

County of San Diego
HHSA, Behavioral Health Services
Inventory Guidelines for County Contracts

All Capital Assets/Equipment, Minor Equipment, and Consumable Supplies purchases shall be included in Cost Reimbursement contract budgets and shall be approved by the Contracting Officer's Representative (COR) upon budget submission. The equipment and supplies shall directly benefit clients and program's objectives.

County retains title to all non-expendable property provided to Contractor by County, or which Contractor may acquire with contract Agreement funds if payment is on a cost reimbursement basis, including property acquired by lease purchase Agreement. Internal Controls and Procedures below provide guidelines on handling Capital Assets and Minor Equipment.

1) Definitions

- a) **Capital Assets/Equipment**: Tangible non-expendable property that has been purchased with County funds and has a normal life expectancy of **more than one year** and a unit cost of \$5,000 or more. Prior written approval from the COR is required for the acquisition of Capital Assets/Equipment. Examples of Capital Assets/Equipment include, but are not limited to: building improvements, vehicles, machinery, furnaces, air conditioners, multifunction copy machines, furnishings, etc.
- b) **Minor Equipment**: Any non-consumable implement, tool, or device that has a useful life of **more than one year** and an acquisition amount of \$500 to \$4,999 per unit. Examples of Minor Equipment include, but are not limited to: televisions, video recorders and players, computer monitors, therapy equipment, refrigerators, hand-held electronic devices, electronic games, modular furniture, desks, chairs, conference tables, etc.
- c) **Consumable Supplies**: Goods that have a useful life of **one year or less** and an acquisition value under \$500. Examples of consumable supplies include, but are not limited to: pens, pencils, paper, notepads, file folders, post-it notes, toner or ink cartridges, waiting room supplies, etc.

2) Internal Controls and Procedures

Contractors shall have the following internal controls and procedures in place for managing Capital Assets/Equipment and Minor Equipment, whether acquired in whole or in part with County funds, until disposition takes place:

- a) Prior written approval from the COR is required for the acquisition of Capital Assets/Equipment through budget development requests or Administrative Adjustment Requests.
- b) Contractors shall place *County of San Diego Property* tags on Capital Assets/Equipment and Minor Equipment to identify items purchased with County funds. These tags can be requested through the COR.
- c) Contractors shall include the expenditure of Capital Assets/Equipment and Minor Equipment on the monthly invoice/cost report that immediately follows the acquisition.
- d) Contractors shall maintain inventory records that include a description of the item, a serial number or other identification number (if applicable), the acquisition date, the acquisition cost, location of the item, condition of the item, program funding for the item, and any ultimate disposition data including the date of disposal.

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- e) Contractors shall submit an Inventory Report of Capital Assets/Equipment and Minor Equipment purchased using County funds at the end of each fiscal year. The Inventory Report is due to the COR no later than thirty (30) days after the end of the fiscal year. The COR will review the Inventory Report to determine if the information is reasonable and complete based on their knowledge of the contract and approval of invoices containing charges for equipment.
- f) The Inventory Report is to include all Capital Assets/Equipment and Minor Equipment items purchased since inception of the cost reimbursement contract, including all vehicles purchased and/or leased.
- g) Inventory records on non-expendable equipment shall be retained and shall be made available to the County upon request, for at least three (3) years following date of disposition.
- h) Contractors may choose to utilize their own Inventory Report as long as the required information above is included. Otherwise, contractors can utilize the BHS Inventory Form.
- i) Contractors shall include in the Inventory Report any items that were transferred from one County program to another and note the transfer date and program. A DPC 203 form shall be completed.
- j) Contractors shall make all purchased items available to the COR (or their designee) for inspection at any time.
- k) Contractors shall be responsible for accounting of all items purchased with County funds.
- l) Contractors that are required to work with computers, laptops, portable devices or media that contain personal information relating to clients, patients and residents shall have a duty to protect this data from loss, theft or misuse (refer to [Article 14 Information Privacy and Security Provisions](#)). For all Electronic Property and Information Technology (IT) related items capable of storing information, regardless of acquisition price and useful life, please refer to the Organizational Provider Operations Handbook page J.16 for appropriate inventory guidelines. Examples of Electronic Property and IT related items capable of storing information include, but are not limited to: cellphones, laptops, tablets, USB memory devices, cameras, etc.
- m) Contractors do not need to include in the Inventory Report consumable supplies valued under \$500.

3) Disposition

- a) Contractors should not remove the items previously listed on their Inventory Report submitted to the County, unless the COR approved the salvage or transfer of those items, or a County Behavioral Health Services policy provided such instructions.
- b) Minor Equipment not meeting the requirement to be listed on the Inventory Report and Consumable Supplies does not need to be disposed through the County process.
- c) Non-expendable property that has value at the end of a contract (e.g. has not been depreciated so that its value is zero), and which the County may retain title, shall be disposed of at the end of the contract Agreement as follows:
At County's option, it may:
 - i) Have Contractor deliver to another County contractor or have another County contractor pick up the non-expendable property;
 - ii) Allow the Contractor to retain the non-expendable property provided that the Contractor submits to the County a written statement in the format directed by the County of how the non-expendable property will be used for the public good; or
 - iii) Direct the Contractor to return to the County the non-expendable property.

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4) Stolen, Damaged or Missing Equipment

- a) Contractor shall inform the COR in writing within 48 hours of any stolen, damaged or missing equipment purchased with County funds. Exception: Any lost or missing item that contains personal information shall be reported in writing to the COR within 24 hours. [Article 14 Information Privacy and Security Provisions](#) requirements shall be followed when appropriate.
- b) Contractor may be responsible for reimbursing the County for any stolen, damaged or missing equipment at the current book value of the asset.

5) Vehicles

- a) The preferred method for Contractor(s) to acquire vehicles is through a lease arrangement. If purchase is necessary, COR and County Management preapproval must be obtained. Vehicles shall be registered with the Contractor as the lien holder and registered owner. Whether vehicles are leased or purchased, Contractor shall maintain appropriate insurance on vehicles, follow maintenance schedule, as required by the automobile manufacturer. Vehicle(s) usage and insurance requirement language will be included/amended in the contract.

At contract termination, or when the original or replacement equipment/vehicle is no longer needed, or has become obsolete, or is inoperable and impractical to repair, a formal disposition process will be required (refer to BHS Property Transfer/Disposal Process). Contractors shall work with the COR, who will determine the final disposition of the item(s).