

 <p>ARIZONA DEPARTMENT OF CORRECTIONS</p> <p>DEPARTMENT ORDER MANUAL</p>	<p>CHAPTER: 300 BUSINESS/BUDGET</p>	<p>OPR: SS</p>
	<p>DEPARTMENT ORDER: 304 <i>EQUIPMENT AND INVENTORY SYSTEM</i></p>	<p>SUPERSEDES: DO 304 (12/04/06)</p> <p>EFFECTIVE DATE: MARCH 19, 2009</p> <p>REPLACEMENT PAGE REVISION DATE: MARCH 15, 2012</p>

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PURPOSE

This Department Order establishes procedures for the control and accountability of state owned equipment and capital property to include: inventory control, employee use of equipment, investigation of loss or damage to equipment and disposal of property or equipment that is no longer needed. Procedures for reimbursement of personal property that has been damaged or destroyed are also outlined.

APPLICABILITY

This Department Order does not apply to the procedures for control and accountability of Contract Beds facility owned equipment and property. This Department Order does apply to Department owned equipment and property assigned to Contract Beds and as specified in the Department contract.

PROCEDURES

304.01 ISSUING AND CONTROL OF EQUIPMENT

- 1.1 All Department staff, when issued capital or inventorial equipment and accepting responsibility for each item of equipment, shall sign a State Property Receipt/Return, Form 304-2, in the presence of the Property Custodian or designee.
- 1.2 Employees shall:
 - 1.2.1 Use State property for official purposes only.
 - 1.2.2 Sign the State Property Receipt/Return form each time State property is issued to them.
 - 1.2.3 If the property is lost or believed stolen:
 - 1.2.3.1 Immediately notify their supervisor and complete a General Liability Loss Report, Form 304-1.
 - 1.2.3.2 Submit the report to their supervisor, who shall notify the Property Custodian.
 - 1.2.3.3 Sign a State Property Receipt/Return form each time property is returned to supervisors.
- 1.3 Supervisors and Property Custodians shall ensure that:
 - 1.3.1 Employees sign the State Property Receipt/Return form when state property is issued to them and when the employee returns the property.
 - 1.3.1.1 This form shall not be required for equipment used on a short-term basis such as during a shift or on a rotational basis, instead a log or trip ticket may be used.
 - 1.3.2 Employees report property losses to their supervisor, who shall make the appropriate notifications as outlined in section 304.01. The Property Custodian shall submit a General Liability Loss Report form to the Risk Management Liaison.

- 1.3.3 A current file is maintained for completed State Property Receipt/Return forms.
- 1.4 Budget Unit Supervisors shall:
 - 1.4.1 Control and account for all capital and inventorial equipment located within their Budget Units.
 - 1.4.2 Appoint a Property Manager for the Budget Unit and notify the Chief Financial Officer of the appointment.
 - 1.4.3 Certify the Budget Unit's capital and inventorial equipment fiscal year end report, and sign the Fixed Asset Location 2 report. (Attachment D)
 - 1.4.4 Request an investigation for lost, stolen and/or missing property.
 - 1.4.5 Sign the final Inspection and Investigations report for lost, stolen and/or missing property to indicate acceptance of the results of the investigation. The Budget Unit Supervisor shall write on the report, "I concur," then sign and date the statement.
- 1.5 The Property Managers shall:
 - 1.5.1 Ensure that all capital and inventorial equipment received is properly tagged with an equipment number, in accordance with Department Order #302, Contracts and Procurement.
 - 1.5.2 Complete all required input forms and send them to the Inventory Control Unit to ensure that all capital and inventorial equipment received, transferred or disposed of is entered into the Department equipment inventory system.
 - 1.5.3 Use the information from the Purchase Order, receiving report, claim and invoice to complete the Fixed Asset Property Record, Form 304-6. Send the original form, within 30 days from date of purchase, to the Inventory Control Unit and retain the copy to verify that the item is included on the next quarterly printout.
 - 1.5.4 Maintain copies of source documents such as claims, invoices and purchase orders, for all inventorial and capital equipment purchases.
 - 1.5.5 Prepare a Property Disposal Request and Authorization, Form SP-101, (Attachment A) for disposal of non-expendable state property and send all originals to the Inventory Control Unit.
 - 1.5.5.1 The Fixed Asset Property Record form and the Property Disposal Request and Authorization form shall be retired at the completion of disposal and retained for one additional year.
 - 1.5.6 Record the distribution, assignment, and transfer of the capital and inventorial equipment within their Budget Unit.
 - 1.5.7 Take a random physical inventory of 100 items within 60 days after the change of a Property Manager.

