7. The Property Control Specialist shall query PeopleSoft periodically to detect the purchase of new equipment to be added to the Inventory Records, and shall tag the items with a property control tag, and add them to the inventory records promptly.

* 1. TAGGING OF EQUIPMENT

Capital Property – Sensitive/Non-Sensitive $5,000.00 & over – The Property Control Unit will place a sequentially numbered tag on the item and/ or engrave it and complete a Property Control Data Form. (see Appendix B)

This Property Control Data form is attached to the copy of the purchase order and placed in a file pending running of the PeopleSoft query to report new purchases.

Information from Query

Monthly, The Property Control Unit shall receive copies of all invoices (for that period) along with an FRS (Financial Report Summary) for Objects .10 and .11, form the Comptroller.

The Property Control Unit will verify these invoices against the receiving reports in the pending file.

NOTE: If no receiving report can be found in the pending file for an invoice, the Property Control Unit shall obtain a copy of the receiving report from either the Purchasing Department or from the Central Receiving Unit. They are then to locate the item, complete a Property Control Data Form, and place a sequentially numbered tag on it.

* 1. RECEIVING REPORTS

The Receiving Report is checked against the invoice to obtain the accurate acquisition cost. After determination of this cost, the information is transferred to the Property Control Database.

The Property Control Unit will then use the Property Control Worksheet to show any differences between the PeopleSoft financial data and the actual equipment total that will be added to the Master Inventory File.

These adjustments of invoice totals will be referenced from PeopleSoft Finance and will show why this dollar value will not be in the equipment total.

Each piece of equipment is then transferred from the Property Control Data Form to the Transaction Sheet for data entry.

* 1. Data Entry in Property Control Database
1. Maintain a holding file for the Purchase Orders and the Property Control Data Forms.
* On the 7th of the month (if on a weekend, then the Monday following the 7th) run a people soft query for items paid during the previous month.
1. Match the report items to Property Control Data Forms and Purchase Orders.
2. Investigate and resolve any discrepancies.
3. Review the PeopleSoft Report and place any items that are non-taggable (software, licenses, consumables etc.) and items costing less than $5000.00 and place the items on a Worksheet.
4. Using the information from the Property Control Data Form, complete a Property Control Transaction Sheet.
5. Assign a BATCH NUMBER to these Transaction Sheets prior to data entry.
6. Verify the Batch printout against the Property Control Transaction Sheet & Worksheet.
7. Complete a Transaction Form to verify the previous month’s total and the additions and deletions for the current month’s report.
8. Forward a copy of the PeopleSoft Report, Worksheet, Transaction Sheet, Batch Report, Transactions Forms and Disposition Forms (if applicable) to the UB Comptroller.
9. Create a separate monthly file folder to contain:
10. PeopleSoft New Property Query
11. Property Control Data Forms
12. Purchase Orders
13. Property Control Worksheet
14. Property Control Transaction Sheets
15. Batch Print-out
16. Property Control Transaction Form
17. Comments or Notes for future reference
	1. RECONCILLIATION [Property Control/Comptroller]
18. Gather all documentation which was used to verify and correct any changes to the Master Inventory File.
	1. FOUND PROPERTY

Whenever an item of equipment (believed to be valued at or over $5,000.00 or sensitive) is discovered during a perpetual inventory, the Property Control Unit shall:

STEP 1. Contact the respective department representative for any associated paper work; ie, copy of purchase order, invoice etc.

STEP 2. Tag the item and complete a Property Control Data Form.

STEP 3. Complete a Property Control Transaction Sheet, using the information from the Property Control Data From.

STEP 4. Assign a Batch Number to the Transaction Sheet (a number that identifies that batch form).

STEP 5. Enter data into the Computer (using the Transaction Sheet).

STEP 6. Obtain a BATCH Print-Out from Access.

STEP 7. Verify the BATCH Print-Out against the Transaction Sheet.

STEP 8. Forward a copy of the Worksheet to the UB Comptroller for the purpose of reconciling the deleted dollars against the on-hand equipment dollars.

STEP 9. Forward a copy of the Worksheet to the UB Comptroller for the purpose of reconciling the recorded invoice dollars against the actual equipment dollars.

STEP 10. Create a separate Found File folder to contain:

1. Receiving Reports (if able to obtain)
2. Property Control Data Forms
3. Invoices (if able to obtain)
4. Property Control Transaction Sheets
5. Batch Print-out
6. Comments or Notes for future reference.
	1. GIFT LETTERS (UB as Recipient)

Whenever GIFT LETTERS are received from the UB Comptroller’s Office, the Property Control Unit shall:

1. Make a physical verification of the item at the reported location.
2. Property tag the item.
3. Complete a Property Control Data Form
4. Complete a Transaction Sheet.
5. Enter data into Computer.
6. Obtain a BATCH print-out
7. Place in File labeled GIFT LETTERS.

**SECTION IV**

**EXCESS PERSONAL PROPERTY DISPOSITION**

**Section IV 1. AUTHORITY**

The authority for disposing of excess or surplus personal USM property is vested in University System of Maryland Board of Regents. Authority to disposing of excess or surplus personal USM property has been delegated by the BOR to USM institutions per the USM Policy on Disposal of Surplus Personal Property VIII-1.20 [ http://www.usmd.edu/regents/bylaws/SectionVIII/VIII120.html ]

**Section IV 2. SCOPE & POLICY**

1. Scope - All University owned personal property including materials and supplies are subject to these procedures except State owned personal property covered by State Finance and Procurement Article, (Title 10 § 305), and to the extent that these policies and procedures would conflict with the terms and conditions of a federal government Grant or federal government Contract.

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

3. State Ethics Commission Opinion Number 24 prohibits State officials and employees from purchasing surplus personal State property if their official duties are directly connected with the disposal process. Also, other Ethics Law provisions generally applicable to surplus personal State property sales could, in particular situations, limit the private activities of a State official or employee. For additional information, contact the UB Director of Procurement and Materials Management. The UB Director of Procurement and Materials Management is prohibited from purchasing any UB property, equipment or supply designated as surplus or excess. Further, UB procedures which permit employees to purchase surplus property must be consistent with applicable State Ethics Law and Commission Advisory Opinions.

4. The UB Director of Procurement and Materials Management Procurement & Logistics may suggest use of a surplus item to satisfy the requirements of a purchase requisition, provided that the item is functional, serviceable, and satisfies the needs of the requisitioning agency.

5. UB Units are to consider surplus property available at UB before purchasing new equipment.

**Section IV 3. GENERAL REQUIREMENTS**

A. The Director of UB Procurement and Materials Management shall determine the method of property disposition.

B. Excess property will be transferred to another USM campus or State agency, whenever feasible.

C. When items are no longer needed, they are to be declared, by the UB Director of Procurement and Materials Management, or designee as excess property. They should not be cannibalized, scrapped, junked, sold, transferred outside UB or donated without approval of the UB Director of Procurement and Materials Management

D. When requisitioning a capital item which is to serve as a replacement for an existing item, the existing item shall be declared excess. This requirement may be waived by the UB Director of Procurement and Materials Management

**Section IV .04 DISPOSAL METHODS**

**4.4. A. Transfers**

1. Intra-agency transfers (Property transferred within the same agency)

a. Whenever an item is declared excess to a program or subunit, the UB Property Control Specialist shall insure that the property is made available to all other programs or sub-units of the UB.

b. If the property is needed elsewhere in the agency, it shall be transferred accordingly.

c. An Excess Property Form (DGS-950-9) is not required for intra-agency transfers.

d. The UB Property Control Specialist shall insure that the proper internal recordkeeping has been completed, including an update of the item location in the inventory database.

