



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

June 27, 2001

PROCUREMENT CIRCULAR NO. 2001-06

TO: All Chief Procurement Officers  
All Executive Departments

SUBJECT: Changes to the Reporting Requirements for State Property

For all agencies responsible to account for state property:

This is to inform you of the amendments to Chapter 3-130, Hawaii Administrative Rules (Interim) regarding Inventory Management of state property, which was effective June 9, 2001. The changes also apply to the FAMIS reconciliation process for first and second quarters FY 2000 - 2001, that was sent to all agencies in May and June. Copies of the rules may also be downloaded from the SPO website at [www.state.hi.us/icsd/dags/spo.html](http://www.state.hi.us/icsd/dags/spo.html).

**DAGS, Fixed Asset Inventory System (FAIS)** - The following are the categories of *properties that are required to be recorded in the system*:

1. Non-expendable state property having a unit cost of \$1,000 or more and a useful life of more than one year, which includes:
  - Land Improvements - property code 1;
  - Buildings and Building Improvements - property code 2;
  - Motorized Vehicles - property code 3;
  - Equipment (machinery, tools, furnishing, software, etc) - property code 4; and
  - Infrastructure - property code 8.
2. State property that requires recording regardless of cost or expected life includes:
  - Land and Interest in Land - property code 1;
  - Weapons (handguns, rifles, and other explosive devices) - property code 6; and
  - Works of Art and Historical Treasures - property code 7.
3. Theft sensitive property having a unit cost of \$250.00 through \$999.99, with a useful life of more than one year shall be recorded as *Controlled Items in property code 5*. These type of properties includes the following:
  - Personal Computer Equipment; Cameras; Television Sets; Video Recorders and Cameras; and Communication Equipment.

- ➔ *Recording requirements:* The property shall be recorded as one item in their respective property and item class code, except for identical theft sensitive properties may be grouped as controlled items. Property description shall include make, model, serial number, if applicable tax map key, and other necessary information to identify the property.

**Property custodians have the option to record in the FAIS** other non-expendable property that does not meet the recording requirements, provided the item is determined to be critical to the agency's operation or important for safekeeping and property management. These properties shall be recorded as *Controlled Items - property code 5* and may be recorded as one item or identical items in the same inventory location may be combined into a single line item.

**Supplies** - The following are changes to definitions and accountability requirements for supplies:

1. *Consumable supplies* are items consumed in the normal course of an agency operations such as food, clothing, stationery and other supplies which are normally used only once or have a useful life of less than one year.

*Accountability requirement:* State agencies with annual expenditures for consumable supplies that exceed \$5,000 are required to maintain written internal control records.

2. *Non-consumable supplies* are items not consumed in the normal course of an agency operations, having a useful life of more than one year and a unit cost less than \$1,000 but excludes Weapons, Controlled Items, Works of Art and Historical treasures.

*Accountability requirement:* State agencies are required to maintain written internal control records for non-consumable supplies with a unit cost of \$250 but less than \$1,000.

- ➔ *Internal control records* shall contain information on purchases, usage, transfers, and disposals, and are subject to audit.

**Disposal of State Property** - The following are changes to the authority to approve disposal of state property:

1. Administrator of the State Procurement Office or Chief Procurement Officer.  
Submit disposal application for the following state property:
  - All non-expendable state property having a unit cost of \$1,000 or more and a useful life of more than one year.
  - Weapons, Works of Art, Historical Treasures, Land, and Interest in Land. (Before submittal of disposal application for Land and Interest in Land, disposal approval must be obtained from the Department of Land and Natural Resources, except agencies that is exempt by statutes).

- Lost, stolen or damaged state property having a unit cost of \$500 or more.
2. Designated Property Custodian.  
Submit disposal application for the following state property:
- All state property having a unit cost below \$1,000, except Weapons, Works of Art, Historical Treasures, Land, and Interest in Land.
  - Lost, stolen or damaged state property with a unit cost less than \$500.

Should there be any questions, please contact Mr. Ron Omura, Inventory Management Office at 831-6756.

CHARLES M. KATSUYOSHI  
Administrator

c: University of Hawaii  
Hawaii Health Systems Corporation