



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://hawaii.gov/spo>

August 2, 2013

PROCUREMENT CIRCULAR NO. 2013-10

TO: Office of the Governor, Chief of Staff
Office of the Lieutenant Governor, Chief of Staff
Hawaii State Public Library System, State Librarian
Executive Department Heads (excluding the DOE, UH, OHA, Hawaii Health Systems Corporation)

ATTENTION: Administrative Services Officers/Inventory Property Custodians

FROM: Aaron S. Fujioka

SUBJECT: Annual Inventory Reporting Requirements pursuant to HRS §103D-1206

Procurement Circular No. 1997-10 dated September 19, 1997 and Procurement Circular No. 2001-06 dated June 27, 2001, *Changes to the Reporting Requirements for State Property*, is replaced with this circular on *Annual Inventory Reporting Requirements*.

The purpose of this circular is to update the annual inventory reporting requirements for the State. Please refer to the *Inventory System User Manual* as:

- Chapter 5, provides the detailed reporting requirements for the Fixed Asset Inventory System (FAIS);
- Chapter 8, provides the detailed authority to approve disposal of state property; and
- Chapter 10, provides details of the annual inventory reporting requirements for the State.

Asset inventory records are included in the State of Hawaii Comprehensive Annual Financial Report (CAFR) and used by independent auditors in the annual financial audit of the State. An accurate inventory results in a favorable auditor's opinion of the General Fixed Asset Account Group. That leads to higher bond ratings, which means the State can borrow money for Capital Improvement Projects (CIP) at lower interest rate.

Form SPO-017B, *Annual Summary of Inventories Report*, has been updated and no longer requires notarization for the Property Custodian. If the Property Custodian is an individual other than the department head, the new form SPO-017B-transmittal, *Property Custodian Delegation of Authority*, is required to be completed and signed by the department head transmitting the completed form(s) SPO-017B. This transmittal form allows the department head to authorize an individual to be the Property Custodian for the state organization and location code(s).

PROCUREMENT CIRCULAR NO. 2013-10

August 2, 2013

Page 2

Pursuant to HRS §103D-1204, *Others' responsibilities*, the delegation of responsibility does not relieve the department head of the overall accountability and responsibility. Designation of a property custodian should be based on their expertise, knowledge and proficiency to carry out inventory management duties. Careful consideration should be taken when designating a property custodian because this person will be responsible for the proper care and maintenance of assets purchased with public funds.

Where the department head does not delegate the authority, the department head shall complete, sign and date the certificate of Property Custodian on SPO-017B. No transmittal form is necessary.

Beginning Fiscal Year 2014, the annual inventory report and all of its required attachments shall be submitted electronically <mailto:inventory.management.office@hawaii.gov> on the latest forms, SPO-017B, *Annual Summary of Inventories Report* and SPO-017B-transmittal, *Property Custodian Delegation of Authority*. Forms are available on the SPO homepage at <http://hawaii.gov/spo>; under *SPO Forms*, select *Forms for State and Country Personnel* then select *Inventory Management and Excess Property*. Use of obsolete forms and/or hardcopy submittals will be returned.

Your staff may call the Inventory Management Office at 586-0562 if they have any questions.