2. Inter-agency transfers (Property transferred between agencies)

a. The UB Director of Procurement and Materials Management shall determine if it is in the best interest of UB whether excess and/or surplus property shall be transferred between agencies.

b. An Excess Property Form from the custodial agency and a letter from the requesting agency shall be submitted to The UB Director of Procurement and Materials Management **prior** to the transferring of any item.

c. Transportation for moving property is the responsibility of the requesting agency. MSASP may provide pick-up and transportation services at the requesting agency's expense.

d. For Motor Vehicle Transfers (Refer to Appendix I – State Motor Vehicle Disposition).

e. Surplus property disposal forms shall be maintained by the UB Property Control Specialist.

f. Upon receipt of a request for disposal of excess or surplus property, the UB Property Control Specialist shall notify the UB Director of Procurement and Materials Management.

3. Requests for transfers of property to other USM campuses will be handled in the same manner as Inter-agency transfers.

1. Requests for inter-agency transfers (Property transferred between State agencies other than USM campuses) shall be handled in accordance with the procedures outlined in Section IV A. 2.
2. Donations to local governments and non-profit organizations shall be handled in accordance with the procedures outlined in Section IV 04. A. 2. - Inter-agency transfers. Motor Vehicles may not be donated or transferred to local governments or non-profits (they must be traded-in on a new purchase, donated to other State Agencies, or sold at auction)

**4.4. B. Trade-ins**

1. The UB Director of Procurement and Materials Management shall determine if it is in the best interest of UB to trade any item.

2. An Excess Property Form with the trade-in allowance shall be kept on file by the UB Property Control Specialist.

3. The trade in value must be specifically documented in the contract.

**4.4. C. Disposal by scrapping**

Items that are unserviceable and not economical to repair should be placed on a scrap pile or junked. Disposal by scrapping or junking shall be approved by the UB Director of Procurement and Materials Management. If scrapping the item(s) is approved, the Property Control Specialist shall complete the Property Disposal Form. The form shall be signed by the Property Control Specialist and the UB Director of Procurement. After the form is signed, the property may be scrapped.

**4.4. D. Donation**

The UB Director of Procurement and Materials Management shall determine if it is in the best interest of UB to donate any item.

4.4.1. An Excess Property Form (DGS-950-9) from the custodial agency, a letter from the donee, and the Statement of Surplus Property Utilization By A Local Subdivision Or Non-Profit Organization, shall

be submitted to UB Director of Procurement prior to donating any item to a local jurisdiction or non-profit organization.

4.4.2. Upon receipt of the Excess Property Form (DGS-950-9), a letter from the donee, and the Statement of Surplus Property Utilization By A Local Subdivision Or Non-Profit Organization (See Exhibit 3), the item may be donated.

4.4.3. The UB Property Control Specialist shall complete Section A of the (DGS-950-11) form certifying that the items have been donated along with a receipt from the donee.

**4.4.E. DISPOSAL OF FIREARMS AND OTHER LAW ENFORCEMENT WEAPONS**

All excess and surplus firearms and other law enforcement weapons shall be reported to the UB Director of Procurement and Materials Management in accordance with these procedures:

7.1. The UB Director of Procurement and Materials Management shall determine whether such property may be transferred, traded-in or turned over to the Maryland State Police for destruction.

2. An Excess Property form shall be submitted to the UB Property Control Office prior to disposal.

3. Upon receipt of the Excess Property Form the UB Property Control Specialist will forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with instructions to turn over to the Maryland State Police, Agency Property Unit Supervisor (telephone 410-799-1218) for disposition of any weapons not approved for trade or transfer. A receipt from the Maryland State Police for any weapons or firearms turned over for disposition is required.

4. Upon reception of the receipt, the UB Property Control Specialist will remove the weapon(s) from the UB Inventory.

**4.4.F. DISPOSAL OF MOTOR VEHICLES**

6.1. Motor Vehicles that do not bear State of Maryland License Tags may be disposed of in accordance with the procedures of Section IV.5. - UB PROCEDURE FOR DISPOSAL OF SURPLUS PROPERTY BY SALE of this manual.

6.2. Motor Vehicles that must by law display State of Maryland License Tags may be disposed of by sale, by trade-in, or by auction.

6.3. Motor Vehicles that must by law display State of Maryland License Tags, that are disposed of by sale or by trade-in, will be disposed of in accordance with the procedures in Appendix I of this manual.

**4.5. Disposal of Personal Property Acquired with Grant Funds.**

A. Equipment

Under current Federal regulations:

1. Title to equipment acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

2. UB will use, manage and dispose of equipment acquired under a grant in accordance with the procedures in this manual.

B. Materials and Supplies

Under current Federal regulations:

1. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

2. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate of fair market value upon termination or completion of the award, and if the supplies are not needed for any other Federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share. (Ref: Federal Register; Friday, March 11, 1988; Part III: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule; pp 8095-8096)

**NOTE:** Individual grants may vary slightly. Agencies should confirm disposal conditions with the grantor.

**IV. 6. Procedures for Disposal of Excess/Surplus Property**

SURPLUS PROPERTY – Supplies or equipment that the custodian department is willing to re-assign to the University’s Property Control Unit for distribution to other departments within the University. The Property Control Unit, upon receiving the authorized Work Request Form, shall view the waiting list to ascertain if any if any department desires the item of equipment. If the waiting list does not identify a department desiring the item, all departments are to be notified of the availability of the item. Normally the items will be listed on the Surplus Property web page.

DISPOSAL OF EXCESS PROPERTY

Whenever the Property Control Unit determines it to be beneficial to the University, equipment may be disposed of by adhering to the following guidelines.

* + 1. DEFINITIONS:

Excess Property: Property no longer needed by a UB Unit.

Property Control: The unit within Procurement and Materials Management responsible for disposal of UB property, and the control of UB Inventory. The Property Control unit reports to the Director of Procurement and Materials Management.

Supply: A disposable or consumable item with a useful life of less than one year, or a unit value of less than $100.00.

Surplus Property: Property no longer needed by the using department, that may be transferred to another UB department or unit.

Unit: Any Department, Center, Office, Section, or other organizational unit of the University of Baltimore.

4.6.2. PROCEDURE

4.6.2.1. When a unit has recyclable supply type materials, including paper, glass, aluminum (cans), recyclable plastics, etc., that they wish dispose, they should contact the Department of Physical Plant. Physical Plant will collect the recyclable material and arrange for pick up by City or County authorities as appropriate.

4.6.2.2. When a unit has an item with an inventory tag, including computer equipment, that it wished to dispose, the Unit should contact Property Control to arrange for disposal. Property control will complete the disposal form.

4.6.2.3. If the property is data processing or PC equipment (or other electronic equipment that may have internal memory or data storage components), Property Control will contact OTS to have them determine what, if any, hardware (ex. hard drive or memory device) or software should be removed before disposal.

4.6.2.4. The custodian Unit will contact Auxiliary Enterprises or Physical Plant to remove other inventory items to a locked room (for example the LAP basement, or the Law Center basement). OTS, Auxiliary Enterprises or Physical Plant will move the items to the secure room, Note that OTS may decommission, remove software, remove some components or otherwise ready the computer equipment for disposal. The location of any tagged item should be updated to the storage location until the item(s) are ready for disposal. OTS should contact the Property Control Specialist when the computer equipment is moved to the secure room.

4.6.3.When a unit determines that they no longer need supply items like office supplies, paper, or other supply items (generally defined as those items with a useful life of less than one year, or original unit purchase price of $100.00 or less), the unit may dispose of the item by asking UB housekeeping to dispose of the item, or in some other way as authorized by the Dean, Director or Department Head. If the excess supply items are bulky or for other reasons UB Housekeeping cannot physically handle the items, the unit should contact Auxiliary Enterprises or Physical Plant to arrange for disposal.

