

# UC Davis Policy and Procedure Manual

## Chapter 350, Supplies and Equipment

### Section 60, Management of Major Supply Inventories

Date: 3/13/12

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Responsible Department: Materiel Management

Source Document: Business and Finance Bulletin BUS-54, Operating Guidelines for University Supply Inventories

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[Exhibit A, Sample Inventory Representation Letter](#)

#### I. Purpose

This section provides the policy and procedures regarding maintenance and control of University supply inventories when the combined inventory values of new and unissued materials exceeds \$50,000 held at one or more on-campus locations, or at one off-campus location. Additional policy and procedures regarding major supply inventories at UCDHS are provided in UCDHS Hospital Policies & Procedures Manual [Section 2278](#).

#### II. Policy

- A. Items are stocked in supply inventories when usage is repetitive, when there is a net economic advantage to the University that more than offsets the cost of handling, or when service requirements cannot be met by direct shipment from the supplier.
- B. Supplies acquired with Federal contract or grant funds may not be sold, given to, or used for activities other than the projects or programs supported with such funds.
- C. Materials carried in University supply inventories are for University use only.

#### III. Roles and Responsibilities

- A. The department head maintaining supply inventories:
  - 1. Notifies the Director—Materiel Management (Davis campus) or UCDHS Controller (Sacramento campus) when a supply inventory reaches a value of \$50,000.
  - 2. Establishes prices of materials on an equitable basis which are uniform to all users of the inventory.
  - 3. Establishes the inventory as a service activity for markup to be charged (see [Section 340-25](#)).
  - 4. Ensures appropriate inventory levels to meet users' needs.
  - 5. Maintains appropriate records to facilitate effective administrative control of quantities and values of stock on hand.
  - 6. Establishes adequate safeguards to protect supply inventories from theft or other loss.
  - 7. Inspects shipments upon receipt (see [Section 350-35](#)).
  - 8. Verifies inventory counts on an annual basis, on or as close to June 30 as possible.

9. Approves stock adjustments exceeding \$250 per transaction, supported by written explanation of adjustments.
  10. Retains physical inventory worksheets for five years.
  11. Discontinues stock of inactive or obsolete items.
- B. Accounting and Financial Services (Davis campus):
1. Sends the Sample Inventory Representation Letter ([Exhibit A](#)) to all departments with a major supply inventory.
  2. Requests that a physical inventory be conducted on June 30.
  3. Maintains records of all physical inventory reports.
- C. Director—Materiel Management (Davis campus) or the Controller of UCDHS:
1. Approves operating procedures for management of major supply inventories.
  2. Initiates action to discontinue a supply inventory when the value (or the total values for supply inventories in a department) falls and remains below \$50,000 for a fiscal year.

#### **IV. Further Information**

Additional information is available from Materiel Management (<http://materiel.ucdavis.edu/about/index.cfm?opt=1>).

#### **V. References and Related Policies**

- A. UC Office of the President:
1. Accounting Manual Chapter I-581, Inventories (<http://policy.ucop.edu/doc/3410250>).
  2. Business & Finance Bulletin BUS-54, Operating Guidelines for University Supply Inventories (<http://policy.ucop.edu/doc/3220481>).
- B. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
1. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.
  2. Section 340-25, Recharge Activities.
  3. Section 350-16, The Storehouses.
  4. Section 350-35, Receipt, Delivery, and Inspection of Shipments.
  5. Section 350-80, Disposition of Excess and Surplus Property.