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## INVENTORY MANAGEMENT

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### OVERVIEW

Uniform standards on inventory will ensure the effective use and control of subgrantee property under the jurisdiction of the Mississippi Department of Human Services. Property inventory management is applicable to all non-expendable equipment and property having a useful life of one year or more, and having a unit acquisition cost of \$500 or more must be tagged and placed on inventory. Other specific items listed in this chapter are required to be placed on MDHS's inventory regardless of price. Items with a useful life of one year or more with a unit cost of less than \$500 are not required to be placed on inventory. However, they are required to have an agency "Property of MDHS" sticker applied. It will be the responsibility of the MDHS Funding Division to ensure proper reporting of all equipment and property is forwarded to the MDHS Office of Property.

If equipment or property is authorized under an MDHS subgrant, the property or equipment must be purchased within sixty (60) days from the beginning date of the subgrant, or within thirty (30) days of the effective date of the modification which authorizes the purchase of property or equipment. These time limits are also applicable to property or equipment purchased with non-federal funds or donated by third parties that is used to match funds under an MDHS subgrant.

The Subgrantee Inventory Management Policy provides guidelines for purchase approval; purchase of used equipment; Inventory Control List; property identification; physical inventory; property which has been lost, stolen or damaged; property disposal or transfer, and subgrantee or program closeout.

The policy will serve as a minimum guide in the development of each MDHS Funding Division's inventory management system. Subgrantee property management implementation is the responsibility of the appropriate MDHS Funding Division Director. Verification is the responsibility of the Division of Budgets and Accounting, Property Officer. Property which has been stolen should be reported by the subgrantee to the appropriate MDHS Funding Division Director and to the Director of the MDHS Property Office.

Subgrantees should refer to the 45 CFR Parts 74 and 92 or applicable federal law regulating property management for further guidance on property management standards. All property and assets purchased through MDHS subgrants must be placed on inventory in accordance with the statutes of the State of Mississippi.

### POLICY

**Purchase Approval** All equipment purchased with subgrant monies must be specifically authorized through the Cost Summary Support Sheet and the Budget Narrative of the subgrant agreement. Any deviation will require a formal modification of the subgrant. The equipment needs of the subgrantee shall be assessed by the MDHS Funding Division staff analyzing all prior subgrants and the equipment needs expressed in the Scope of Services and the Terms and Conditions of the current subgrant.

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## INVENTORY MANAGEMENT

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Duplication of property or equipment purchases is prohibited by statute. All means of acquiring the proposed equipment, e.g., leasing, shall be reviewed before authorization is given. A capital lease or lease-purchase agreement is prohibited by statute.

The assessment criteria to be used by the MDHS Funding Divisions should include, but are not limited to, the following:

- (a) How significant is the need cited to the successful operation and completion of the project?
- (b) What is the total expense involved to satisfy this need? Include all associated cost that are required for the equipment or property.
- (c) Are there hidden associated costs? Complicated items should have a full cost analysis prior to approval for purchase.
- (d) Who will benefit from the purchase of these items? Short-term contracts should not include the purchase of equipment.
- (e) How long will this need exist?
- (f) What will be the consequences of foregoing such a purchase?
- (g) Should we rent, lease, or purchase the items under consideration?

**Note:** All property or equipment purchased, in whole or in part, with funds provided by MDHS, shall be held in trust by the subgrantee as trustee for MDHS, and shall not be encumbered without the written approval of MDHS. The subgrantee shall record liens, or other appropriate notices of record, that property or equipment has been acquired, or where applicable, improved with funds provided by MDHS. Only Federal or State property may be upgraded with MDHS funds. The use and disposition of such property or equipment are prescribed by the MDHS Subgrantee Manual.

### **Purchase of Used Equipment**

Subgrantees who wish to purchase used property and/or equipment, must submit a written request and justification to the appropriate MDHS Division Director for approval, before proceeding with procurement. This is in addition to the established purchase requirements set out in the Procurement section of this manual.

