



<small>Title</small> Personal Property Inventory Management	<small>Document Code No.</small> FES 10-1-1 (AEP)
<small>Department/Issuing Agency</small> Department of Transportation / Fleet Administration Division	<small>Effective Date</small> August 21, 2009
<small>Approved</small> See signature page	

1.0 SUBJECT TITLE: Personal Property Inventory Management

1.1 EFFECTIVE DATE: 10 days after Executive Signature

1.2 TYPE OF ACTION: Supersedes FES 10-1 (AEP)

2.0 PURPOSE: To establish uniform procedures for the accurate maintenance and accountability of a fixed asset personal property inventory, management of all King County owned or leased personal property, including assignment, acquisition, inventory maintenance and disposal procedures.

3.0 ORGANIZATIONS AFFECTED: All executive branch departments, offices, divisions and agencies including Assessments and the Sheriff's Office.

4.0 REFERENCES:

4.1 King County Charter, 920.10.40 – Office of Property and Purchasing

4.2 King County Ordinance 14614 – Donation of vehicles to Working Wheels Program

4.3 King County Human Resources Bulletin 06 - LET - 02

4.4 King County Executive Policy FIN 12-1 (AEP) Capitalization Thresholds for Capital Assets

4.5 King County Code, Chapter 2.16.040, Administration, Section D - Fleet Administration Division

4.6 King County Code, Chapter 4.56, Sale and Lease of County Property.

4.7 Revised Code of Washington, Chapter 36.24.130 - Property of Deceased

4.8 Revised Code of Washington, Chapter 36.32 - County Commissioners, Sections 36.32.210 through .230.

4.9 Revised Code of Washington, Chapter 36.34 - County Property.

4.10 Revised Code of Washington, Chapter 43.09.185 Loss of Public Funds

4.11 Washington State Office of Financial Management Policy, Chapter 30.40.20  
Small and Attractive Assets

4.12 U. S. Office of Management and Budget Circular A-87 - Cost Principles for State,  
Local and Indian Tribal Governments

4.13 U.S. Office of Management and Budget Circular A-102 - Uniform Requirements  
for Grants to State and Local Governments, Property Management Standards.

4.14 Financial Accounting Standards Board (FASB) Statement 13, "Capital Leases."

#### 5.0 DEFINITIONS:

5.1 "Assignment" The authority by which only the Director, DOT or his designee, Fleet Administration Personal Property Section, can dispose of personal property assets or reallocate and attribute to County agencies the use of all personal property owned or leased by the County and not otherwise allotted or assigned by County Charter or Ordinance.

5.2 "Controllable Items": Items that require tracking due to one or more of the following: a) to ensure legal compliance; b) to protect public safety and avoid potential liability, e. g. weapons.

5.3 "Disposal" The process by which Fleet Administration reports the removal of personal property from County possession. Listed are the classifications for disposal of personal property:

- (1) Dismantle
- (2) Discard
- (3) Loss
- (4) Theft
- (5) Sale
- (6) Return to Grantor (if Grant Property)
- (7) Recycle

(8) Donation

(9) Trade-In

- 5.4 "Eligible Non-Profit Groups": Contracting agencies or non-profit agencies approved by the Department of Community and Human Services who meet Executive and Council service criteria for the poor and infirm.
- 5.5 "Expendable Personal Property" Personal property which does not qualify as a Personal Property Fixed Asset because it does not meet minimum useful life or unit cost criteria. King County expendable property stickers (unnumbered) are available from Fleet Administration Personal Property Section.
- 5.6 "Inventory Contact Person": The custodial Department/Division's designee appointed to conduct physical inventories and act as liaison to Fleet Administration with regard to the maintenance of the agency's personal property inventory.
- 5.7 "Inventory Specialist": Fleet Administration personal property staff trained to provide instruction and advice to agencies regarding compliance with procedures for personal property management. An Inventory Specialist also conducts inventory audits, makes fair market appraisals of personal property, performs data entry and verification tasks and assists in the conducting of sales of surplus personal property.
- 5.8 "King County Identification Number": A unique number printed in sequential order on a self-adhesive sticker/tag with the inscription "Property of King County". These tags are attached or assigned to each Personal Property Fixed Asset by inventory contact persons.
- 5.9 "Location Code": An alpha/numeric coding system denoting site, building and area locations.
- 5.10 "Personal Property Fixed Asset" A tangible or intangible asset with an estimated useful life of longer than one year and a unit cost including freight and sales tax of \$ 5,000 or greater.
- 5.11 "Physical Inventory": A systematic and recurring accounting for personal property assets, during the conduct of which, physical verification by location is performed by the inventory contact or specialist.
- 5.12 "Reactivate": The re-entering or correcting the retirement coding on an existing record of an inventory item that has been retired or removed from the inventory records.

