

Section 7 – Supplies

I. General Information

A. Definition of Supplies

Items purchased by an agency and used immediately or within a reasonable period of time after they are acquired (e.g., office supplies, or instructional materials and supplies that are used up as part of a class or training activity).

II. Management and Control of Supplies

A. Procedures For Receiving Supplies

1. Receiving Supplies

a. From Vendors

- 1) Upon receipt of the supplies, the person responsible for receiving should examine the shipping container for external damage. If the shipping container is damaged, refer to “Damaged Shipping Container/Damaged Supplies” in the “Handling Unusual Situations” section that follows.
- 2) Open the shipping container and inspect the supplies received. If the supplies are damaged, refer to the “Damaged Shipping Container/Damaged Supplies” in the “Handling Unusual Situations” section that follows.
- 3) Search for the packing slip. Compare the supplies received to the items shipped as reported on the packing slip and note the items received. Sign and date the packing slip. If the vendor did not provide a packing slip, prepare a substitute receipt indicating the items received, and sign and date this document.
- 4) Keep the supplies in a secure area, not in an open receiving dock area, to safeguard the supplies until they can be delivered to the appropriate location.
- 5) Deliver the supplies to the intended location or to the person who requested that the supplies be ordered.
- 6) If acceptance testing is necessary, have the person putting the supplies into operation sign the packing slip (or substitute receipt) if the supplies is in acceptable condition for use. If the supplies are unacceptable, refer to the “Handling Unusual Situations” section that follows.
- 7) Generally, supplies are not inventoried. If appropriate, an inventory can be maintained on supplies. If an inventory is maintained, provide a copy of the packing slip (or substitute receipt) to the agency inventory coordinator/sub-coordinator as soon as new supplies are inspected and found to be acceptable. This will ensure the timely recording of the supplies in the supplies recordkeeping system.
- 8) Submit the original packing slip (or substitute receipt) to the person responsible for making invoice payments.

b. From Donors

- 1) Follow the gift and acceptance policy for the agency, and Statewide Financial and MAPS Policy - [MAPS Operating Policy and Procedure 0602-12](#), Gift Acceptance.
- 2) Follow procedures 1 through 7 in the section above.
- 3) Submit the original packing slip (or substitute receipt) to the person responsible for acknowledging acceptance of the donated supplies.

c. Through an Inter-Agency Transfer – Refer to procedures on page 7-3 to 7-4 of this section.

2. Handling Unusual Situations

a. Damaged Shipping Container/Damaged Supplies

- 1) If there is evidence of external damage, an actual inspection of the supplies should be made in the presence of the carrier.
- 2) If the actual inspection of the supplies cannot be done, the driver should be required to note that the container was damaged on the agency copy of the packing slip (or substitute receipt), along with the current date and the driver's signature.
- 3) If, upon actual inspection, the supplies are damaged, a claim for damage should be submitted to the carrier or the vendor as soon as possible.
- 4) Note on the packing slip (or substitute receipt) that the supplies were damaged, and sign and date the packing slip. Send a copy of the original packing slip (or substitute receipt) to the person who requested supplies or the agency buyer.
- 5) The person who requested the supplies or the buyer should follow-up on the claim by working with the vendor until the claim is resolved.
- 6) Send the original packing slip (or substitute receipt) to the person who processes invoice payments so the person knows the vendor should not be paid.
- 7) A [vendor performance report](#) should be sent to MMD-Vendor Management as appropriate.

b. Partial Shipments

- 1) Follow the procedures for receiving supplies in 1.a.1 through 1.a.8 above.
- 2) The person who requested that the supplies be ordered should follow-up on partial shipments. Discrepancies between provisions of the purchase order and the supplies received should be resolved by contacting the vendor as soon as possible.
- 3) Follow-up on unshipped supplies ordered until they are received or the order needs to be canceled.
- 4) Cancel the remainder of order if the vendor cannot provide the ordered supplies when needed.

c. Fiscal-Year-End Acquisitions

- 1) Be sure that the date the supplies are received is clearly indicated on the packing slip (or substitute receipt).
- 2) When making the payment, the transaction must be reported in the correct fiscal year which is the fiscal year when the supplies were received.
- 3) If the supplies cannot be paid for prior to the statewide accounting system's fiscal year end close, generally the last week in August, follow MMB's annual close instructions for coding the payment to the correct accounting period.