* + 1. When a unit determines that they no longer need equipment items (items with a useful life of five years or more), but not including computer CPUs, they should inform property control that they have excess equipment to dispose. Property control will create a list of the items, and will send a request to Auxiliary Enterprises or Physical Plant to remove the equipment to a secure storage room. Property control will confirm the completeness and accuracy of the list once the items are in a secure storage room. It is the responsibility of Property Control to keep the secure storage room organized or empty.
		2. The Property Control Specialist will complete the disposal form, and make a notation with a recommendation for the method of disposal. The Property Control Specialist will then sign the Property Disposal Form, and send the form to the Director of Procurement for approval.
1. Trade-In

b. Obsolete

c. Surplus (May be transferred to another agency, may be sold/auctioned)

d. Unserviceable ( too costly to repair, Junk)

e. Donation

* + 1. The Director of Procurement will review the items and the recommendation. The Director of Procurement will determine how the items are to be disposed. The Director of Procurement will then approve the disposal by signing the form.
		2. The Property Control Specialist will arrange for the equipment to be disposed. The Property Control Specialist will file the property disposal form and update the UB Inventory records as necessary.
		3. Any academic or administrative unit at UB may request property listed as Surplus Property for use by their unit of UB (not for personal use or personal possession). The property will be available on a first come, first served basis. The property is available at no charge, but you must make arrangements with the Property Control Specialist to have the property moved from its current location. In some cases there may be a charge from Auxiliary Enterprises or Facilities Management to move the property.
		4. Property that is not claimed within two weeks will normally be declared Excess Property. The University will dispose of Excess Property by sale, donation, scrap, or other means at the discretion of Procurement and Materials Management.

**SECTION IV. 7. UB PROCEDURE FOR DISPOSAL OF SURPLUS PROPERTY BY SALE**

4.7.1. From time to time, UB will make Excess Property available for sale. Low value items (less that $100.00) may be marked with a fixed price, and offered for sale on a first come, first served basis. Some property will be sold through the Invitation for Excess Property Disposal Bids process. The process, terms and conditions of an Invitation for Excess Property Disposal Bids will be included in the Invitation For Excess Property Disposal Bids document.

The Custodian Department (Department that issued the requisition for the item(s) or is otherwise the current custodian) must inform Property Control that the items are surplus. A memo or e-mail notification will suffice.

4.7.2. Property Control will prepare a Property Disposal form.

4.7.3. The Property Control Specialist will evaluate the item(s). The Property Control Specialist may consult with OTS or others to analyze the potential value of the item(s). The Property Control Specialist will make a recommendation to the Director of Procurement and Materials Management that the property should be:

4.7.3.1. scraped

4.7.3.2. stored for future use by UB

4.7.3.3. transferred to another UB Department or Unit

4.7.3.4. transferred to another USM Institution or State Agency

4.7.3.5. donated to a non-profit organization, including a school

4.7.3.6. traded-in

4.7.3.7. sold

4.7.4. The Director of Procurement and Materials Management will discuss the recommendation with the Property Control Specialist, and will approve an appropriate disposal process.

4.7.5. If the Director of Procurement and Materials Management determines that the property should be sold, an appropriate method for selecting a buyer will be determined. Property may be sold to other USM institutions or other State Agencies. A fair and reasonable sale price may be negotiated directly with a single USM institution or State Agency. Excess property may also be sold at auction (including internet hosted auction, including ebay, Yahoo Auction, Amazon.com Auction, etc), or by Request For Quotations/Invitation for Bids for Sale of Excess Property.

UB students, faculty and staff (with the exception of Property Control employees and the Director of Procurement and Materials Management) may offer bids in response to an offer to sell UB excess property provided that the auction or Request For Quotations for Sale of Excess Property is publicly advertised, and the sale is open to all UB students, faculty and staff. The auction or Request For Quotations for Sale of Excess Property may include the general public.

4.7.6. Auction

If the property will be sold, the Property Control Specialist will prepare a description of the property, including brand name and model number, if applicable. The description should also include a general description of the item, including a general description of its condition, such as, good, fair, poor. The description should include the following:

The property described on the attached sheet(s) is being offered for sale **AS IS, WHERE IS.** THE UNIVERSITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF THE CONDITION OF THE ITEMS. The successful bidder will be responsible for the cost of packing, loading and removal (F.O.B. origin).

All offerors bid or offer must specify the method that will be used to remove the property. Once approved, the property must be removed from the University’s premises within 14 calendar days. Property not removed within the specified period may be removed from the University and/or destroyed, and the sale may be declared null and void at the option of the University.

The property will be awarded to the responsive bidder that offers the highest bid/quote. If multiple lots are offered, the University reserves the right to award lot by lot, or based on the highest total bid for all lots. The University of Baltimore reserves the right to reject any or all bids.

4.7.7. **Sale by Request For Quotations for Sale of Excess Property**

If the property will be sold by Request For Quotations for Sale of Excess Property, the Property Control Specialist will prepare a description of the property, including brand name and model number, if applicable. The description should also include a general description of the item, including a general description of its condition, such as, good, fair, poor.

* + - 1. The description should include the following:

The property described on the attached sheet(s) is being offered for sale **AS IS, WHERE IS.** THE UNIVERSITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF THE CONDITION OF THE ITEMS. The successful offeror will be responsible for the cost of packing, loading and removal (F.O.B. origin).

All offerors bid or offer must specify the method that will be used to remove the property. Once approved, the property must be removed from the University’s premises within 14 calendar days. Property not removed within the specified period may be removed from the University and/or destroyed, and the sale may be declared null and void at the option of the University.

The property will be awarded to the responsive offeror that offers the highest offer. If multiple lots are offered, the University reserves the right to award lot by lot, or based on the highest total bid for all lots. The University of Baltimore reserves the right to reject any or all bids.

Quotes must be firm for not less than 14 calendar days.

Payment in full will be required prior to the release of the property.

4.7.7.2. The Request For Quotations for Sale of Excess Property will be issued by the UB Procurement Office. The Procurement Official will establish a date, time and location for delivery of Quotes. Late Quotes will not be accepted.

4.7.7.3. Request For Quotations for Sale of Excess Property and Quotes to purchase Excess property may be delivered and accepted by US Mail, FAX, or by e-mail or e-mail attachment. All offers must specifically reference the Request For Quotations for Sale of Excess Property.

4.7.7.4. Offers to purchase Excess property will be held in a secure location in the Procurement Office until the closing date and time.

4.7.7.5. At the closing date and time, the Procurement Official will open all offers to buy the Excess property. The Procurement Official will create a written summary that includes the name and amount offered by each offeror.

4.7.7.6. Property will be sold to the offeror who offers the highest Quote (net amount of the amount offered less any cost of disposal to be borne by UB). Tie Quotes will be awarded by drawing lots.

4.7.7.7. Property may be sold on the basis of a single offer, if the Director of Procurement and Materials Management determines that the offer is fair and reasonable.

4.7.7.8. After the Request For Quotations for Sale of Excess Property solicitation has been awarded, the Property Control Specialist will notify the successful offeror(s) and will send each successful offeror an invoice. The notice shall include a reminder that Once approved, the property must be removed from the University’s premises within 14 calendar days. Property not removed within the specified period may be removed from the University and/or destroyed, and the sale may be declared null and void at the option of the University.

4.7.7.9. Employees (with the exception of the Director of Procurement and Materials Management, and Property Control personnel) may offer quotes to purchase UB Excess property. Offers from students, faculty and staff will be treated the same as offers from the general public.

