



**King County
Administrative Policies and Procedures**

Executive Policies

King County

Title	Document Code No.
Personal Property Inventory Management	<i>OK</i> FES-10-1-1 (AEP) <i>FES-10-1-2 (AEP)</i>
Department/Issuing Agency	Date
Department of Transportation / Fleet Administration Division	01/27/2012
Approved	
Dow Constantine	<i>Dow Constantine</i>

1.0 SUBJECT TITLE: Asset Personal Property Inventory Management

1.1 EFFECTIVE DATE: 10 days after signed by Executive.

1.2 TYPE OF ACTION: *FES-10-1-1 (AEP) OK*
Supersedes ~~FES-10-1 (AEP)~~, August 21, 2009

1.3 KEY WORDS: (1) Administrative Policies and Procedures, (2) Personal Property Inventory

2.0 PURPOSE:

2.1 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:

3.1 All King County departments, offices, divisions and agencies using the Oracle EBS Assets System.

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;
 - c) 'small and attractive' assets.
- 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
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- 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 aggregate cost criteria. King County expendable property stickers (unnumbered) are available from Fleet Administration Personal Property Section.
 - 5.6 "Personal Property 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 "Personal Property 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 "FMS Asset Accounting": Business unit in the Financial Management Section of Finance Business Operations Division assigned to manage financial accounting, enter new assets into and maintain financial data in the Oracle EBS Assets system.
 - 5.9 "King County Tag 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 Agency Personal Property inventory contact persons.
 - 5.10 "Location Code": An alpha/numeric coding system denoting the location of the asset. Four values are assigned: Major Location, Minor Location, City and State.
 - 5.11 "Personal Property Asset" A tangible or intangible asset with an estimated useful life of longer than one year and an aggregate acquisition cost including freight and sales tax of \$ 5,000 or greater.

- 5.12 "Physical Inventory": A systematic and recurring accounting for personal property assets, during the conduct of which, physical verification by location is performed by the agency personal property inventory contact or specialist.
- 5.13 "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 within the current year.
- 5.14 "Surplus": The transfer to Fleet Administration of personal property determined by the custodial Department/Division personal property inventory contact as no longer required or useful.
- 5.15 "Small and Attractive Items": Personal property assets 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.
- 5.16 "Transfer": The reassignment of custodianship within and among County agencies for County personal property assets.
- 5.17 "Grant-Funded Assets": Real or personal property assets procured for the county's use through the expenditure of federal or state assistance, grants or funds.

6.0 POLICIES:

- 6.1 County employees shall be held accountable and responsible for all the various personal property assets assigned to them during the course of their employment with the county.
- 6.2 All King County departments, offices and agencies using the Oracle EBS Assets System shall report suspected loss of public funds or assets through their chain of command, including the department Human Resources Service Delivery Manager, to the King County Chief Accountant.
- 6.3 King County will implement and maintain a perpetual personal property inventory system, Oracle EBS Assets
- 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 physical 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 departments, offices and agencies using the Oracle EBS Assets System 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 controllable items. Each agency should develop written internal policies for managing controllable items.
- 6.7 All King County departments, offices, and agencies using the Oracle EBS Assets System will comply with their personal property management responsibilities and procedures as specified in this document.
- 6.8 All King County departments, offices, and agencies using the Oracle EBS Assets System must identify all assets purchased or built with grant funds. Tracking information must include Grantor Name(s), CFDA Number, Grant Number, and Percent of Grant Funding.

7.0 PROCEDURES:

Action By: Personal Property Section Staff

Action:

- 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 Oracle EBS Purchasing and Payables 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 FIN-12-2 Capital Asset Accounting and Financial Reporting for details.) Refer to this policy for information on assets acquired by donation, construction by County employees, or evidence conversion.

- 7.1.1 Provide numbered property identification tags to originating agency.

Action By: Originating Agency Personal Property 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 the Asset Acquisition Form (see Appendix 9.1 for sample form) and submit via email to: Asset.OracleEBS@kingcounty.gov.
- 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 Asset Acquisition Form.

Action By: FMS Asset Accountant

Action:

- 7.1.5 Check Asset Acquisition Form for accuracy and detail. Contact the originating agency personal property inventory contact person if the form is not complete.
- 7.1.6 Enter data in the Oracle EBS Assets system.
- 7.1.7 Coordinate with Personal Property Section Staff to retire asset used as a trade-in.