d. Supplies Delivered to Wrong Address

Contact the carrier or postmaster to deliver the supplies to the correct address or to return the supplies to the sender.

e. Wrong Supplies Delivered

- 1) Notify the vendor immediately that wrong supplies were delivered.
- 2) Make necessary arrangements with the vendor for the return of the wrong supplies and delivery of the supplies ordered. Authorization may be required to return the supplies to the vendor.
- 3) Return the supplies following the vendor's instructions.
- 4) Provide "return" documentation to the person making invoice payments so that individual does not pay the invoice.

f. Unacceptable Acceptance Testing

- 1) Notify the vendor immediately that the supplies did not pass acceptance testing.
- 2) Make necessary arrangements with the vendor to resolve the problems or to return the unacceptable supplies. Authorization may be required to return the supplies to the vendor.
- 3) Return the supplies following the vendor's instructions, if applicable.
- 4) Provide "return" documentation to the person making invoice payments so that individual does not pay the invoice

3. Marking Supplies Upon Delivery

- a. Supplies are not tagged as "Property of the State of Minnesota" due to the nature of the items.

4. Disposal of State Surplus Property

- a. When it has been determined that State property retaining utility or monetary value is surplus to one location or division within the agency, the inventory coordinator/sub-coordinator should try to find potential users at other locations or divisions within the agency. See Intra-Agency Transfer of Supplies on page 7-4.
- b. If there are no potential users within the agency, the inventory coordinator/sub-coordinator should try to find potential users in other state agencies or contact Surplus Services. See Inter-Agency Transfer of Supplies on page 7-4.
- c. If the agency can no longer use the supplies and no other potential users within the state have been identified, the inventory coordinator/sub-coordinator should complete a [*Property Disposition Request*](#) form and submit it to Surplus Services.
- d. Surplus Services will assign a control number, sign the form, and return a copy to the agency. Surplus Services may either approve the agency's recommended disposition of the property or may recommend an alternate method of disposal. Methods of disposal include transfer to another state agency, transfer or sale to another unit of government or eligible non-profit organization, sale by sealed bid, sale by auction, negotiated sale, or scrap.

5. Inter-Agency Transfer of Supplies (Movement of Supplies Between State Agencies)

- a. To transfer surplus supplies to another state agency, prepare a [Property Disposition Request](#) form, and submit it to Surplus Services for review and approval. A copy of the form with an approval number and signature will be returned to the agency if the transfer is approved. If the transfer is not approved, the form will be returned to the agency with instructions for disposal of the surplus property.

6. Utilization of Federally-Funded Supplies

- a. Additional requirements may be required for federally-funded supplies. State agencies must be in compliance with all state and federal requirements.
- b. Disposal of federally-owned supplies or supplies purchased with federal funds must follow any applicable federal procedures. If there are no defined federal procedures, the state procedures must be followed.

III. Physical Inventory of Supplies

Because supplies are generally purchased to be used immediately or within a reasonable period of time after they are acquired, inventories for supplies are not maintained. Agencies may determine to control through inventory certain supply items.

IV. Stolen, Lost, Damaged or Recovered Supplies

- A. A [Stolen, Lost, Damaged or Recovered Property Report](#) should be completed if the agency determines that the value of the items is sufficient to report. [Minnesota Statute 609.456](#), subd. 2 requires reporting in writing thefts, embezzlement, or unlawful use of property to the Legislative Auditor. **Refer to procedures on page 5-9 and 5-10 of section 5.**

V. Misuse of Supplies

- A. Any employee misuse of supplies may be subject to disciplinary action, up to and including termination.
- B. Examples of misuse of supplies include, but are not limited to, the following actions:
 1. theft,
 2. damage with willful intent,
 3. destruction with willful intent,
 4. use of the supplies for personal gain,
 5. permitting other individuals to use the supplies for non-state purposes,
 6. non-return of supplies when requested,
 7. permitting an outside consultant to use supplies without a contract term allowing them to use supplies, or
 8. inappropriate use.
- C. When misuse of supplies is suspected, it should be reported immediately to the agency inventory coordinator/sub-coordinator, the Human Resources Division Director, and the appropriate manager/supervisor