

**MARYLAND JUDICIARY
FIXED ASSET INVENTORY CONTROL MANUAL**

A. INTRODUCTION

The purpose of the Judicial Branch Inventory Policy Manual is to prescribe procedures for recording controlling, accounting, and verifying the inventories of Judiciary Fixed Assets, and to establish the means for the Judiciary to determine the total value of these inventories.

The Judicial Branch Inventory Policy Manual (the Manual) applies to the Supreme Court of Maryland, the Appellate Court of Maryland, the Administrative Office of the Courts, the Clerk of Court offices of the Circuit Courts, the Thurgood Marshall State Law Library, the State Board of Law Examiners, the Maryland Supreme Court of Maryland Standing Committee on Rules of Practice and Procedure, and the Commission on Judicial Disabilities. This policy does not apply to the District Court of Maryland.

This Manual is a reference to set forth the rules that govern the reporting of inventory values. Also included are the policies for disposing of Judiciary Fixed Assets, for reporting Judiciary Fixed Assets that are stolen or missing, and for establishing a program for sharing inventory resources on a temporary or short-term basis.

B. GENERAL PROVISIONS

1. AUTHORITY

- a. The Chief Justice of the Supreme Court of Maryland, or designee, has authority to promulgate rules and policies to facilitate the administration of the courts in the State of Maryland. Inherent in the authority to promulgate rules and policies for the administration of the courts is the formulation of standards for maintaining inventory control of all Fixed Assets and equipment. Each Judiciary court, Unit, or department must maintain an inventory of Fixed Assets and equipment in its possession. Such inventory shall be subject to audit.
- b. The responsibility for disposing of Excess or Surplus Judiciary Assets is vested with the Administrative Office of the Courts (AOC) Facilities Administration.
- c. All donations of Judiciary Fixed Assets will be approved by the Chief Justice of the Supreme Court of Maryland, or designee. Requests for donations from a 501(c)(3) organization must be validated by the AOC Facilities Administration.

2. POLICIES AND PURPOSES

The purpose of these policies is to:

- a. Ensure the efficient use of capital invested in the Judiciary's inventory of Fixed Assets.
- b. Provide policy guidelines for the management and protection of Judiciary Fixed Assets.
- c. Establish uniform procedures for reporting inventory values.
- d. Provide guidelines for reporting missing and stolen Judiciary Fixed Assets.
- e. Dispose of Excess and Surplus Judiciary Fixed Assets in a manner serving the best interest of the Judiciary.

3. GENERAL INFORMATION

- a. Requests for information or assistance regarding inventory systems, records, or the preparation of required reports should be directed to the Manager of AOC Facilities Administration.
- b. To ensure compliance with these procedures, the AOC Facilities Administration may conduct

- unannounced audits of inventories held at various Judiciary locations.
- c. Fixed Asset records and reports shall be retained in accordance with the Judiciary Records Retention Schedule provided by the Administrative Office of the Courts.
 - d. Master copies of certain forms referred to in this Manual are available from the Manager of the AOC Facilities Administration upon request. The use of photocopies of these forms is acceptable.

4. DEFINITIONS

The following terms have the meaning indicated when used in these procedures:

- a. "Accountable Officers" shall be supervisory or administrative employees with sufficient authority to direct the care and utilization of Judiciary Fixed Assets assigned to them and/or their office or location. Except in unusual circumstances, employees below the level of program manager or foreman should not be designated as Accountable Officers.
- b. "Capital Equipment" means any single Fixed Asset with a purchase cost that meets or exceeds the current definition of Assets required to be reported to the State of Maryland.
- c. "Custodial Unit" is the "Unit" within the Judiciary which is accountable for Assets under its control.
- d. "Excess Property" means usable and unusable items that have been replaced or that have become obsolete. It also includes Fixed Assets in excess of current requirements of the Custodial Units, or which is damaged, inoperable, or not economical for the Custodial Units to repair and maintain.
- e. "Fixed Assets" includes Capital Equipment. The term does not include materials and supplies, and items that do not meet the criteria of a Fixed Asset.
 - i. Assets with an acquisition cost of \$1,000 or more per unit such as furniture, machinery, and equipment;
 - ii. Law Enforcement Assets- Firearms and other law enforcement weapons, police radios, and satellite phones, regardless of cost;
 - iii. Sensitive Items-Assets with an acquisition cost of less than \$1,000 that are designated as Sensitive Items based upon a history of theft, or which management has determined should be tracked as part of the inventory system. Sensitive Items include laptops, tablets, cell phones, scanners and printers that store data, and media cameras;
 - iv. Fine Arts- Assets which, regardless of cost, have actual and/or historical value; and,
 - v. Motor Vehicles- AOC cars, vans, and SUVs.
- f. All Fixed Assets must be recorded, inventoried, and reported as a Fixed Asset in the Judiciary Fixed Asset system.
- g. "Judiciary" for this policy, designates the Supreme Court of Maryland, the Appellate Court of Maryland, the Administrative Office of the Courts, the Clerk of Court offices of the Circuit Courts, the Thurgood Marshall State Law Library, the State Board of Law Examiners, the Maryland Supreme Court of Maryland Standing Committee on Rules of Practice and Procedure, and the Commission on Judicial Disabilities.
- h. "Judiciary Assets" -Judiciary Assets- include peripheral IT assets that do not meet the criteria of a Fixed Asset and are not tracked in the AOC/ CC Fixed Asset system. These Judiciary Assets may be processed for disposal by the AOC Facilities Administration.
- i. "Materials and Supplies" (Commodities) mean any item that is consumed, expended, or changed in form by use, such as food, office supplies, raw materials, building and maintenance supplies, repair parts, items purchased for resale, storeroom supplies, and other similar items needed to support normal operations.
- j. "Missing Property" means Assets that has been reported missing as the result of audit or inventory reconciliation.
- k. "Motor Vehicles" includes AOC cars, vans, and SUVs.
- l. "Property Officer" shall be the Manager- AOC Facilities Administration and shall report to the Superintendent, AOC Facilities Administration, or designee.

- m. "Scrap" means Fixed Assets which have no economic or functional value.
- n. "Sensitive Items" are Fixed Assets with an acquisition cost of less than \$1,000 that are designated as Sensitive Items based upon a history of theft, or which management has determined should be tracked as part of the inventory system. Sensitive Items include laptops, tablets, cell phones, scanners and printers that store data, and media cameras.
- o. "Stolen Property" means the sudden or conspicuous disappearance of a Judiciary Asset. An item shall be presumed stolen by its sudden or conspicuous disappearance whether or not there is evidence of theft or forced entry.

C. INVENTORY CONTROLS

1. GENERAL INVENTORY CONTROLS

- a. The Judiciary has the authority to purchase and manage Judiciary Motor Vehicles.
- b. The Judiciary is vested with the responsibility for the control, care, maintenance, and security of all Judiciary Fixed Assets within its organization.
- c. Physical Inventories do not apply to buildings and improvements.

2. CONTROLS FOR FIXED ASSET EQUIPMENT

The Chief Justice of the Supreme Court of Maryland has delegated the authority to the Superintendent, AOC Facilities Administration to develop and implement procedures for inventory control of Judiciary Fixed Assets.

- a. Record Keeping Requirements
The following minimum data shall be maintained per asset:
 - i. Item Identification consisting of the Judiciary property identification number and description;
 - ii. Purchase order or other acquisition information;
 - iii. Acquisition cost and date;
 - iv. Physical location of the asset;
 - vi. Justification and authorization for disposal or transfer.
 - vii. Detail inventory records and the control account shall be maintained by category (equipment, Motor Vehicles, other Fixed Assets).
- b. Cyclical Physical Inventories
Announced and/or unannounced inventory checks may be done at any given time. A record of the Fixed Asset physical inventory (i.e., procedures, count sheets, etc.) shall be maintained as prescribed by the Judiciary Records Retention Schedule.
 - i. Law Enforcement Assets will be inventoried annually.
 - ii. Fine Arts Assets will be inventoried annually.
 - iii. All other Fixed Assets are inventoried at least every three years.
- c. Reconciliation of Inventory Records
When the physical inventory is taken:
 - i. Inventory records shall be verified against the items inventoried for accuracy.
 - ii. Records for Missing Judiciary Assets are investigated, reported, and removed in accordance with the procedures.
- d. Reporting Requirements
 - i. An inventory control account shall be maintained for each category of Fixed Assets in either an automated or manual system.
 - ii. Inventory records for Fixed Assets shall be reconciled with the control account on a monthly basis.
 - iii. Adjustments to a control account balance or to the inventory records shall be approved by the