- 1.5.8 Coordinate required inventories, ensure the accuracy of the capital and inventorial equipment inventory master list for the Budget Unit and obtain the required certification by the Property Custodian and the Budget Unit Supervisor on the fiscal year end reports.
- 1.5.9 Recommend investigation of lost, stolen and/or damaged capital and inventorial equipment to the Budget Unit Supervisor.
 - 1.5.9.1 If further investigation is not required, forward the investigation report with Property Disposal Request and Authorization form, along with a Fixed Asset Disposition, Form 304-4, to the Inventory Control Unit.
- 1.5.10 Certify the Budget Unit's capital and inventorial equipment fiscal year end reports and sign the Fixed Asset Location 2 report. (Attachment D)
- 1.5.11 Notify the Inventory Control Manager:
 - 1.5.11.1 Through memorandum, of any excess state property.
 - 1.5.11.2 After 15 days, if the items are not needed by any other Department Budget Unit, through submission of Property Disposal Request and Authorization form and a copy of the memorandum for disposal of property.
- 1.6 Property Custodians shall:
 - 1.6.1 Ensure that all items are tagged in accordance with Department Order #302, Contracts and Procurement.
 - 1.6.2 Provide inventory control of all capital and inventorial equipment located within their section, in coordination with the Property Manager. This includes a physical inventory and accountability of capital and inventorial equipment.
 - 1.6.3 Coordinate the physical inventory. In instances where the capital and inventorial equipment is located within one budget unit (e.g., an institution) but belongs to another (e.g., Health Services), the Property Custodian of the Budget Unit to which the equipment belongs shall coordinate the physical inventory.
 - 1.6.4 Complete the State Property Receipt/Return form for capital and inventorial equipment issued or assigned to employees. Additionally, whenever discrepancies are noted, the Property Custodian shall notify the Budget Unit Supervisor and the Property Manager, in writing, for a determination if the employee shall be required to reimburse the state.
 - 1.6.5 Be responsible for taking the physical inventory of their section.
 - 1.6.6 Certify the capital and inventorial equipment lists for their section at the end of each fiscal year and sign the Fixed Asset Location 3 report. (Attachment D)
- 1.7 The Inventory Control Unit shall:

- 1.7.1 Monitor and record information concerning all capital and inventorial equipment owned by the Department from the time of acquisition through time of disposal or transfer.
 - 1.7.2 Provide quarterly and special inventory printouts to the Property Managers and others as requested.
 - 1.7.3 Coordinate the transfer of capital and inventorial equipment between Budget Units and transfers to other state agencies, as outlined in section 304.03.
 - 1.7.4 Maintain copies of source documents, such as claims, invoices and purchase orders, for all capital equipment purchases.
 - 1.7.5 Maintain records for the disposal of all inventorial and capital equipment. Disposal of equipment includes items that have been lost, stolen, unable to be located, cannibalized, dismantled, discarded, salvaged or transferred to Surplus Property, as outlined in section 304.05.
 - 1.7.6 Maintain a master log of tag numbers and provide the sequentially numbered equipment tags for all Property Managers to tag all capital and inventorial equipment. The tags shall be issued in blocks of numbers to each location.
 - 1.7.7 Maintain a current master list of location codes based on input from the Property Managers.
 - 1.7.8 Process the transfer of equipment to Surplus Property for disposal, deletion or removal from capital and inventorial equipment lists.
- 1.8 The Inventory Control Manager shall:
- 1.8.1 Assist the Inspections and Investigations Bureau in inspections activity related to inventory.
 - 1.8.2 Recommend procedures for resolving inventory problems found in the Department.
 - 1.8.3 Review equipment excess to the needs of budget units to ensure:
 - 1.8.3.1 Surplus items are not on the unable to locate items list.
 - 1.8.3.2 Excess state property of one Budget Unit is made available for use by other Budget Units through advertising.
 - 1.8.3.3 Receipt of the completed forms outlined in 1.5.11.2 of this section.
 - 1.8.4 Make every effort to find equipment that is reported as unable to locate.
 - 1.8.5 Resolve inventory issues cooperatively with the Chief Financial Officer, or designee.
 - 1.8.6 Represent the Department in meetings with state and federal officials regarding equipment disposition and management.
 - 1.8.7 Provide training to Property Managers and others as requested.

304.02 WAREHOUSE PHYSICAL INVENTORY

- 1.1 Supplies and materials which are stocked by an institution/unit and used to support the local daily operations shall be inventoried at least annually and reconciled with the stock record cards or inventory records.
 - 1.1.1 All documentation shall be forwarded to the Budget Unit Supervisor, or designee, for review, approval and filing.
 - 1.1.2 The physical inventory count sheets and documentation shall be retired at the end of each fiscal year and retained for three additional years.
- 1.2 Every effort shall be made to minimize interruptions/disruptions in the warehouse/supply room on the day(s) of inventory to ensure an accurate count of all items. However, any items received during the taking of the inventory shall be counted but kept separate from other items.
- 1.3 A physical inventory of all supplies and materials stocked shall be conducted during the last full week of June of each fiscal year.
- 1.4 All supplies and materials shall be arranged in an orderly manner to ensure that all items are counted, errors are reduced and the employee's time in conducting the inventory is efficiently invested.
- 1.5 Inventory sheets shall list all stock items. Budget Unit Supervisors, or designee, may type or hand write/print all stock items prior to counting the supplies. No other inventory information shall be entered on the form prior to the actual inventory.
- 1.6 Before the physical inventory begins, the inventory count sheets shall be pre-numbered in sequential order.
 - 1.6.1 A log of the count sheet issued shall be maintained by an employee not involved in the inventory count.
 - 1.6.2 All inventory sheets issued shall be accounted for after the inventory counts are completed.
- 1.7 An employee shall be designated and held responsible for recording the item counts on the inventory sheet(s).
- 1.8 Inventory teams shall be composed of at least two individuals; two employees or one employee and one inmate.
 - 1.8.1 One team member shall count and call out stock number, description, quantity, etc. while the other member records the information on the inventory sheets. In all cases where an inmate is part of the inventory team the employee shall record the information on the inventory sheets.
 - 1.8.2 Both persons performing the inventory shall sign and date the count sheet.
 - 1.8.3 The Budget Unit Supervisor, or designee, shall develop a method of using inventory tags or marking an item after it has been counted to ensure that all items are counted and that none are counted twice.