### **Use of Equipment Under MDHS Subgrants**

The subgrantee shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the MDHS Funding Division. When no longer needed for the original project or program, the subgrantee must contact the MDHS Funding

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## INVENTORY MANAGEMENT

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Division and request authorization to use the equipment in connection with its other federally-sponsored activities, as required under federal regulations.

### **Statement of General Policy - Property Inventory Rules**

Where applicable, the following equipment or property items shall be included on inventory regardless of the price paid to acquire the item, or the fair market value of the item as required by the State Property Officer within the Office of the State Auditor.

If authorized under an MDHS subgrant, these specific items must be listed on the Cost Summary Support Sheet and in the Budget Narrative under the budget category of Capital Outlay-Equipment regardless of the purchase price of the item.

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| 1. Weapons   | 10. Cellular Telephones                              |
| 2. Camera and Camera Equipment   | 11. Computers/Computer Equipment, including Printers |
| 3. Tape Recorders  | 12. Chain Saws                                       |
| 4. Two Way Radio Equipment   | 13. Air Compressors                                  |
| 5. Typewriters   | 14. Welding Machines                                 |
| 6. Appliances (refrigerators, freezers, air-conditioners, stoves, microwave ovens, etc.) | 15. Generators                                       |
| 7. Televisions, VCR  | 16. Motorized Vehicles                               |
| 8. Lawn Maintenance Equipment  | 17. Dictating Equipment                              |
| 9. Sterling Silver   | 18. Antiques   |

### **Inventory Control List**

All non-expendable equipment or property purchased with (or used to match) federal and/or state funds must be listed on an Inventory Control List (Form MDHS-PROP-SE-002). The Inventory Control List must be submitted to the appropriate MDHS Funding Division Director, for any new and/or additional equipment purchased, when the equipment has been received and paid for by the subgrantee. The subgrantee and each MDHS Funding Division will maintain a complete and up-to-date list of subgrantee equipment or property. The MDHS Subgrant Master Inventory will be maintained in the MDHS Office of Property. It will be the responsibility of each MDHS Funding Division to provide a copy of the Inventory Control List for each subgrant that authorizes property or equipment.

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## INVENTORY MANAGEMENT

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Information for the Inventory Control List must include:

- (a) Subgrantee's Name, Address, and Telephone Number;
- (b) Contact Person and Telephone Number;
- (c) Subgrant Number, Grant Identifier Number, Subgrant beginning and ending dates and/or modification, if applicable;
- (d) Total Equipment Amount Budgeted;
- (e) Item description, manufacturer's name, etc;
- (f) Manufacturer's Serial Number;
- (g) Manufacturer's Model Number;
- (h) Vendor Name;
- (i) Purchase Date or Invoice Date;
- (j) Check Number and/or Voucher Number;
- (k) Cost plus tax, freight or shipping charges (if applicable);
- (l) Location of equipment or property address;
- (m) MDHS Inventory Number Assigned by the MDHS Property Office; and,
- (n) Ultimate disposition data, including date of disposal and sales price of the method used to determine fair market value where a subgrantee compensates the federal agency, MDHS funding source for its share.

All changes in status, such as, but not limited to, location and program use, require that the subgrantee update the Inventory Control List, and notify the appropriate funding source, in writing within a 10 working day period.

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**INVENTORY MANAGEMENT**

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**Insert a Copy of the Inventory Control List**

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## INVENTORY MANAGEMENT

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### **Property Identification**

All subgrantee equipment or property purchased with federal and/or state funds, or provided as match for federal and/or state funds, shall have permanent identification numbers assigned by the MDHS Property Office. Permanent identification will be made by using metal tags, vinyl tags, etching or other appropriate means of identification. The equipment or property purchased through subgrants awarded by MDHS Funding Divisions must be tagged and accounted for by the MDHS Property Office or, in some instances, by the Bureau of Audit and Evaluation.