- Superintendent, AOC Facilities Administration (or designee).
- iv. The Judiciary shall produce one Department-wide Inventory Report. The annual Inventory Reports shall be itemized to include the Fixed Asset description by location, identification number, and asset values.
 - e. Equipment Identification
 - i. Fixed Assets shall be marked with a property identification number and the words "Property of Judiciary." This marking shall be conspicuously located on items to be readily seen.

D. GENERAL INVENTORY MANAGEMENT REQUIREMENTS

1. DELEGATION OF PROPERTY OFFICER RESPONSIBILITIES

To ensure effective management of the Judiciary Fixed Assets, responsibilities shall be delegated to the Property Officer. The Judiciary Property Officer is the Manager of the AOC Facilities Administration, or designee.

- a. Duties of Property Officers
 - i. Initiate and implement internal inventory control procedures and make recommendations for improvements.
 - ii. Coordinate and initiate the actions to take physical inventories of Judiciary Fixed Assets.
 - iii. Ensure the correct maintenance of inventory records.
 - iv. Receive and review Excess Property Declaration Form DGS- 950-9 from Accountable Officers in the court, office, or department.
 - v. Verify the accuracy of the declaration and ensure that proper agency approvals are obtained.
 - vi. Forward the approved declarations with recommended disposition when the Judiciary Assets is no longer required by the court, office, or department.
 - vii. Report Missing and Stolen Property in accordance with the Fixed Asset Policy.
 - viii. Oversee the reconciliation of physical inventories to inventory records.
 - ix. Review and approve reconciled inventory records to control accounts.
 - x. Certify, in writing, the completeness and accuracy of the Judiciary physical inventories.

2. DELEGATION OF ACCOUNTABLE OFFICER RESPONSIBILITIES

Custodial responsibilities shall be delegated to Accountable Officers. Accountable Officers shall be supervisory or administrative employees with sufficient authority to direct the care and utilization of Judiciary Fixed Assets assigned to them, their department, unit, or court. The manner in which these responsibilities are delegated will depend upon the department, court, or unit size.

- a. Duties of Accountable Officers
 - i. Assume custody of all Fixed Assets under their jurisdiction.
 - ii. Know the location, at all times, of all Fixed Assets under their jurisdiction.
 - iii. Review physical inventories of Fixed Assets under their jurisdiction.
 - iv. Ensure that each Fixed Asset is properly marked and identified.
 - v. Instruct employees that they are personally responsible for the use and care of Judiciary Fixed Assets in their custody or under their control, and for reporting losses promptly.
 - vi. Report Missing, Stolen and Damaged Judiciary Assets to the Property Officer immediately upon discovery of loss or damage.
 - vii. Report Excess Property to the Property Officer immediately when the Judiciary Asset is no longer needed.

viii. Reconcile physical inventories to inventory records.

3. FIXED ASSET EQUIPMENT BEING LEASED, OBTAINED THROUGH GRANTS, LOANS AND DONATIONS, WITHOUT ORIGINAL COST INFORMATION, OR ACQUIRED FROM THE "MARYLAND STATE AGENCY FOR SURPLUS PROPERTY"