- 1.9 Another team, not involved in the first count, shall be designated to conduct random spot counts as the inventory progresses to verify the counts on the inventory sheets.
 - 1.9.1 Between 10 and 20 percent of the total items stocked shall be subject to spot count.
 - 1.9.1.1 It is suggested that high dollar and rapid turn-over items compose about half of the random spot counts.
 - 1.9.1.2 The Budget Unit Supervisor, or designee, may specify a higher percentage of items to be spot counted, if desired.
 - 1.9.2 Teams performing random spot counts shall initial those counts on the inventory sheets to document random spot counts.
 - 1.9.3 Differences between the counts shall be resolved prior to pricing of the items and shall be noted on the inventory sheet.
 - 1.9.3.1 The inventory count sheets shall be reconciled to the stock record cards or inventory records, and adjustments made and noted as necessary.
 - 1.9.3.2 A recount of items shall be requested when a discrepancy exists between the quantity on the inventory sheet and stock record cards or supply records.
 - 1.9.3.3 Significant differences shall be investigated in an attempt to determine cause.
 - 1.9.3.4 Adjustments to inventory records from the physical counts shall be documented and initialed by the Budget Unit Supervisor or designee.
 - 1.9.4 Damaged, obsolete and/or unusable items shall be noted on the inventory sheets.
 - 1.9.5 The Budget Unit Supervisor, or designee, shall take appropriate action for each category listed on the inventory sheets.
- 1.10 Inventoried items shall be priced according to general accounting practices for inventory purposes to prevent overstating the inventory costs.
 - 1.10.1 Pricing on the inventory sheets shall be completed after all counts, random spot counts and reconciliations to the inventory cards are finished. The pricing shall be completed by a person independent of the custodial function.
 - 1.10.1.1 Unit costs shall be entered for all items. The unit cost shall be multiplied by the quantity to arrive at the extended price.
 - 1.10.1.2 The extended prices shall be added to arrive at page totals and all page totals added to arrive at a total cost for the entire inventory.
 - 1.10.1.3 The total cost shall be recorded on the last page of the inventory sheets.

1.10.2 The employee(s) who prices and extends costs shall sign and date the inventory sheets.

1.10.3 The Budget Unit Supervisor shall review and approve the completed and extended inventory sheets.

304.03 RELOCATION OF CAPITAL OR INVENTORIAL EQUIPMENT - The following steps shall be taken prior to the relocation of any capital or inventorial equipment.

1.1 Transfer of Equipment to Another Location Within the Department - The Property Manager shall:

1.1.1 Prepare a Fixed Asset Transfer, Form 304-3, which shall be signed by the Property Manager of each affected Budget Unit.

1.1.1.1 Prepare a Vehicle Purchase/Replacement/Transfer Request, for each vehicle being transferred, in accordance with Department Order #405, Vehicle/Vehicle Maintenance.

1.1.1.2 This form shall be approved and attached to the Fixed Asset Transfer form.

1.1.2 Retain a copy of the completed and approved Fixed Asset Transfer form and forward the original to the Inventory Control Unit.

1.2 Transfer of Equipment to Another State Agency - Employees shall request, in writing, approval for transfer of state property from the Budget Unit Supervisor, through their Property Custodian.

1.2.1 After the Budget Unit Supervisor approves the transfer, the Property Manager shall prepare a Property Disposal Request and Authorization form and a Fixed Asset Disposition form, then send all originals to the Inventory Control Manager.

1.2.2 The Inventory Control Manager shall obtain approval of the DOA Surplus Property Division before the transfer occurs.

1.3 Loan to or Acceptance of a Loan of Equipment from Another State Agency or Entity - The Budget Unit Supervisors shall:

1.3.1 Prepare a memorandum, which indicates to or from whom the item was loaned, and includes an item description, the tag number and location.

1.3.2 Sign and date the memorandum and maintain a copy.

1.3.3 Obtain the signature of an authorized employee of the other State agency on the memorandum and forward the memorandum to the Property Manager.

1.3.3.1 When the item is returned to the owner, the memorandum shall be signed and dated again by both individuals.

1.3.3.2 A copy of the memorandum shall be forwarded to the Property Manager.

1.4 Capital and Inventorial Equipment:

- 1.4.1 Loaned to or from another State agency or entity shall be approved, prior to the loan, by the Budget Unit Supervisor and the Property Manager.
- 1.4.2 Loaned to another State agency or entity shall be included on the owning agency's inventory.
- 1.4.3 On loan from another State agency or entity shall not be included in the Department inventory.