5.13 "Surplus": The transfer to Fleet Administration personal property determined by the custodial Department/Division inventory contact as no longer required or useful.

5.14 "Small and Attractive Items": Personal property with a cost below the county's capitalization threshold determined by county departments, offices and agencies to be particularly at risk or vulnerable to loss. These items may include but are not limited to: microcomputers, laptops, notebook computers, PDA's and Blackberries.

5.15 "Transfer": The reassignment of custodianship within and among County agencies for County personal property assets.

## 6.0 POLICIES:

6.1 County employees shall be held accountable and responsible for all the various personal property assigned to them during the course of their employment with the county.

6.2 All King County executive departments, offices and agencies shall report suspected loss of public funds or assets through their chain of command, including the department Human Resource Service Delivery Manager, to the King County Executive Internal Audit Manager.

6.3 King County will implement and maintain a perpetual personal property inventory system.

6.4 The Director, Department of Transportation or his designee, King County Fleet Administration Division Personal Property Section, has sole authority for reassignment and disposition of all King County personal property not otherwise assigned by the King County Charter or Ordinance.

6.5 The Fleet Administration Division, Personal Property Section, is accountable for the establishment of inventory procedures which will control and monitor all King County personal property fixed assets and the disposal of surplus personal property.

6.6 All King County executive departments, offices and agencies should perform a risk assessment (both financial and operational) on the agency's expendable personal property to identify those items that are particularly at risk or vulnerable to loss. Expendable personal property so identified that fall below the county's capitalization threshold are considered small and attractive items.

Each agency should develop written internal policies for managing small and attractive items.

6.7 All King County Executive departments, offices, and agencies will comply with their personal property management responsibilities and procedures as specified in this document.

## 7.0 PROCEDURES:

7.1 ACQUISITION PROCEDURE. There are four major methods of personal property asset acquisition. This section outlines the most common method which is acquisition with County or grant monies by means of the purchase order/record of contract system. This type of acquisition includes personal property items acquired under the terms of a capital lease-purchase agreement. Existence of a capital lease is to be determined in accordance with procedures established by the Finance and Business Operations Division. (Refer to Appendix 9.2 for special instructions.) If assets are acquired by donation, construction by County employees or evidence conversion refer to Appendix 9.2 for special instructions.

Action By: Personal Property Section Staff

Action:

7.1.1 Provide numbered property identification tags to originating agency.

Action By: Originating Agency Inventory Contact Person

Action:

7.1.2 When Personal Property is received and payment has been authorized, tag the item by:

7.1.2.1 Attaching a numbered King County property identification tag to the item in an easily spotted location, or

7.1.2.2 Etching the identification tag number in an easily spotted location if exposure to weather or the type of operation prohibits the use of tags.

7.1.3 Complete Personal Property Turnaround Document(see Appendix 9.1 for sample forms).

7.1.4 If a County personal property asset is used for trade-in toward the purchase of a different personal property asset, list the asset number, description, date of transaction and trade-in value on the Turnaround Document.

Action By: Personal Property Section Staff

Action:

7.1.5 Check Personal Property Turnaround Document for accuracy and detail.

7.1.6 Enter data in King County Personal Property Inventory system.

7.1.7 File Acquisition Form in appropriate agency's yearly file.

7.1.8 Furnish upon agency request an updated computer printout listing the current status of the agency's inventory.

## 7.2 INVENTORY MAINTENANCE PROCEDURE.

7.2.1 Transfers: Agencies monitoring property transfers within their organizations can do so on a simplified transfer form designed to indicate site, building or area location changes. (Refer to Appendix 9.1.1.C for sample form.)

Action By: Originating Agency Inventory Contact Person

Action:

7.2.1.1 Complete "Transferred" section of the Personal Property Transfer Agency Inventory Form. (See Appendix 9.1 for sample form.) When a transfer of property is to or out of a proprietary fund, such transfer is treated as a disposal-acquisition. (Refer to Appendix 9.3.)

Action By: Receiving Agency Inventory Contact Person

Action:

7.2.1.2 Complete "Received" section of the Personal Property Transfer Form.

7.2.1.3 Return completed and signed copy of Personal Property Transfer Form to originating agency.

Action By: Originating Agency Inventory Contact Person

Action:

7.2.1.4 Forward a copy of completed and signed Personal Property Transfer Form to the Fleet Administration Personal Property Section.

