



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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August 2, 2013

PROCUREMENT CIRCULAR NO. 2013-11

TO: Chief Procurement Officers (CPOs):
Department of Education (DOE), Superintendent
University of Hawaii (UH), President
Office of Hawaiian Affairs (OHA), Chairperson of the Board
Judiciary, Administrative Director of the Courts
Senate, President
House of Representatives, Speaker

ATTENTION: Inventory Property Custodians

FROM: Aaron S. Fujioka

A handwritten signature in black ink, appearing to read "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 Chief Procurement Officer (CPO), the new form SPO-017B-transmittal, *Property Custodian Delegation of Authority*, is required to be completed and signed by the CPO transmitting the completed form(s) SPO-017B. This transmittal form allows the CPO to authorize an individual to be the Property Custodian for the stated organization and location code(s).

The delegation of responsibility does not relieve the CPO 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 CPO does not delegate the authority, the CPO 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.