304.04 CAPITAL AND EQUIPMENT INVENTORIES - The Inventory Control Unit shall provide all Property Managers with a complete computer printout no later than ten work days after the end of each quarter.

- 1.1 The quarterly printouts shall be used by the Property Manager to update and/or correct the capital and inventorial equipment inventory list.
- 1.2 The final printout provided in August of each year shall be used by the Property Managers to conduct the fiscal year-end certified inventory of capital and inventorial equipment.
- 1.3 Budget Unit Supervisors, Property Managers and Property Custodians shall sign the final printout certifying that the list of capital and inventorial equipment is correct to the best of their knowledge and send it to the Inventory Control Manager, not later than 45 days after receipt of the final printout date.
 - 1.3.1 The Budget Unit Supervisor and Property Manager shall submit a list of unable to locate items along with the certified printouts.
 - 1.3.2 The Budget Unit Supervisor and Property Manager shall continue to search for the unable to locate items for 30 days. At the end of the 30 days, the Budget Unit Supervisor shall request an investigation on all remaining unable to locate items in accordance with Department Order #601, Administrative Investigations and Employee Discipline.
 - 1.3.3 The Budget Unit Supervisor and Property Manager shall forward a copy of the request for an investigation to the Inventory Control Manager.
 - 1.3.4 After the investigation is complete, the Property Manager shall prepare a Property Disposal Request and Authorization form and a Fixed Asset Disposition form and forward, with a copy of the completed investigation report, to the Inventory Control Manager.
 - 1.3.5 Inventorial or capital equipment deleted from the inventory that is subsequently located shall be added to the inventory either by Fixed Asset Disposition reversal or Fixed Asset Property Record form. The circumstances of the transaction shall be written on the form.
- 1.4 The Budget Unit Supervisor shall submit to the Financial Services Bureau a written statement verifying the installation and location of capital equipment purchased for installation. The statement shall be retained by the Financial Services Bureau for audit and reconciliation purposes.

- 1.5 The Chief Financial Officer or designee shall be contacted, in writing, if there is any doubt as to whether an item falls into the capital or inventorial equipment category. All decisions shall be made in writing and retained by the Property Manager for audit purposes.
- 1.6 The Chief Financial Officer or designee shall ensure that all Budget Unit's capital and inventorial equipment inventories are consolidated into the Department master capital and inventorial equipment list.
- 1.7 The Chief Financial Officer shall submit to the DOA State Purchasing Administrator a Department capital equipment inventory report, which has been verified by a physical count and certified by the Director or designee by October 15th of each year.
- 1.8 Property Managers or designees shall make non-scheduled inventories, at least quarterly, as part of their program to safeguard all capital and inventorial equipment.
 - 1.8.1 The Property Manager shall prepare a written report of the findings of the inventory, including actions taken to correct problem areas.
 - 1.8.2 A copy of this report shall be sent to the Chief Financial Officer.
- 1.9 All Special Services (i.e., Activities and Recreation) equipment, meeting the capital and inventorial equipment definition, shall be recorded by the Property Managers on a Fixed Asset Property Record form and sent to the Inventory Control Unit to be included on the inventory for each location.
- 1.10 All property obtained from DOA Surplus Property Division, meeting the capital and inventorial equipment definition, shall be recorded by the Property Managers on a Fixed Asset Property Record form and sent to the Inventory Control Unit to be included on the inventory. Purchases shall be made in accordance with Department Order #302, Contracts and Procurement.
- 1.11 Budget Unit Supervisors may use computers or manual systems to maintain a complete inventory of property that does not meet the capital and inventorial equipment definition.
 - 1.11.1 The equipment tag and/or identifier for local equipment inventory shall be different from the tag used for the capital and inventorial equipment.
 - 1.11.2 Equipment tags stating "State of Arizona, Property of Department of Corrections" may be used and are available from the Inventory Control Unit.