Action By: Originating Agency Personal Property Inventory Contact Person

Action:

7.2 PERSONAL PROPERTY INVENTORY MAINTENANCE PROCEDURE.

- 7.2.1 Transfers: Agencies monitoring property transfers within their organizations can do so with 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: Receiving Agency Personal Property 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 Personal Property 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 the Oracle EBS Assets system.

7.2.2 Annual Personal Property Inventory Certification:

Action By: Personal Property Section Staff

Action:

7.2.2.1 Issue Personal Property Inventory Report, inventory change forms and annual notification to agency personal property inventory contact persons by August 1.

Action By: Agency Personal Property 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 7.3.6 "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 Oracle EBS Assets.

7.2.2.7 Furnish all personal property 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 Personal Property Inventory Report.

Action By: Agency Director/Manager

Action:

7.2.2.11 Review updates requested by agencies. Prepare and sign a cover memorandum which states the agency inventory report represents an accurate recording of the personal property assigned to the agency. Return memorandum with the final inventory report 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 Chief Accountant, 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 Personal Property 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 personal property inventory contact.
 - 7.3.3.3 Make appropriate adjustments to Oracle EBS Assets.
- 7.3.4 If to be dismantled and used for parts:
 - 7.3.4.1 Make appropriate adjustments to Oracle EBS Assets.
- 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 Oracle EBS Assets.
- 7.3.6 If stolen/lost:

Action By: Custodial Agency Personal Property Inventory Contact Person

Action:

- 7.3.6.1 Notify your supervisor or agency management.

7.3.6.2 Complete the Report of Loss or Theft of County Property 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 Chief Accountant

7.3.6.5 Authorize and sign Report of Theft or Loss of King County Property form and forward to Fleet Administration Personal Property Section

Action By: Personal Property Section Staff

Action:

7.3.6.6 Make appropriate adjustments to Oracle EBS Assets.

7.3.7 If the property is subsequently found or recovered:

Action By: Custodial Agency Personal Property 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 Chief Accountant of recovery.

Action By: Personal Property Section Staff

Action:

7.3.7.4 Make appropriate adjustments to Oracle EBS Assets.

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 Oracle EBS Assets.

7.3.8.3 Distribute sales proceeds to departments within 30 days of the sale.

7.3.9 If to be recycled:

Action By: Custodial Agency Personal Property 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 Oracle EBS Assets.

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 Oracle EBS Assets.

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 Prepare documentation for donation and the release of interest in the vehicles

7.3.11.6 Make appropriate adjustments to Oracle EBS Assets.

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 physical inventory procedures for department personal property 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 department or office directors, division managers, and agency administrators using the Oracle EBS Assets System are designated as custodians of the financial capital asset personal property assigned to their respective agencies. As custodians they are responsible for compliance with and implementation of King County's financial capital 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 asset personal property 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, transfers 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 personal property 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, transfers, 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 by specified date due.

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 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 personal property inventory contact persons to report all such transactions to the Fleet Administration, Personal Property Section.

9.1.3 Asset Acquisition Form: This form is to be completed by agencies when acquiring a new asset. It is completed when the asset is received and sent to FMS – Asset Accounting.

9.1.4 Report of Loss or Theft of King County Property form 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. See HR Bulletin 2011-0008.

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 personal property inventory contact person must complete and send the Asset Acquisition form to the FMS – Asset Accounting. The following information must be included by the agency personal property inventory contact person when completing the Asset 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 equals 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. Contact the Financial Management Section – Asset Accounting for assistance with Capital Lease Acquisitions.

9.2.2 Donations

If the property is a gift or donation to the County with a value of \$ 5,000 or more and a life expectancy longer than one year:

- (1) Print "DONATED" in the space provided for the purchase order number.
- (2) Print your estimate of the market value in the space provided for purchase cost.
- (3) 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:

- (1) Print "SHOPMDE" in the space provided for the purchase order number.
- (2) Print your estimate of its market value in the space provided for the purchase cost.
- (3) 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 or more with a life expectancy of more than one year:

- (1) Print "CONVRTD" in the space provided for the purchase order number.
- (2) Print your estimate of the market value in the space provided for the purchase cost.
- (3) 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 Asset 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.

9.3.1 Consult with FMS Asset Accounting on appropriate cash transfers and journal entries, for the transfer of assets.