Action By: Personal Property Section Staff

Action:

7.2.1.5 Check form for accuracy and detail.

7.2.1.6 Enter data into King County Personal Property Inventory system.

7.2.1.7 Furnish upon agency request updated computer printout which lists the current status of the agency's inventory.

7.2.2 Annual Inventory Certification:

Action By: Personal Property Section Staff

Action:

7.2.2.1 Issue inventory printouts, inventory change forms and annual notification to agency inventory contact persons by August 1.

Action By: Agency Inventory Contact Persons

Action:

7.2.2.2 Conduct annual physical inventory of all County owned or lease-purchased personal property assigned to and under the custodianship of their agency.

7.2.2.3 Document any and all corrections and changes to the agency's inventory listing on the Inventory Change Forms and forward to the Personal Property Section by October 1. (See Appendix 9.1 for sample form.)

7.2.2.4 If unable to locate a personal property asset, the procedure outlined in Section 7.3.611 "If stolen/lost" should be followed.

Action By: Personal Property Section Staff

Action:

7.2.2.5 Check Inventory Change Forms for accuracy and detail.

7.2.2.6 Enter data in King County Personal Property Inventory system.

7.2.2.7 Furnish all inventory contact persons with updated inventory printouts by December 1.

Action By: Agency Inventory Contact Persons

Action:

7.2.2.8 Review printouts for accuracy and work with Personal Property Section to make any necessary corrections.

7.2.2.9 Submit to the Personal Property Section by the last working day of January any final changes (such as acquisitions and location transfers) which occur up through December 31st.

Action By: Personal Property Section Staff

Action:

7.2.2.10 Data enter December changes and return to directors/managers their final inventory printouts.

Action By: Agency Director/Manager

Action:

7.2.2.11 Review agency's inventory printout. Prepare and sign a cover memorandum which states the printout represents an accurate recording of the personal property assigned to the agency. Return

memorandum with the final inventory printout to the Personal Property Section.

Action By: Personal Property Section Staff

Action:

7.2.2.12 Submit to the King County Executive for his approval, summary information regarding agencies' annual personal property replacement costs and depreciated values.

7.2.2.13 File on the first Monday of March as required by R.C.W. 36.32.210 with Records and Licensing Services Division the full and complete King County Personal Property Inventory for the twelve-month period ending December 31 of the preceding year.

7.2.2.14 Prepare and distribute to the County Executive Auditor and Department Directors an annual shortages report containing information regarding personal property reported lost or stolen.

### 7.3 DISPOSAL PROCEDURE.

Action By: Custodial Agency Inventory Contact Person

Action:

7.3.1 Determine personal property is no longer required for use by custodial agency. Complete personal property disposition form with recommended method of disposal and forward to Fleet Administration, Personal Property Section. (See Appendix 9.1 for sample form.) "Trade-in's" are an exception. Refer to Section 7.1.6.

Action By: Personal Property Section Staff

Action:

7.3.2 Appraise value and requirements of County use. Notify custodial agency of determined disposal method.

7.3.3 If to be surplussed:

7.3.3.1 Coordinate shipment of property to storage.

7.3.3.2 Return copy of personal property Surplus Transfer form with "received" portion completed to originating agency's inventory contact.

7.3.3.3 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.3.4 Furnish upon agency request an updated computer printout listing the current status of the agency's inventory.

7.3.4 If to be dismantled and used for parts:

7.3.4.1 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.4.2 Furnish upon request an updated computer printout listing current status of the agency's inventory.

7.3.5 If to be scrapped/discarded:

7.3.5.1 Conduct scrap sale or make arrangements to discard appropriately.

7.3.5.2 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.5.3 Furnish upon agency request an updated computer printout listing current status of the agency's inventory.

7.3.6 If stolen/lost:

Action By: Custodial Agency Inventory Contact Person

Action:

7.3.6.1 Notify your supervisor or agency management.

7.3.6.2 Complete Theft/Loss form and Disposition form.

7.3.6.3 Attach police report if the item was stolen.

Action By: Custodial Director/Manager

Action:

7.3.6.4 Report loss to Executive Internal Audit Manager.

7.3.6.5 Authorize and sign Theft/Loss form to be forwarded to Fleet Administration Personal Property Section.

Action By: Personal Property Section Staff

Action:

7.3.6.6 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.6.7 Furnish upon request an updated computer printout listing the current status of the agency's inventory.

7.3.7 If the property is subsequently found or recovered:

Action By: Custodial Agency Inventory Contact Person

Action:

7.3.7.1 Notify your supervisor or agency management.

7.3.7.2 Send to the Fleet Administration Personal Property Section an Alternate Acquisition form indicating the item is to be reactivated.