304.05 DISPOSAL OF EXCESS/SURPLUS, SALVAGE AND SCRAP - Budget Units which have excess equipment shall report these excess items on a memorandum, signed by the Property Manager, to the Inventory Control Unit. There shall be sufficient description, size and specifications, to enable other units to determine whether they can use the excess property.

- 1.1 The Inventory Control Unit shall make photocopies and send the lists to all Budget Units with a memorandum stating that the items will be available on a first-come, first-served basis for a 15 day period. The unit transferring capital equipment to another unit shall complete the Fixed Asset Transfer form and distribute copies as specified in this Order to enable the Inventory Control Unit to update the inventory lists.

- 1.2 Excess, salvage and scrap state property that the Budget Unit determines to be surplus shall be reported by the Property Manager on a Property Disposal Request and Authorization form. This form is available from the Inventory Control Unit.
 - 1.2.1 The Property Manager shall:
 - 1.2.1.1 Photocopy the Property Disposal Request and Authorization form for their file and forward the original to the Inventory Control Unit.
 - 1.2.1.1.1 All computer hard drives shall be erased prior to disposal.
 - 1.2.1.1.2 All two-way radios (hand-held, mobile and base stations) shall be transferred to the Radio Service Unit.
 - 1.2.1.2 Complete delivery of items within the 30 day time limit as mandated by DOA Surplus Property.
 - 1.2.1.3 Submit a copy of the Property Disposal Request and Authorization form, which was signed upon delivery, to the Inventory Control Unit.
 - 1.2.2 The Inventory Control Unit shall:
 - 1.2.2.1 Photocopy the Property Disposal Request and Authorization form received from the Property Manger, retain a copy and forward the original to the DOA Surplus Property Management Office.
 - 1.2.2.2 Maintain a log of sequential numbers to be used to assign in the "Agency Authority No." block of the Property Disposal Request and Authorization form.
 - 1.2.2.3 Record sufficient data in the log to initiate follow-up action with the DOA Surplus Property Management Office. Cancel all Property Disposal Request and Authorization forms not delivered within 30 days.
 - 1.2.3 The Inventory Control Manager or Fleet/Inventory Administrator shall sign as the Property Officer on all Property Disposal Request and Authorization forms.
- 1.3 The DOA Surplus Property Officer shall approve, acknowledge or disapprove the disposal request and return the photocopy of the request to the Inventory Control Unit.
- 1.4 The Inventory Control Unit shall photocopy the Property Disposal Request and Authorization, retain a copy, and send a copy to the originator. The originating unit shall coordinate the disposal of the items with the DOA Surplus Property Division.
- 1.5 The DOA Surplus Property Manager shall facilitate the transfer of excess or surplus equipment and/or material to or between other state agencies, other units of government and eligible non-profit institutions.
- 1.6 The Inventory Control Unit shall delete all items disposed from the Budget Unit's inventory upon completion from DOA Surplus Property.

- 1.7 Staff members shall not transfer externally, sell, trade-in, condemn, cannibalize or otherwise dispose of materials or equipment except as outlined in this Department Order.

304.06 LOSS, THEFT, OR DAMAGE TO STATE PROPERTY – Upon the loss, (including instances when property cannot be located after the completion of a physical inventory) theft or damage of State property:

- 1.1 The employee shall:
 - 1.1.1 Immediately notify their supervisor and the Property Custodian.
 - 1.1.2 When the loss, thief, or damage of State property occurs outside the institution, contact the local law enforcement agency to request an investigation.
- 1.2 The Property Custodian shall:
 - 1.2.1 Ensure that a Property Loss Report, DOA Form RM013 (Attachment B) is completed.
 - 1.2.2 Submit the Property Loss Report, an Information Report, and a copy of the local law enforcement agency report (when required) to the Risk Management Liaison and the Property Manager. Copies of any State Property Receipt/Return forms shall be included if the loss, stolen, or damaged property was assigned to a specific employee.
- 1.3 The Property Manager after determining that the state property is loss, stolen, or damaged, shall submit a request to the Budget Unit Supervisor to recommend the final disposition; write-off, continue to locate, or refer for criminal investigations. The following documents shall accompany the request:
 - 1.3.1.1 A copy of the Budget Unit's most recent inventory listing that includes the lost or damaged property.
 - 1.3.1.2 A copy of the Budget Unit's recently certified inventory listing that includes the loss, stolen, or damaged property.
 - 1.3.1.3 A copy of the Budget Unit's written instruction which requires employees to sign for the State property that is assigned to them for short-term use, such as during a shift or on a rotation basis.
 - 1.3.1.4 A copy of the most recent log, or other documentation, signed by the employee who last used the loss, stolen, or damaged property on a shift or rotation basis.
- 1.4 The Budget Unit Supervisor shall:
 - 1.4.1 Report the recommended final disposition in writing to the Inventory Control Unit.
 - 1.4.1.1 When the final disposition is determined to be stolen property the Budget Unit Supervisor shall request an Administrative Investigation in accordance with Department Order #601, Administrative Investigations and Employee Discipline.

1.4.2 Prepare and make photocopies of the Property Disposal Request and Authorization and Fixed Asset Disposition forms. Send all original copies of these forms to the Inventory Control Unit.

1.5 The Inventory Control Unit shall:

1.5.1 Assign a number in the "Agency Authority No." block on the Property Disposal Request and Authorization form.

1.5.2 Retain a photocopy of the Property Disposal Request and Authorization form and send all originals to the DOA Surplus Property Management Office.

1.5.3 Upon approval for disposition from DOA Surplus Property:

1.5.3.1 Delete the item from the inventory.

1.5.3.2 Notify the Property Manager of the completion of the Property Disposal Request and Authorization form and the Fixed Asset Disposition form.

1.5.4 Maintain a copy of all supporting documentation for each disposal.

304.07 RECOVERING EXPENSES FOR LOST OR DAMAGED STATE PROPERTY

1.1 Budget Unit Supervisors shall

1.1.1 Investigate the loss or damage of State property, in accordance with Department Order #601, Administrative Investigations and Employee Discipline.

1.1.2 Implement appropriate corrective discipline, in accordance with Department Order #601, Administrative Investigations and Employee Discipline, for each sustained finding of employee misconduct involving the loss or damage of State property.

1.1.3 Contact the Attorney General's Office, if they determine that the Department should pursue legal action to recover expenses from employees who have lost or damaged State property.

1.1.4 Determine, in consultation with the General Counsel, the total dollar amount of the property loss to be recovered from the employee.

1.2 Reporting Comprehensive and Liability Insurance Losses

1.2.1 Insurance claims resulting from damages to or losses of State property in excess of \$100 shall be reported to the Risk Management Services Manager within five work days of the occurrence. Losses under \$100 in value shall be absorbed by the respective Budget Unit.

- 1.2.2 Employees shall immediately complete the required DOA loss form and submit it to their supervisor and the Property Custodian when State property is lost, damaged or when suspected as stolen. Claims shall be submitted on the form appropriate for the type of loss or damage as indicated below.
 - 1.2.2.1 A Property Loss Report, DOA Form RM013.
 - 1.2.2.2 An Automobile Loss Report, DOA Form RM011 (Attachment C), when vehicles are involved.
- 1.2.3 Forms may be obtained from the Risk Management Services Unit.
- 1.2.4 Photographs, reports, witness statements, damage estimates and other relevant documentation shall be submitted with the claim.
- 1.2.5 Any reimbursement received from the Department of Administration Risk Management Unit for state property lost, damaged or stolen shall be applied directly to the replacement or repair of the property. Any other use of the reimbursement must be approved by the Director.
- 1.3 Reimbursement for employee property that has been lost or damaged shall be processed in accordance with Department Order #513, Employee Property.
- 1.4 Loss of or damage to inmate property shall be processed in accordance with Department Order #802, Inmate Grievance System.