- a. An item that is being leased shall be recorded and controlled in the same manner as other purchased items if:
 - i. The terms of the lease transfer ownership of the property to the Judiciary by the end of the lease period; or,
 - ii. The lease contains an option allowing the Judiciary to purchase leased property for a nominal sum or price substantially less than fair market value at the time the option becomes exercisable.
- b. Equipment under a lease/purchase agreement shall be recorded at full cost when it is received. The recorded inventory value shall be the cost of the equipment only and shall not include service, maintenance, or interest charges.
- c. Items acquired through Federal grants shall be recorded as a Fixed Asset and considered property of the Judiciary under current Federal regulations.
 - ii. The Judiciary will use, manage, and dispose of equipment acquired under a grant in accordance with State laws and procedures, and the terms and conditions of the Federal grant. (Ref: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 78 Federal Register, page 78608, Dec. 26, 2013, as amended at 79 Federal Register page 75884, Dec. 19, 2014).
 - iii. Title to equipment acquired by a Judiciary grantee under a grant or sub grant will vest upon acquisition in the grantee or sub grantee respectively.
- d. Property donated to the Judiciary becomes the property of the Judiciary and shall be recorded in the Fixed Asset system immediately upon receipt.
 - i. The value of donated items shall be established at the time of acceptance by the Judiciary by insurance assessment or other agreed upon method.
- e. Property on loan to the Judiciary shall be recorded and managed as though it was Judiciary property for the duration of the loan. Property labeling is optional; however, ownership of the item must be readily ascertainable through appropriate documentation.
- f. Property acquired from another State agency or department shall be recorded as follows:
 - i. Property received to satisfy a short term or emergency need should not be recorded as a Judiciary Fixed Asset.
 - ii. Items acquired from other State agencies for long term use shall be recorded in the same manner as other purchased items and shall be considered a Judiciary's Fixed Asset. The actual amount paid by the Judiciary is the item's acquisition cost.

4. THURGOOD MARSHALL STATE LAW LIBRARY DONATION & BAILMENT PROCEDURES AND PROCESSES

- a. Most communications about donations and bailments should be conducted through the Library Donations e-mail. The exceptions include initial contacts with judges and single item offers of a donation. The purpose of the Library Donations e-mail is for prospective donors to specially document their offer to the Library.
- b. A bailment is a loan of an historical artifact by someone who wishes that the Library return it to the bailor at some point in the future. JUDICIARY EMPLOYEE HANDBOOK -7- Maryland Judiciary - Inventory Policy Manual Effective: March 2006, Revised October 2020
 - i. Bailments are not inter-library loans. All bailments must have an accompanying agreement, which must be dated, signed, and witnessed. The Library shall keep the loan only for as long as the bailor or

- the bailor's estate wishes, subject to the Library's agreement with the bailor. A sample bailment agreement is available at <https://mdcourts.gov/lawlib/about-us/policies/book-donations>.
- ii. As bailee, the Library will exercise the care and respect to the described property that a reasonably prudent person in the Library's situation would in safeguarding his or her own similar property, but the Library is not obligated to insure the described property while it is in the Library's possession. If bailor elects to maintain bailor's own insurance, the Library, as bailee, can accept no responsibility for any error or deficiency in information furnished to or by bailor's insurers nor for lapses in coverage. The Library shall notify bailor immediately if and when the Library discovers that the described property is damaged, destroyed, lost, or stolen.
 - iii. Prospective bailment items shall be given to the Library Director or Deputy Director for an acquisition decision. All bailments should generally follow the Library's Collection Development Policy.
- c. All donated items, which shall be limited to books and historical artifacts, should generally follow the Library's Collection Development Policy.
- i. All donated items are accepted with the understanding that the donation becomes a Fixed Asset of the Library. Library staff may add items to its collection or may choose to dispose of them for any reason.
 - iii. Accepted donations and bailments will be acknowledged by posted letter or by e-mail. Letters will not define value of the donation or loan for tax or any other purposes but will acknowledge the item(s) given. Bailment agreements must be dated, signed, and witnessed. All acknowledgements and bailment agreements shall be posted in G:\Library Staff\Collection Development and Management\ Donations. Declined donation offers shall be kept in the Library Donations e-mail.
 - iv. If a prospective donation consists of non-Maryland books from any year, they may be given to the Library Director or Deputy Director for an acquisition decision. Non-Maryland books that are to be added to the collection and are newer than 1849 may be given to the Head of Technical Services to catalog and add to the list of gift items, which is given annually to the appraiser.
 - v. If a prospective donation consists of Maryland books from any year, they may be given to the Maryland Collections Librarian for an acquisition decision. Maryland books that are to be added to the collection and are newer than 1849 may be given to the Head of Technical Services to catalog and add to the list of gift items, which is given annually to the appraiser.
 - v. If donated books are from 1849 or older and are acquired by the Library, they are sealed for six months to thwart pests and rot. All books from 1849 or older belong in the Special Collections Room. After cataloging by the Head of Technical Services, they are given to the Head of Collection Management, who will research potential replacement value. Any work less than \$1,000 will be added to the list of gift items, which is given annually to the appraiser. Any work (including multi-volume sets or collections of commonly themed items) that is listed at \$1,000 or more will be retained for professional annual appraisal.
 - vi. All donated historical artifacts will be given to the Library Director or Deputy Director for an acquisition decision. The Library Director or Deputy Director will research potential replacement value. Any donated historical artifact that is listed at \$1,000 or more will be retained for professional annual appraisal.
 - vii. If a donated book or a donated historical artifact is separately and individually added to the appraisal, then AOC Facilities Administration Fixed Assets will be notified of acquisition during the annual insurance process.