Sale of Excess property to University employees must be accomplished through a written and advertised solicitation. The preferred method of advertising a solicitation for sale of Excess property to employees is through a general announcement to faculty and staff. The preferred notice is an announcement in the *UB Digest*.

4.7.8. Transfer and Removal From Inventory, Update Comptroller

After payment has been made, the buyer will receive a receipt, and will be permitted to remove the property. If the property is not removed in 30 days, the University may remove or destroy the property.

The inventory records will be updated to record the disposal of the property. The disposal will be recorded on the monthly report that is sent to the Comptroller’s Office.

4.7.9. Documentation and Records

The Request for Excess Property Disposal Quotations and all offers received will be retained in the Procurement Office for not less than three years after the payment is received. The Inventory records will be maintained per the record retention schedule.

4.7.10. This procedure may be modified by the Director of Procurement and Materials Management as needed.

**Section IV. 8. DISPOSAL OF PERSONAL PROPERTY ACQUIRED UNDER A FEDERAL GRANT OR COOPERATIVE AGREEMENT**

A. Equipment

Under current Federal regulations:

1. Title to equipment acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

2. UB will use, manage and dispose of equipment acquired under a grant in accordance with the procedures in this manual.

B. Materials and Supplies

Under current Federal regulations:

1. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

2. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate of fair market value upon termination or completion of the award, and if the supplies are not needed for any other Federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share. (Ref: Federal Register; Friday, March 11, 1988; Part III: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule; pp 8095-8096)

**NOTE:** Individual grants may vary slightly. Agencies should confirm disposal conditions with the grantor.

**SECTION IV. 9. DISPOSAL OF MOTOR VEHICLES**

6.1. Motor Vehicles that do not bear State of Maryland License Tags may be disposed of in accordance with the procedures of Section IV.5. - UB PROCEDURE FOR DISPOSAL OF SURPLUS PROPERTY BY SALE of this manual.

6.2. Motor Vehicles that must by law display State of Maryland License Tags may be disposed of by sale, by trade-in, or by auction.

6.3. Motor Vehicles that must by law display State of Maryland License Tags, that are disposed of by sale or by trade-in, will be disposed of in accordance with the procedures in Appendix I of this manual.

**IV. 10. DISPOSAL OF FIREARMS AND OTHER LAW ENFORCEMENT WEAPONS**

All excess and surplus firearms and other law enforcement weapons shall be reported to the UB Director of Procurement and Materials Management in accordance with these procedures:

7.1. The UB Director of Procurement and Materials Management shall determine whether such property may be transferred, traded-in or turned over to the Maryland State Police for destruction.

2. An Excess Property Form shall be submitted to the UB Property Control Office prior to disposal.

3. Upon receipt of the Excess Property Form the UB Property Control Specialist will forward an Excess Property Disposal Order to the custodial agency with instructions to turn over to the Maryland State Police, Agency Property Unit Supervisor (telephone 410-799-1218) for disposition of any weapons not approved for trade or transfer. A receipt from the Maryland State Police for any weapons or firearms turned over for disposition is required.

4. Upon reception of the receipt, the UB Property Control Specialist will remove the weapon(s) from the UB Inventory.

**Section IV 11. CREDIT FOR SURPLUS PROPERTY**

A. Trade-ins

If UB trades in an excess item for a replacement item, credit is given by the supplier in the form of a reduced invoice cost of replacement item. The cost of the replacement item, less allowance for the trade-in, must be shown on the vendor invoice.

B. Sales

1. Monies received from property purchased with bond proceeds shall be deposited in the Annuity Bond Fund.

2. Monies received from property purchased with Special Fund proceeds shall be deposited in the appropriate Special Fund.

3. Monies received from property purchased with Federal funding shall be disbursed in accordance with governing Federal regulations.

4. All proceeds from the sale of excess property not purchased with bond proceeds will be deposited into a UB reserve fund (miscellaneous revenue account).

**SECTION V**

**REPORTING MISSING AND STOLEN PERSONAL STATE PROPERTY**

**Section V .01 SCOPE and POLICY**

A. Only personal State property that is stolen or missing is subject to these procedures.

B. For the purposes of these procedures, personal State property on loan or otherwise in temporary custody of a State agency, is considered State owned.

C. These procedures do not apply to cash or other financial assets that are stolen or missing.

D. Agencies shall maintain records of all stolen or missing property, including private property, regardless of value. Records should be reviewed periodically. UB’s records of all stolen property, including private property shall be maintained by UB Public Safety Department.

E. Each Department or Agency shall be required to produce Department- Wide Missing and Stolen Property Reports quarterly and annually.

F. Agencies with numerous occurrences of stolen State property or those within DGS' estimation, large amounts of missing property, both in dollars and numbers of items, will be subject to unannounced audit.

**Section V .02 SECURITY MEASURES**

A. Agencies shall take every precaution that is practical or necessary to protect personal State property from being lost or stolen.

B. Losses shall be investigated to determine the cause and to take corrective action to protect property against future loss occurrences.

C. Capital and non-capital equipment items shall be permanently marked to identify them as Maryland State Property.

D. Equipment serial numbers shall be recorded since they are required when reporting items that are stolen or missing.

E. Easily concealed sensitive items shall be kept in locked cabinets, desks or storage rooms when not in use.

F. Sign-out and return procedures shall be implemented for items not assigned to specific individuals.

G. Personnel shall be made responsible for the safekeeping of assigned State property.

**Section V .03 PROCEDURE FOR REPORTING STOLEN PERSONAL STATE PROPERTY**

A. Stolen property, regardless of value, shall be reported immediately upon discovery to the UB Public Safety police department for investigating the theft.

B. Local police automatically report stolen or missing items to the National Crime Information Center (NCIC) so that property, if recovered, may be returned to the agency. If an agency's internal security force is used in lieu of local police, the agency's security force shall report stolen or missing items to NCIC.

C. Obtain a copy of the police report from local police, or internal security, if applicable.

D. Complete a Report of Missing or Stolen State Property Form DGS-950-8 (Section VI). The Sr. VP for Administration and Finance will be required to sign off on their Missing and Stolen Property Report before the item can be removed from UB Inventory Records.

E. Report the loss if:

1. Capital equipment is involved, or

2. The loss consists of any combination of non-capital equipment items and supplies exceeding **\*\* $500 \*\*** in aggregate cost value.

F. The custodial agency shall submit a notice of missing property and one copy of the police report and any other supporting documentation to the UB Director of Procurement and Materials Management.

G. Upon receipt of the Report of Missing or Stolen State Property Form, the UB Director of Procurement and Materials Management shall forward a Missing/Stolen Personal State Property Write-off Authorization Form (DGS-950-10) authorizing the custodial agency to remove the items from their inventory records.

H. In addition to these procedures, the procedure for reporting theft of a motor vehicle, as prescribed in the State Treasurer's Insurance Manual shall be followed.

I. The Department of General Services will consolidate and file annually each reporting entities Inventory and Missing and Stolen Property Reports with the Board of Public Works.

J. Agencies shall absorb the full amount of property loss due to theft, except in specific cases where property may be insured under a special policy. Stolen property having special coverage shall be reported by letter to the State Treasurer.

K. In cases where a State employee is alleged to be the cause of property loss exceeding $l,000, the loss is covered by a Blanket Bond For Faithful Performance By State Employees if evidence reasonably establishes that a State employee caused or was implicated in the loss, regardless of the number of persons involved or whether any of the involved persons can be identified. If investigative action indicates that a loss exceeding $l,000 was caused by the action or negligence of a State employee, in addition to paragraphs A through H, agency Insurance Coordinators shall follow the procedures prescribed by the State Treasurer's Insurance Division for a claim to be initiated. Claims up to $l,000 will be absorbed by the agency sustaining the loss.

