



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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February 7, 2014

PROCUREMENT CIRCULAR NO. 2014 -02

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

Chief Procurement Officers:
Judiciary, Administrative Director of the Courts
Senate, President
House of Representatives, Speaker of the House of Representatives
Office of Hawaiian Affairs, Chairperson of the Board

ATTENTION: Administrative Services Officers

FROM: Sarah Allen 

SUBJECT: Annual Physical Inventory

Enclosed are two sets of physical inventory listings MDB Report 033 of the current fiscal year. This printout represents your agency inventory balance as of December 31 of the previous year; the maintenance control numbers have not been changed and are to be used until the end of the fourth quarter.

All designated property custodians are required to conduct a wall-to-wall physical inventory of all property on hand, in accordance with Hawaii Administrative Rules (HAR) §3-130-6, and reconcile the count with the quantity reflected on this inventory listing. This list shall be manually updated, correcting any computer rejections or other posting errors. Report adjustments as a result of the physical inventory in the third quarter on form SPO-017A by the due date. Refer to page 2-3, *Inventory System User Manual* to review the quarterly update due dates.

A physical inventory of all consumable and non-consumable supplies in your possession is required to be conducted and your records updated to reflect the changes, in accordance with HAR §3-130-5(c).

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Items not needed and in usable condition should be listed on the State Procurement Office *Excess State Property List* for redistribution to other state agencies. Missing or unserviceable items require a disposal application in accordance with HAR §3-130-8, *Lost, stolen, or damaged property*, §3-130-10, *Disposal and restrictions relating to state property*, and §3-130-11, *Disposal application*. For missing items, the designated property custodian is required to conduct a complete and detailed investigation before reporting the loss. The justification or statement of the circumstances surrounding the loss must be sufficient to satisfy future audits and inspections. The designated property custodians are responsible for establishing, maintaining, and enforcing written internal control procedures to ensure accountability of the property in accordance with HAR §3-130-4, *Internal control*, form SPO-023, *Internal Control Procedures for State Property*.

Designated property custodians shall certify by signature, completion of their physical inventory and update process. Enclosed is the *Annual Physical Inventory Certification* form with a column for the signature of the designated property custodian, which shall be completed and returned to the Inventory Management Office by **first Monday in May of the current year**.

Your staff may call Inventory Management Office at 586-0574 if they have any questions.

Enclosures: Annual Physical Inventory Certification Forms
MDB Report 033