4. SECURITY MEASURES FOR JUDICIAL FIXED ASSETS

- a. Judiciary Units shall take every precaution that is practical or necessary to protect Judiciary Fixed Assets from being lost or stolen.
- b. Accountable Officers shall investigate losses to determine the cause and to take corrective action to

- protect Fixed Assets against future loss occurrences.
- c. Each employee or staff member is responsible for the safekeeping of their assigned Judiciary Assets.

5. REPORTING MISSING AND STOLEN JUDICIARY ASSETS

All staff, including employees, outside contractors and vendors are required to report lost or stolen Judiciary assets within one (1) business day of discovery of the loss.

Only Judiciary-owned assets that are stolen or missing are subject to these procedures. The Judiciary is not responsible for the theft or other disappearance of the personal belongings of a Judiciary employee or other staff. These procedures do not apply to cash or other financial assets that are stolen or missing. For the purposes of these procedures, assets on loan, or otherwise in temporary custody of the Judiciary, are considered Judiciary-owned.

- a. Procedure for Reporting Stolen Judiciary Assets:
 - i. Stolen Judiciary assets, regardless of value, shall be reported immediately upon discovery to the local police department and by email to: aoc.sl.asset.notification@mdcourts.gov.
 - ii. The Report of Lost or Stolen Judiciary Property must be completed.
 - iii. The employee or outside contractor shall obtain a copy of the investigation report from local police, or internal security, if applicable.
 - iv. In addition to these policies, the Property Officer shall follow the procedures for reporting theft of a Motor Vehicle as prescribed in the State Treasurer's Insurance Manual.
 - v. The Property Officer shall remove Fixed Assets from the Judiciary inventory records.
 - vi. The Property Officer shall notify the Director of Budget and & Finance regarding the filling and status of any insurance claims.
- b. Procedure for Reporting Missing Judiciary Assets:

Judiciary assets are considered missing, as opposed to stolen, if:

 - i. There is no evidence of theft or forced entry; and,
 - ii. Asset disappearance is not sudden or conspicuous; and,
 - iii. The loss is disclosed as a result of an audit or inventory.
- c. Missing or Stolen Judiciary Fixed Assets must remain on inventory records until approval is received from the Assistant State Court Administrator for Operations to remove them from the records.

6. DISPOSAL OR EXCESS AND SURPLUS JUDICIARY ASSETS

The Judiciary has the authority to promulgate policies regarding the disposal of excess and surplus Judiciary assets. For this policy, disposal shall include transfer, selling, scrapping or donation. Transfers within the same department or among Units of the Judiciary are not subject to these disposal procedures.