L. Funds recovered from an insurance policy or bond shall be deposited in accordance with budgetary regulations.

**Section V .04 PROCEDURE FOR REPORTING MISSING PERSONAL STATE PROPERTY**

Follow the same procedure in Regulation .03 to this Section for reporting stolen State property, except that paragraphs A, B, and C may be omitted at the discretion of the Sr. VP for Administration and Finance.

A. There is no evidence of theft or forced entry; and

B. Property disappearance is not sudden or conspicuous; and

C. The loss is disclosed as a result of an audit or inventory reconciliation.

1. MISSING/STOLEN PROPERTY is any equipment that cannot be located, but there is no evidence of theft.

Whenever it is determined that an item of equipment is not at its recorded location, the Property Control Unit shall:

STEP 1. Make inquires with the area personnel to ascertain if the item of equipment has been moved (unauthorized) to another location.

If so, and it is a permanent change, record the new location as a CHANGE. Otherwise try STEP 2.

STEP 2. All rooms under the control of the respective department must be physically checked. If the item is not located, try Step 3.

STEP 3. Notify the Department Head that it is his/her responsibility to either;

produce the item of equipment, or file a theft report with the Campus Police with copies sent to Property Control and the V. P. for Business & Finance.

The Campus Police shall report the item description and serial number to NCIC (National Crime Information Center).

**Section V .05 REPORT OF MISSING OR STOLEN PERSONAL STATE PROPERTY**

**(Form DGS-950-8)**

The Department of General Services is required to investigate, if necessary, and inform the Board of Public Works of every report of missing or stolen personal State property. In order to facilitate the write-off process, the following shall apply:

A. Missing or stolen personal State property must remain on inventory records until approval to remove the property from the records is obtained from the UB Director of Procurement and Materials Management.

B. Form DGS-950-8 shall be forwarded to the UB Director of Procurement and Materials Management within 10 working days of discovery of loss.

1. If an agency is unable to obtain a copy of the police report within 10 working days of the occurrence of theft, the form shall be forwarded with a notation to that effect. the UB Director of Procurement and Materials Management will follow-up with the agency to obtain a copy of the police report.

2. If an agency is unable to complete a DGS-950-8 due to incomplete information, the form shall be forwarded with a notation to that effect. DGS will follow-up with the agency to obtain the missing information.

C. No more than one occurrence of loss shall be reported on a single DGS- 950-8 form.

D. The filled in portion of each form shall be in original format. Photocopies or pre-filled in forms are not acceptable and will be returned to the reporting agency.

E. All required information shall be reported in detail using the reverse side of the form, additional sheets and supporting documentation as necessary.

F. All State employees known to be involved in the loss shall be identified. Telephone numbers shall be provided in the event further investigation is necessary.

G. Measures being taken to prevent future occurrences are subject to audit and shall be explained in detail using the reverse side of the form or additional sheets if necessary. If newly written procedures are being implemented, a copy of those procedures shall be submitted with the form.

**Section V .06 MISSING OR STOLEN PRIVATE PROPERTY**

A. COMAR 25.02.03.01 generally provides that the State is not responsible for the theft or other disappearance of the personal belongings of a State employee.

B. If the personal belongings of a State employee or other private individual are lost or stolen on the UB campus or from a UB building or other facility, the UB Public Safety should be notified promptly. The loss of private property should not be reported to the Inventory Standards and Support Services Division, or the UB Director of Procurement and Materials Management.

**APPENDIX I**

**UB Motor Vehicle Disposition**

1. SCOPE

These procedures apply primarily to automobiles, vans, light and heavy duty trucks, motorcycles and other such equipment contrived for conveying passengers or objects. Disposition of all other motor vehicles will be addressed on a case by case basis.

Disposition of UB owned vehicles shall be authorized by the UB Director of Procurement and Materials Management prior to disposition of the vehicle. The UB Director of Procurement and Materials Management will determine the method of disposal, and will inform the USM Fleet Administrator of the impending sale or trade-in.

1. **VEHICLES APPROVED FOR DISPOSAL BY TRADE-IN DURING THE ACQUISITION OF A NEW VEHICLE.**
2. The UB Director of Procurement and Materials Management may determine that it is appropriate to dispose of a UB motor vehicle by trade-in at the time of purchase of a new vehicle.
3. Excess Property Form will be completed by the UB Property Control Specialist.
4. The following MUST BE COMPLETED by the custodial unit before the vehicle can be delivered to the auction or sales site:

a. Vehicle must be cleaned inside and out.

b. All emblems and any identifying State markings must be removed from the vehicle.

c. State license tags removed from the vehicle at the time of transfer and retained by the custodial agency.

d. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle.

4. The solicitation to purchase the new vehicle should include the following:

1. The vehicle is being offered for trade-in **AS IS, WHERE IS** with no warranties of any kind, express or implied. THE UNIVERSITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF THE CONDITION OF THE ITEMS.
2. The solicitation document shall state that the successful bidder/offeror will be responsible for the cost of removal of the vehicle (F.O.B. origin).
3. The University of Baltimore reserves the right to reject any or all bids for trade-in.
4. All offerors bid or offer must specify the method that will be used to remove the property. Once approved, the property must be removed from the University’s premises within 14 calendar days. Property not removed within the specified period may be removed from the University and/or destroyed, and the sale may be declared null and void at the option of the University.
5. The form for price offers should include a space for the bidder or offeror to indicate the trade-in value offered for the old vehicle.
6. During the initial evaluation of bids or offers by the Procurement Official, the UB Director of Procurement and Materials Management will determine if the trade-in value is fair and reasonable, considering the age, mileage, and condition of the vehicle, the value of other similar vehicles of a similar age, mileage, and condition, and the administrative and personnel costs that would be required to dispose of the vehicle by separate sale or auction. If the UB Director of Procurement and Materials Management determines that the value offered for trade-in is fair and reasonable, the trade-in may be approved.
7. The contract or purchase order for the acquisition of the new vehicle shall include the trade-in value and terms for trade-in of the old vehicle. The trade-in value may be deducted from the acquisition price of the new vehicle.
8. The old vehicle may be transferred to the vehicle dealer upon award of the contract or purchase order.
9. The following MUST ACCOMPANY the vehicle when delivered to the vehicle dealer:

a. Vehicle Title. NOTE: Title must be in the name of the agency to which funds from the sale of the vehicle will be forwarded.

b. Odometer Disclosure Statement

c. Vehicle Keys.

1. **DISPOSAL BY SALE OR AUCTION - OPERABLE VEHICLES**

The UB Director of Procurement and Materials Management may determine that it is appropriate to dispose of a UB motor vehicle by sale or auction. The vehicle(s) shall be taken to an auction or sales site designated by Director of Procurement and Materials Management.

**PREFERENTIAL SALES TO STATE EMPLOYEES ARE FORBIDDEN**

1. An Excess Property Form will be completed by the UB Property Control Specialist.

2. The following MUST BE COMPLETED by the custodial unit before the vehicle can be delivered to the auction or sales site:

a. Vehicle must be cleaned inside and out.

b. All emblems and any identifying State markings must be removed from the vehicle.

c. State license tags removed from the vehicle at the time of transfer and retained by the custodial agency.

d. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle.

3. The following MUST ACCOMPANY the vehicle when delivered to the auction or sales site:

a. Vehicle Title. NOTE: Title must be in the name of the agency to which funds from the sale of the vehicle will be forwarded.

b. Odometer Disclosure Statement

c. Vehicle Keys.