Action By: Custodial Director/Manager

Action:

7.3.7.3 Notify Executive Internal Audit Manager of recovery.

Action By: Personal Property Section Staff

Action:

7.3.7.4 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.7.5 Furnish upon request an updated computer printout listing current status of the agency's inventory.

7.3.8 If to be sold:

Action By: Personal Property Section Staff

Action:

7.3.8.1 Conduct sale of personal property.

7.3.8.2 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.8.3 Furnish upon request an updated computer printout listing the current status of the agency's inventory.

7.3.9 If to be recycled:

Action By: Custodial Agency Inventory Contact Person

Action:

7.3.9.1 Send to the Fleet Administration Personal Property Section a Recycle Form indicating the item is to be recycled.

Action By: Personal Property Section Staff

Action:

7.3.9.2 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.9.3 Furnish upon request an updated computer printout listing current status of the agency's inventory.

7.3.10 Office Furniture and Equipment Donations:

Action By: Non-Profit Organization

Action:

7.3.10.1 Complete and send Eligibility Application to the Department of Community and Human Services.

Action By: Department of Community and Human Services

Action:

7.3.10.2 Applying Council approved service priorities determines the agency's eligibility and notifies the agency and the Personal Property Section Staff.

7.3.10.3 Maintains a listing of Eligible Non-Profit Groups.

Action By: Personal Property Section Staff

Action:

7.3.10.4 Provides furniture and office equipment donations to Eligible Non-Profit Groups on a first come first served basis.

7.3.10.5 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.10.6 Furnish upon request an updated computer printout listing current status of the Fleet Surplus inventory.

7.3.11 Donations to Working Wheels

Action By: Working Wheels

Action:

7.3.11.1 Periodically inquire to Fleet Administration about available vehicles to be donated to their organization.

Action By: Fleet Administration Management

Action:

7.3.11.2 Identify eligible vehicles for donation

7.3.11.3 Notify Working Wheels and Personal Property Section staff of eligible vehicles.

Action By: Working Wheels

Action:

7.3.11.4 Inspect the vehicles and indicate to Personal Property Section staff which vehicles they would like donated.

Action By: Personal Property Section Staff

Action:

7.3.11.5 Prepares documentation for donation and the release of interest in the vehicles

7.3.11.6 Make appropriate adjustments to King County Personal Property Inventory system.

7.3.11.7 Furnish upon request an updated computer printout listing current status of the Fleet inventory.

#### 8.0 RESPONSIBILITIES:

8.1 The Department of Transportation, Fleet Administration Division is responsible for management of King County's personal property inventory and disposal program including:

8.1.1 Compliance with all applicable County codes and State laws governing the inventory and disposal of King County's fixed asset personal property.

8.1.2 Compilation of a complete personal property inventory from data submitted by County Agencies and filing of the inventory with the Records and Licensing Services Division.

8.1.3 Review and reconciliation of all agencies' inventory listings including:

8.1.3.1 Performance of audits and physical inventories to verify the accuracy of agency listings.

8.1.3.2 Review and processing of all inventory transaction documents submitted by King County agencies including resolution of discrepancies and inaccuracies with agencies.

8.1.3.3 Establishment of standard inventory procedures for department inventory contact persons.

- 8.1.4 Coordination with agencies and the Finance and Business Operations Division to ensure completion of the annual year-end reconciliation of fixed asset personal property transactions.
  - 8.1.5 Maintenance of a "surplus" personal property program controlling and coordinating the transfer of personal property from one King County agency to another and the donation of surplus to Eligible Non-Profit groups.
  - 8.1.6 Management of King County's personal property disposal program including appraisals, determination of salvage values, determination of the propriety and advisability of selling and supervision of all sales or disposals of personal property.
- 8.2 All King County Executive department or office directors, division managers, and administrators of other Executive agencies are designated as custodians of the fixed asset personal property assigned to their respective agencies. As custodians they are responsible for compliance with and implementation of King County's fixed asset personal property inventory regulations within their agencies and for:
- 8.2.1 Appointment of an adequate number of personnel within their agency to function as inventory contact persons responsible for maintaining a physical inventory and for reporting to the Fleet Administration Division all changes to that inventory.
  - 8.2.2 Submission to the Fleet Administration Division each year of a signed annual physical inventory document. When signed by the appropriate agency director, or manager, this document represents an accurate recording of the personal property under the custodianship of that agency reflecting acquisitions, changes and loss of personal property.
  - 8.2.3 Review of all incidents of reported theft or loss of personal property assigned to their agencies and the submission to Fleet Administration Personal Property Section of a "Theft-Loss Report" documenting any such thefts or losses. (See Appendix 9.1 for sample forms.)
- 8.3 The appointed inventory contact person in each agency is responsible for:

8.3.1 Submission of inventory forms which report the following personal property transactions to the Fleet Administration Division in accordance with established inventory procedures: acquisition, relocation, reorganization, theft, loss or recommendation to surplus or dispose of any item of personal property.