- a. General Requirements
 - i. The Property Officer will determine the method of asset disposition in accordance with the Judiciary's recommendations.
 - ii. Excess assets will be transferred to another Judiciary department, whenever feasible, before other methods of disposal are considered.
 - iii. Unless other arrangements have been recommended by the Property Officer (i.e., auctioning of Judiciary surplus vehicles, etc.), all sales of surplus Judiciary assets will be transacted through GovDeals.
 - iv. When serviceable assets are no longer needed, they are to be declared to the Property Officer as

- Excess Property. They should not be placed in storage, cannibalized, scrapped, sold, or transferred outside the Judiciary without the Property Officer acknowledgement.
- v. Assets that are unserviceable and are worn or damaged beyond economical repair should be declared as Scrap by the Property Officer. Once these items are declared as Scrap, the Accountable Officer will make the necessary arrangements to have them disposed.
 - vi. When requisitioning a Fixed Asset that is to serve as a replacement for an existing item, the Accountable Officer must notify the Property Officer as to whether the existing item is a trade-in, or a replacement, and shall be declared as excess.
 - vii. Fixed Assets disposed of shall be removed from the inventory records and designated as disposed.
- b. Probations
- i. The preferential sale or gratuitous disposition of Judiciary assets to a Judiciary official or employee is prohibited.
 - ii. State Ethics Commission Opinion Number 81-24 dated June 23, 1981, prohibits State officials and employees from purchasing surplus personal property if their official duties are directly connected with the disposal process. In addition, other Ethics Law provisions generally applicable to surplus personal property sales could, in particular situations, limit the private activities of a State official or employee.
- c. Disposal Sequence
- Transfers
- i. Intra-Judiciary transfers (Assets transferred within the Judiciary)
 - Whenever an asset is declared excess to a program or Unit, the Property Officer should ensure that the asset is made available to all other programs or Units of the Judiciary.
 - If the asset is needed elsewhere in the Judiciary, it shall be transferred accordingly.
 - An Excess Property Declaration is not required for intra-Judiciary transfers.
 - The Property Officer shall ensure that the proper internal recordkeeping is completed.
 - ii. Inter-Agency transfers (Assets transferred between agencies)
 - The Property Officer, in accordance with the recommendations of the Judiciary, shall determine whether Excess and/or Surplus Property will be transferred to another agency.
 - Requests for inter-agency transfers (Assets transferred between agencies) shall be handled in accordance with the procedures outlined above.
 - It is the responsibilities for the receiving Agency to satisfy State requirements for receiving and recording the assets for their records.
 - iii. Direct Transfers
 - Assets not needed currently will be stored within the Judiciary for potential future use or should be considered for donations.
- d. Disposal Types
- i. Online Auction
 - DGS has contracted with GOVDEALS.COM to conduct online auctions of surplus assets. The Property Officer is registered on GOVDEALS and must perform the auctions in compliance with GOVDEALS procedures.
 - Monies received from the sale or auction of Judiciary assets not being replaced shall be deposited in the State's general fund and may not be credited to the Judiciary account.
- e. Motor Vehicle Disposition
- i. Obsolete Motor Vehicles are designated in conjunction with the budget process.
 - ii. Disposition of Motor Vehicles is done in accordance with Maryland State policy.
- f. Trade-Ins
- i. Procurement, Contract and Grant Administration shall determine if trading-in an asset is in the best interest of the Judiciary.

- ii. The cost of the replacement asset, less allowance for the trade-in, must be shown on the vendor invoice.
- g. Damaged or Defective Items
 - i. The AOC Facilities Administration shall determine whether it is in the best interest of the Judiciary to dispose of any Judiciary assets deemed unrepairable.
- h. Donation
 - i. The Judiciary's Property Officer will determine if it is in the Judiciary's best interest to donate Excess Property. The Chief Justice or designee must approve all donations.
 - ii. Donations shall be made to non-profit organizations.
 - iii. The Property Officer must certify that the item is in excess of the needs of the Judiciary.
 - iv. Removal of these item(s) from the Judiciary Fixed Asset records will be made by AOC Facilities Administration.
- i. Disposal of Fixed Assets Acquired under a Federal Grant or Cooperative Agreement
 - i. Under current Federal regulations, the Judiciary will use, manage, and dispose of equipment acquired under a grant in accordance with Judiciary laws and procedures, and the terms and conditions of the federal grant.