4. If it is determined to be in the best interest of the State, the UB Director of Procurement and Materials Management authorize the sale of the vehicle to the highest bidder.

5. Vehicles may not be sold directly to the public. Bids shall be accepted from licensed

used vehicle or scrap dealers.

1. Request for bids shall be solicited in writing from at least three prospective bidders in the private sector. All three bids shall be forwarded to UB Director of Procurement and Materials Management for review. Before approving the sale, the UB Director of Procurement and Materials Management may seek additional bids or have the vehicle towed to an alternate site and sold.
2. The solicitation document shall state that the vehicle is being offered for sale **AS IS, WHERE IS** with no warranties of any kind, express or implied. THE UNIVERSITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF THE CONDITION OF THE ITEMS.
3. The solicitation document shall state that the successful bidder/offeror will be responsible for the cost of removal of the vehicle (F.O.B. origin).
4. All offerors bid or offer must specify the method that will be used to remove the property. Once approved, the property must be removed from the University’s premises within 14 calendar days. Property not removed within the specified period may be removed from the University and/or destroyed, and the sale may be declared null and void at the option of the University.
5. The property will be awarded to the responsive bidder that offers the highest bid/quote. If multiple lots are offered, the University reserves the right to award lot by lot, or based on the highest total bid for all lots. The University of Baltimore reserves the right to reject any or all bids.
6. At the time the vehicle is taken out of service, the vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager.
7. D. OPERABLE VEHICLES NOT SCHEDULED FOR TRADEIN/REPLACEMENT but considered excess property to the agency and approved for disposal by the UB Director of Procurement and Materials Management (fleet downsizing) shall be taken to an auction or sales site designated by the UB Director of Procurement and Materials Management, in accordance with the procedures in Section I of this manual.
8. E. VEHICLES AUTHORIZED TO BE SOLD TO THE HIGHEST BIDDER - and approved for disposal by the UB Director of Procurement and Materials Management shall be transported to an auction or sales site designated by the UB Director of Procurement and Materials Management, in accordance with the procedures in Section I of this manual.
9. **DISPOSAL BY SALE - INOPERABLE VEHICLES**
10. After completing the Excess Property form, the UB Property Control Specialist will make the necessary arrangements to have the vehicle transported to the Auction Site approved by the UB Director of Procurement and Materials Management.
11. The transport company will contact the appropriate person within the agency by telephone to make arrangements to pick up the vehicle.
12. UB Property Control Specialist will ensure that:

a. Vehicle must be cleaned inside and out.

b. All emblems and any identifying State markings must be removed from the vehicle.

c. State license tags removed from the vehicle at the time of transfer and retained by the custodial agency.

d. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle.

1. The following MUST ACCOMPANY the vehicle when delivered to the auction or sales site:

a. Vehicle Title. NOTE: Title must be in the name of the University of Baltimore.

b. Odometer Disclosure Statement

c. Vehicle Keys.

d. The vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager prior to transport.

E. INOPERABLE VEHICLES INVOLVED IN AN ACCIDENT and approved for disposal by the UB Director of Procurement and Materials Management shall be transported to an auction or sales site designated by the UB Director of Procurement and Materials Management, in accordance with the procedures in Section I of this manual.

To avoid storage charges whenever an inoperable vehicle has been towed to a garage, repair estimates should be obtained as quickly as possible, and initially reported by telephone to the State

Fleet Administrator, and the State Treasurer's Office.

F. INOPERABLE VEHICLES **NOT** INVOLVED IN AN ACCIDENT but are damaged beyond economical repair and and approved for disposal by the UB Director of Procurement and Materials Management shall be transported to an auction or sales site designated by the UB Director of Procurement and Materials Management, in accordance with the procedures in Section I of this manual.

G. DISMANTLING VEHICLES FOR SPARE PARTS (Cannibalize)

UB owned motor vehicles that are required by State Law to display Maryland License Tags SHALL **NOT** be dismantled for spare parts, or suffer the removal of parts other than after-market parts installed after delivery by the original vehicle dealer.

H. VEHICLE DONATIONS PROHIBITED - UB owned motor vehicles that are required by State Law to display Maryland License Tags SHALL **NOT** be donated under any circumstances.

I. MISSING AND STOLEN VEHICLES - Refer to Section V of this Manual.

In addition to the above listed procedures the following is required when a vehicle is missing or stolen:

1. Report without delay to Commercial Fuel Systems that the vehicle fueling card (if applicable) for the Statewide Fuel Management System is missing/stolen.

2. Report to MVA that the state license tags are missing/stolen.

APPENDIX II

UB STOREROOMS

The University of Baltimore does not have any authorized storerooms or stockrooms. UB units orders supplies and materials on a just-in-time basis to avoid the cost of administration and the encumbrance of funds in stock or stored items.

Minimal amounts of supplies (in all cases less than $20,000 total value) may be maintained in each unit for ready access. Units are encouraged to maintain less than one week of supply (or a quantity of one, whichever is greater) of any item.

Foodservices at the University of Baltimore are contracted to private Contractors (including vending, which may be handled by Blind Industries and Services of Maryland). UB does not purchase food or related supplies for direct resale or for stock. Note that the University of Baltimore does not have University operated residence halls, apartments or dormitories.

If any Unit of UB seeks to establish a storeroom or stockroom, they must first coordinate the plan with the UB Property Control Specialist to ensure proper control over storeroom supplies and materials.

**APPENDIX III**

**PHYSICAL INVENTORY TECHNIQUES**

for

**MATERIALS AND SUPPLIES STOREROOMS**

(Including Procedures and Controls)

*(no such stock-rooms typically exist at UB because supplies are ordered just-in-time).*

The primary reason for conducting periodic physical inventories is to insure accuracy of the inventory records and to account for stock items. Property officers, agency buyers and others responsible for keeping users supplied with their inventory needs should use the physical inventory data to correct any inaccuracies that may have occurred in the intervals between physical inventories.

Responsibility for conducting a physical inventory usually falls upon the agency buyer or property officer who should be sure that sound techniques are used to get the greatest benefits from the substantial costs incurred in such inventory-taking. As with any other task, the end results depend principally upon the effort put into preparation. Preparation for physical inventory involves four phases:

1. Housekeeping - Getting materials arranged and located properly so that they can be easily inventoried. Make sure that every item is stored in its proper normal location, and only in that location. All paperwork should be up to date before starting the inventory.

2. Identification - The quality of the inventory depends on the accuracy of commodity identification. All identification work should be completed prior to starting the inventory. Storage locations (bins, shelves, pallet areas, etc.) as well as the commodities should be clearly labeled with the commodity identification.

3. Instruction - Making sure that everyone involved in the inventory knows what to do, which items are to be inventoried and which are not, and the control disciplines that must be observed.

4. Training - Actual "hands-on" training in counting and checking must be given to those people who will do the counting. Every counter and checker should participate in practice counts. Since physical inventory is usually taken on a yearly basis, even experienced personnel need to have their memories refreshed. In taking the inventory, four basic steps are usually involved:

5. Provide lists of items to be inventoried in each storeroom. Computerized inventory systems should provide the ability to produce such lists with space to write in item counts. Manual systems can rely on hand written lists or counting tickets.

6. Count the items and record the count on the listing or ticket. Mark the storage locations in a predetermined manner to indicate that counting has been completed for each area.

7. Verify the counts either by recounting (second count) or by sampling.

8. After appropriate investigation and approval, adjust the inventory records for differences between record and physical quantities and dollars. Auditing recounts should be made for significant discrepancies. Agencies cannot take a passive approach to the annual physical inventory.

