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 exceed $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. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.

2. Section 340-25, Recharge Activities.


5. Section 350-80, Disposition of Excess and Surplus Property.