IMPLEMENTATION

The Division Director for Support Services shall maintain and update the Inventory Technical Manual, which addresses the requirements established in this Department Order.

SECTION DELETED

DEFINITIONS

BUDGET UNIT - A division, institution, bureau or other section in which responsibility for capital or inventorial equipment is established.

BUDGET UNIT SUPERVISORS - Division Directors, Wardens, Administrators and Bureau Administrators.

CAPITAL EQUIPMENT - Items that are non-consumable and not attached or considered a permanent part of a building, and that are acquired by the Department through purchase, donation or lease-purchase or assembly with a unit cost of \$5,000 or more and a useful life of at least one year.

FIXED ASSET LOCATION REPORT - A multi-page computer report generated by the Financial Services Unit for the purpose of tracking the location of capital and inventorial equipment within the Department. Also known as the Departmental Accounting Financial Report (DAFR), Attachment D is a one page sample of this report.

FIXED BUILDING EQUIPMENT - Equipment attached to or becoming a permanent part of a building or structure that is considered installed property such as motors, pumps, water heaters/fountains, boilers, central air conditioning units, carpeting and drapes shall not be included in the capital and inventorial equipment listing. These shall be capitalized as part of the cost of the building. Other exclusions are:

- Cabinets, dishes and utensils, glass equipment, lighting fixtures, installed shelving, toilets and sinks.
- Rented or leased equipment not intended to be purchased, along with all component parts, regardless of cost or life expectancy shall be excluded from the capital/inventorial equipment inventories.

INVENTORIAL EQUIPMENT - Items acquired by the Department through purchase, donation, lease-purchase or assembly, has a useful life of at least one year with a unit cost of \$1,000 but not greater than \$4,999.99, or is included in one of the following categories of equipment, regardless of cost:

- Cellular telephones
- Computers (server, desktop, laptop, palmtop)
- Telecommunications (excluding telephones)
- Weapons
- Vehicles requiring title from the Arizona Department Of Transportation, Motor Vehicle Division

INVENTORY CONTROL MANAGER - Assigned to the Financial Services Unit under the Fleet/Inventory Manager, this employee reviews all transactions relating to Fixed Assets, Land and Buildings and reconciles the inventory with the General Accounting Office on a monthly basis and coordinates the fiscal year end physical inventory.

PROPERTY CUSTODIANS - Staff members within a section, or a unit within a Budget Unit, such as, Deputy Wardens, Health Unit Managers and section managers, who are responsible for the management and inventory control of all capital and inventorial equipment.

PROPERTY MANAGER - The staff member appointed by the Budget Unit Supervisor who is responsible for the management and inventory control of all capital and inventorial equipment located within the Budget Unit.

RISK MANAGEMENT SERVICES MANAGER - Assigned to the Support Services Division, this employee reviews all insurance claims relevant to losses of or damages to State property and coordinates the settlement of these claims with the Department of Administration's Risk Management Division.

{Original Signature on File}

Charles L. Ryan
Director

ATTACHMENTS

- Attachment A - Property Disposal Request and Authorization, Form SP-101
- Attachment B - Property Loss Report, DOA Form RM013
- Attachment C - Automobile Loss Report, DOA Form RM011
- Attachment D - Fixed Asset Location 2 and 3 report (Sample)

FORMS LIST

- 304-1, General Liability Loss Report
- 304-2, State Property Receipt/Return
- 304-3, Fixed Asset Transfer
- 304-4, Fixed Asset Disposition
- 304-5, Internal Equipment Location Changes
- 304-6, Fixed Asset Property Record

AUTHORITY

A.R.S. 41-623, Risk Management and Loss Control.

State of Arizona Accounting Manual