9. Accountable Officers and Property Officers should be active in organizing the inventory and supervising its taking.

10. They should also be available to answer questions on procedure or identification during the actual inventory.

11. Auditing teams should be available so that, as inventories are reported and posted against the records, obvious discrepancies can be checked immediately before storeroom activity is resumed and recounts made impossible.

Some general pointers that will help make a successful annual physical inventory are:

1. In choosing teams to conduct an inventory, one individual should be able to identify materials in order to correct misidentified items in the storeroom.

2. Serially numbered inventory identification tags or lists provide a method of ensuring that all items counted have been accounted for in the records.

3. The most important concern in reconciling inventory records with the physical inventory data is the establishment of cutoff dates, so that paperwork in the system is accounted for properly. Accountings for all outstanding paperwork such as, requisitions, receiving reports, adjustments, etc., is just as important as the physical inventory of the parts. Input and output papers should be posted properly to inventory records so that a valid comparison of record balances and physical counts is possible. Except in emergencies, all storeroom operations should be suspended during the physical inventory. If at all possible, all paperwork should be up to date before starting the physical inventory.

4. Inventory records should be posted and verified during the inventory if possible, and always before physical inventory information is passed on to accounting. This permits rechecking physical counts and clearing up other questions immediately, so that the inventory data is purified and storeroom activity can be resumed based on accurate records.

One of the most helpful techniques to improve physical inventory-taking is a post inventory review. This is usually the time when people are least inclined to even think about physical inventory, but is also the time when problems that occurred during physical inventory-taking are freshest in mind. If the people most directly involved are assembled in a postmortem briefing, problems can be reviewed and specific program revisions can be developed to improve procedures for future physical inventories. This is also the time to review inventory usage and determine which items should be written off the inventory records.

**APPENDIX IV**

**CYCLE COUNTING**

There are many disadvantages in taking a yearly physical inventory, and many private companies no longer do it. Taking a physical inventory usually involves shutting the facility down and losing production. The manpower and paperwork can be very expensive. Since it is usually done under pressure, there is much hurrying to complete the inventory and it is frequently done poorly. Under any circumstances, using a large number of people who are not accustomed to the job of taking inventory almost always results in waste and errors. Not the least of the disadvantages of an annual physical inventory is that it results in correcting record errors only once a year for the great majority of items. Because of these disadvantages, many companies now use periodic cycle counting to insure the accuracy of their inventories.

Cycle counting involves taking physical inventories of specific items at regular intervals throughout the year, usually just before the items are reordered. Cycle inventory avoids the costly shutdown of production facilities and the high labor costs and overtime premiums that almost always result from the pressure to complete the annual physical inventory in minimum time. Additionally, cycle counting can usually be carried out by stockroom personnel during the off peak hours. Stockroom employees are more familiar with the numbering system and location of items in the storeroom. They can be trained to be far more accurate counters than other personnel who are involved in inventory taking only once a year.

A cycle inventory system should be designed so that fast-moving items are counted more frequently. Some cycle inventory systems count items only when they are reordered. Since more popular items are reordered more frequently, they will be counted and verified more frequently. Other cycle inventory systems specify how many times each item must be counted, often calling for A items to be counted twice during the year, B items annually, and C items every two years (for example).

A cycle inventory system may be based on a check of the quantity in the bins when a replenishment lot is received in the storeroom. This technique is particularly practical since the quantity to be counted is at a minimum and the record keeper has the item card ready for posting. In simple paperwork systems, it is sufficient to have the stockroom employee write the inventory quantity on the bottom of the receiving document. The inventory record keeper can then check that quantity against the item record when posting the quantity received.

There are disadvantages to cycle counting as well as advantages. The problem of establishing paperwork cutoff dates is difficult enough for the annual physical inventory, but it becomes even more challenging for cycle counts to be made while normal agency activities are going on. Picking up the paperwork in the system so that the inventory can be properly reconciled to the records requires considerable ingenuity and discipline. The most serious disadvantage of the cycle count system is that it is usually done by regular stockroom personnel who normally have sufficient time to handle it. When activity at the facility picks up, however, there is always great reluctance to add more personnel in the stockroom. In order to give stockroom personnel more time during heavy activity periods, cycle counting is too often discontinued. More cycle count systems have failed for this reason than have successfully been continued, in spite of the obvious advantages of cycle counting. The best solution is a team of cycle counters permanently assigned to this work.

Annual physical inventories or cycle checks are not a substitute for good records and discipline in handling paperwork. Many agencies recognize their failure to maintain accurate records because of the resulting problems generated from within (lack of personnel, more pressing areas of concentration, shortages, overstocks, etc.) but they often depend solely on physical inventories to straighten out their records. Unless the failures that caused the records to go wrong are corrected, the records will be in error again and again.

Cycle counting material and supply inventory is an acceptable alternative to taking annual physical inventories if proper procedures are established and followed. Unless an agency is using a DGS approved computerized system which includes cycle counting logic, written procedures to use cycle counting in lieu of taking an annual physical inventory must be submitted to the DGS Inventory Standards and Support Services Division for approval. In the event of an audit, agencies using approved computer systems must be able to document that they are following the cycle counting procedures in the system.

**APPENDIX V**

**EQUIPMENT IDENTIFICATION**

The system of identifying equipment should be so designed that it facilitates identification and control over the item as well as the taking of physical inventories. The method and extent of marking property for identification depends upon the value of the item, if it is subject to theft or loss, if it is intermingled with property of other agencies, and if marking the item will aid in the taking of physical inventories. The identification system should serve as a theft deterrent and provide positive identification for control purposes.

A. To deter theft and facilitate the recovery of stolen property, capitalized and noncapitalized equipment should be identified as State property by marking the items with the words "Property of the State of Maryland" \*. Agency designation is optional.

B. To assure accurate physical inventories, each capitalized item should be further identified by its own unique property number (refer to Section II for definitions and capitalization limits).

C Identification markings on property should be located where they can be easily seen on the front or side of the item near the topmost surface.

D Out-of-sight identification is much less effective as a theft deterrent and should be avoided.

E To make it easier to locate identification markings when taking a physical inventory, like items should be marked in the same location.

F Markings should be permanent and applied in such a manner that they appear as neat and attractive as possible. Permanent type labels that cannot be removed without destroying the label and causing some surface damage to the item are to be used for both sensitive and non-sensitive items.

Several satisfactory types of labels are:

1. Bar Coded Labels: To facilitate physical inventory taking, the use of a bar coded or other electronically sensed labels are encouraged. New computerized systems for controlling equipment assets should encompass electronically sensed labels. Contact the DGS Procurement and Logistics for information regarding label purchases from Statewide contracts.

2. Pressure Sensitive Labels. These labels can be plasticized paper, mylar, foil, or any other type of permanent substance. In no case should they be made of untreated paper. They may be ordered in a variety of sizes and imprinted with consecutive property numbers and the identification "Property of the State of Maryland.” These labels are relatively inexpensive, have varying degrees of permanence and are preferred by DGS.

3. Anodized Aluminum with solvent activated adhesive backing.

These labels can be imprinted across the upper section with the inscription "Property of the State of Maryland.” They may also be ordered with stamped consecutive property numbers, consisting of a maximum of ten positions for numbers, letters and spaces. These labels are moderately expensive and may require reapplication if used in low humidity areas.

4. Aluminum, brass or alloy labels - These labels usually have pre-drilled holes for attachment with rivets or screws. A somewhat outmoded technique, they are usually very expensive and their use is not encouraged.