8.3.2 Completion of a thorough annual physical inventory of all personal property assets and submission of all corrections and changes to the Fleet Administration Division.

8.3.3 Coordination with the Fleet Administration Division to assist with resolution of inventory discrepancies or inaccuracies.

## 9.0 APPENDICES:

These appendices are available from the Fleet Administration Division:

### 9.1 Sample Forms

9.1.1 Annual Inventory Change Form: this form is distributed by Fleet Administration Personal Property Section for use only during the annual inventory certification process described in Section 7.2.2.

9.1.2 Alternate Acquisition, Transfer, Surplus Transfer, Recycle Form and Disposition Forms: these forms are obtained from the Personal Property Section, Fleet Administration Division, and are used by agency inventory contact persons to report all such transactions to the Fleet Administration, Personal Property Section.

9.1.3 Personal Property Turnaround Document: A form generated when Accounts Payable processes a payment for a personal property asset. Copies are distributed to the purchasing department and Fleet Administration Personal Property Section.

9.1.4 Theft/Loss Report Form: this form is obtained from the Personal Property Section and is used by agency managers to document suspected theft or loss of personal property assigned to their custodianship. If theft is suspected, a copy of the police report must be attached to the Theft-Loss Report Form.

## 9.2 Special Acquisition Instructions

If personal property assets are acquired by capital lease, donation, construction by County employees or by evidence conversion, the agency inventory contact person must complete and send the Alternate Acquisition form to the Fleet Administration, Personal Property Section of the acquisition. The following information must be included by the agency inventory contact person when completing the Personal Property Alternate Acquisition Form.

### 9.2.1 Capital Lease Acquisitions

If at its inception a lease meets one or more of the following four criteria, the lease shall be classified as a capital lease and the asset acquired shall be classified as inventoriable personal property.

- (1) The lease transfers ownership of the property to the County by the end of the lease term.
- (2) The lease contains a bargain purchase option.
- (3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.
- (4) The present value at the beginning of the lease term of the minimum lease payments equal or exceeds 90 percent of the fair value of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of use, this criterion shall not be used for the purposes of classifying the lease.

The purchase cost of assets acquired via capital lease is equal to the present value at the beginning of the lease term of the minimum lease payments during the lease term. However, if the amount so determined exceeds the fair value of the leased property at the inception of the lease, the amount recorded as the purchase cost of the asset shall be the fair

value. Existence of a capital lease is to be determined in accordance with procedures established by the Finance and Business Operations Division.

#### 9.2.2 Donations

If the property is a gift or donation to the County with a value of \$ 5,000.00 or more and a life expectancy longer than one year:

- \* Print "DONATED" in the space provided for the purchase order number.
- \* Print your estimate of the market value in the space provided for purchase cost.
- \* Print the donation date in the space provided for the acquisition date.

#### 9.2.3 Construction by County Employees

If the property has been constructed by County employees, with a value of \$ 5,000.00 or more and a life expectancy longer than one year:

- \* Print "SHOPMDE" in the space provided for the purchase order number.
- \* Print your estimate of its market value in the space provided for the purchase cost.
- \* Print the construction completion date in the space provided for the acquisition date.

#### 9.2.4 Evidence Conversion

If this property was confiscated property or evidence converted to County ownership and is valued at \$ 5,000.00 or more with a life expectancy of more than one year:

- \* Print "CONVRTD" in the space provided for the purchase order number.
- \* Print your estimate of the market value in the space provided for the purchase cost.

\* Print the conversion date in the space provided for the acquisition date.

9.3 Proprietary Fund "Transfers" Special Instructions:

Property transferred from or to a proprietary fund is treated as a disposition/acquisition by that fund. Payment, through recording an expenditure in the fund receiving the property, is made in the form of an interfund transfer. The fund releasing the property shall record a revenue. This process requires a Disposal Form be submitted to the Personal Property Section of the Fleet Administration Division. The County agency acquiring this property must submit an Acquisition Form. On this form, the Interfund Transfer Document number is substituted for the Purchase Order number. The dollar amount on the Interfund Transfer is to be considered the purchase cost.

Dated this 11 day of August 2009.

Kurt Triplett

Kurt Triplett,  
King County Executive

Attest:

Carolyn Ableman, Director  
Records and Licensing Services Division

*not required TA*