### **Physical Inventory**

A physical inventory shall be performed by the MDHS Funding Division at least every two years. The physical inventory will consist of an actual accounting of all subgrantee equipment or property on the Subgrantee Inventory Control List, acquired with (or used to match) federal and/or state monies under an MDHS subgrant. Property records pertaining to the purchase of equipment or property should be inspected for correctness before items are to be identified and tagged for inventory control. Location and use of equipment or property should be verified. Property or equipment that is not being utilized or managed under the statutes of the contracts, shall be recovered and/or redistributed.

### **Lost, Stolen, or Damaged Equipment or Property**

Any stolen, misused or unaccounted for equipment or property, must be reported in writing to the Director of the MDHS Funding Division who will contact the MDHS Property Office. The MDHS property office shall develop a reporting system to identify lost, stolen, or damaged subgrantee equipment or property. A subgrantee must submit, in writing, within a 24-hour period to the Director of the MDHS Funding Division, a detailed explanation of loss, in case of theft, robbery or mysterious disappearance, show the name of the local Police or Sheriff's Department notified, and the date the loss was discovered. If such was not reported to a local Police or Sheriff's Department at the time of the discovery, give a complete explanation of such failure. A copy of the Police or Sheriff's Department report should be forwarded with the letter to the Director of the MDHS Funding Division. The MDHS Funding Division will review the information and forward the information to the MDHS Property Office with recommendation of action to be taken, if appropriate.

### **Damaged, Non-Serviceable Equipment or Property**

The subgrantee must submit a written request to the Director of the MDHS Funding Division requesting authorization to dispose of equipment or property, and an on-site inspection by the MDHS Property Office will be conducted, if applicable. The MDHS Funding Division Director must approve or deny the request in writing within thirty (30) days of the request.

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## INVENTORY MANAGEMENT

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### **Property Disposal or Transfer**

Subgrantees shall notify, in writing, the Director of the MDHS Funding Division when an item is no longer needed or useful to the implementation and objective of the program. The subgrantee must include the following: (Note: Information can be obtained from the Inventory Control List.)

- (a) Inventory Number Assigned by Inventory Funding Source;
- (b) Description;
- (c) Purchased Price;
- (d) Dollar Value;
- (e) Subgrant Number;
- (f) Grant Identifier Number; and
- (g) Subgrant Beginning and Ending Dates.

Upon completion of an on-site visit by the MDHS Funding Division or Property Officer, where applicable, the Director of the Property Office will decide the proper means of disposal. Should a subgrant be terminated or not renewed, any equipment purchased under the subgrant with public funds or MDHS's funds will not be transferred to another location or remain at the present location under a new subgrant with a different subgrantee, without the prior written approval of the MDHS Executive Director. The MDHS Inventory Transfer Form must be completed and submitted to the MDHS Property Office.

### **Subgrantee or Program Closeout**

It is the established policy of the funding source and the Mississippi Department of Human Services, to give consideration to written request, to allow federally and/or state purchased equipment or property to remain on the premises of the organization, if the subgrantee continues to operate at the same site, as long as, the organization continues to serve the implementation and objective of the program, and the subgrantee is in good standing at the time of closeout. A subgrantee that desires to continue using equipment or property after the expiration date of the subgrant period must submit a written request to the Director of the MDHS Funding Division. The request must include a copy of the Subgrantee Inventory Control List for each item of equipment or property under the subgrant. The deadline for equipment or property retention request is the same as for the closeout package. The Director of the MDHS Funding Division must forward the subgrantee's request to the Executive Director for approval/disapproval. The Director of the MDHS Funding Division will then forward the approval or denial to the subgrantee. If the request is denied, or if the subgrantee fails to meet the closeout deadline, MDHS will retrieve the equipment or property as soon as possible after the subgrant ends. If property or equipment is left at a subgrant, it will be the responsibility of the MDHS Funding Division to monitor the utilization of all items on a yearly basis, and report the findings to the MDHS Property Office.