**N O T E S**:

1 For sensitive items (items highly subject to theft) permanent labeling may mean surface etching, especially on hard or non-porous materials. An inexpensive hand electric engraver, available at most department and discount stores, is recommended for this purpose. The tool creates a series of surface depressions that gives an illusion of a solid line to the naked eye. With practice, anyone can safely use this tool to neatly and attractively mark State property.

2. Items that have a porous surface may also be marked with an indelible ink or paint that penetrates deeply into surface pores.

3 Labels may not adhere properly to rough, greasy or dirty surfaces. Before applying labels to furniture and equipment, make sure the surface area is free of dirt, grease, oil. Rough surfaces should be sanded or ground smooth.

4 The use of different label colors or sizes will make it easy to distinguish capital from noncapital equipment items when taking physical inventories. Also, the agency name or number added to labels will prove helpful in identifying property whenever it is intermingled with property of another agency.

5 Unless an agency intends to re-label all items to meet the requirements of a computerized system, items currently identified as "State of Maryland Property" need not be re-labeled, nor should any existing supplies of identification labels be discarded. When reordering, new labels should conform to these suggestions

**APPENDIX VI**

**MINIMUM REQUIREMENTS FOR COMPUTERIZED INVENTORY SYSTEMS**

There are certain minimal State standards which must be incorporated in computerized inventory systems. Therefore, before any computerized inventory system is implemented by an agency, it must be approved for use by the Department of General Services.

Agencies must insure that the minimum State requirements are contained in the software they choose. The agency must submit the system design and specifications to the Inventory Standards and Support Services Division for approval prior to programming.

**CAPITAL EQUIPMENT:**

A. Data Requirements

1. The minimum data element requirements are set forth in Section II .04 A.

2. Additionally, the following data shall be recorded for each item:

a. Sensitive item designation - Usually a one position field (S)

b. Accountable Officer designation - Name, initials, title or account code

B. Reporting Requirements

The system should be able to retrieve the following reports:

1. Items by Property Identification (tag) Number:

a. All items for the entire facility

b. All items by Accountable Officer

c. Sensitive only items for the entire facility

d. Sensitive only items by Accountable Officer

e. Non-sensitive only items for the entire facility

f. Non-sensitive only items by Accountable Officer

2. Physical Inventory Reports:

a. Items not found during physical inventory

b. Items found, but not recorded on inventory files

c. Final reconciled list of inventoried property

3. Property acquired within a given time frame for the entire facility and by Accountable Officer.

4. Property disposals within a given time frame for the entire facility and by Accountable Officer.

5. Register of changes and/or updates to inventory data bases (Audit Trail).

C. Control Accounts

Control accounts may be computerized, but must be maintained separately from the inventory computerized inventory system, and by different personnel.

D. Bar Coding Logic

The use of bar code and other electronic sensing media for identifying and inventorying State property is not a minimum State requirement, but is encouraged. It must be recognized however, that the only use of a bar coded identification labels is to assist in taking physical inventories. Bar code scanners can only read small amounts of encoded information.

Files must be built and maintained, property ID labels must be applied and all other capital inventory paperwork and functions must be accomplished whether or not bar codes are used. The advantages of using bar codes are:

1. Inventory taking is much faster.

2. Inventories can be taken by relatively inexperienced personnel.

3. Inventories are impartial and nonjudgmental. The scanner can only record what it reads.

4. The state-of-the art is such that in most cases, physical inventories are not disruptive. Personnel in the area may not even be aware that a physical inventory is in progress.

1. Property Identification Labels

For inventory purposes, it is not necessary that the bar code software be able to encode and generate property tags. Unless specialized printers are acquired, it may not be possible to print on anything other than untreated paper which is not acceptable for labeling equipment items (See Section II and Appendix V). The purchase of preprinted property tags of an acceptable material is recommended

2. Logic

The bar code software must have the ability to:

a. "Download" and decode information (property ID numbers) from a bar code reader or scanner into a sequential transaction type file.

b. Match the downloaded data with the inventory master file and cause the physical inventory date in the master file to be updated.

c. Create a temporary file of downloaded property ID numbers for which no matching inventory master records are found.

d. Create a temporary file of inventory master records for which no matching downloaded property ID numbers are found.

e. Print reports of unmatched data. (See B 2 (a) & (b) above.)

**MATERIALS AND SUPPLIES**:

A. In addition to the data element requirements in Section II .05.A (3), the following are required for each commodity item:

1. Demand type - How often the item will be ordered.

2. Lead time - How long it takes from the time a purchase order is created until the material is delivered.

3. Stocking levels - Based on demand type; the maximum quantity allowed on hand, the minimum quantity allowed on hand, and the quantity at which the item should be reordered. Safety stock may be factored into these quantities.

4. Safety stock - The quantity required to insure that there will be sufficient stock on hand to cover the lead time period and prevent a "stock out" situation.

5. Investment Analysis and Performance Monitoring Control Data - These are a variety of data elements and equations used to control materials and supplies inventories.

B. Additional Logic Requirements

The system should also incorporate logic for the following:

1. Automatic Reorder Notices

2. Cycle Count Logic

3. Inventory ABC Classifications and ordering strategies

**Appendix VI Page - 4 Revised 7/03**

4. Investment Analysis and Reporting

5. Overstock and unused stock notices

6. Stock usage history

7. Transaction Listings and audit trail

8. Stock room catalogs

9. Individual item status inquiries

10. Ad Hoc Management reporting, if required by agency management

C. Review and Assistance

1. The DGS Inventory Standards and Support Services Division will provide detailed logic requirements and formulae for all the above listed computerized system requirements.

2. Regardless of the software an agency chooses to operate its computerized inventory systems, the Inventory Standards and Support Services Division staff will be available for consultation and technical assistance. Contact the Division at 410-767-0587.

**APPENDIX VII**

**PROCEDURE FOR ADJUSTING DOLLAR VALUE THRESHOLD**

**FOR CAPITALIZING EQUIPMENT ASSETS**

**.01 AUTHORITY**

The Board of Public Works has delegated authority to the Department of General Services to increase the threshold for capitalizing equipment assets as high as $500.00 for non-sensitive items and as high as $250.00 for sensitive items.

**.02 SCOPE**

These procedures apply only to capital equipment items under the control of all units of State government which procure supplies under Division II and are required to file an Annual Report of Fixed Assets (see Exhibit 3) with DGS as of June 30 each year.

**.03 CRITERIA FOR INCREASING FIXED ASSET CAPITALIZATION THRESHOLD**

In order to increase an agency’s threshold amount a written request for the increase shall be submitted by the Agency Head or Designee and shall include the following:

A. Certification by the property officer or his designee that a physical inventory has been taken and reconciled.

B. A Report of Missing or Stolen State Property (Form DGS-950-8) for any items that were not located during the physical inventory and any outstanding Reports of Missing or Stolen State Property that have not yet been submitted to DGS.

C. A copy of the Agency’s last Legislative Audit Report. Only submit the portion dealing with any inventory exceptions. If there were no inventory citations during the last audit, a statement to that effect shall be include in the letter of request.

D. A detailed listing of all items which will be removed from the Agency’s records as a result of the threshold increase. The listing must provide the description, dollar value of each item, the total number of items and the total dollar value of the items.

**.04 POLICY**

A. Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.

B. Agencies continue to be accountable for items removed from capital inventory records due to an increase in the capitalization threshold. Such items become non-capital equipment and must be identified as State property.

C. Disposal of non-capital equipment must be accomplished in accordance with Section IV of the Department of General Services Inventory Control Manual (Revised 7/03).

D. Reporting of missing and stolen non-capital equipment must be accomplished in accordance with Section V of the Inventory Control Manual.

E. Refer to Section II.04 of the Inventory Control Manual for procedures regarding inventory controls for non-capital equipment.