

ARKANSAS TECH UNIVERSITY

INVENTORY CONTROL MANUAL

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PROPERTY MANAGEMENT OFFICE
204 BRYAN
EXT. 6087
FAX 968-0227

INTRODUCTION

The purpose of this Inventory Manual is to present a uniform method of maintaining asset records for Arkansas Tech University. Included in this manual are guidelines and procedures for inventory control that is congruent with university policy, state regulations and general accepted accounting procedures.

This manual will attempt to assemble all policies, procedures, and instructions that are to be used in the maintenance of Arkansas Tech University's Inventory Control System (ATUIS).

OVERVIEW

Why property management is important to Arkansas Tech University.

Property management is an important function at the University. Prudent inventory practices help protect the University's multi-million dollar investment in equipment, provide documentation needed for insurance coverage, audits and support various cost recovery methods associated with assets of the University. Additional benefits include:

- ❑ Readily identify location of equipment
- ❑ Support departmental management needs
- ❑ Comply with external regulations
- ❑ Allows the University to have an accurate record of its investment in equipment
- ❑ Allows the University to produce timely and accurate property reports
- ❑ Provides for the timely transfer and disposition of equipment

As of July 1, 2005, Arkansas Tech University reported 6,927 items valued at \$14,026,584 under its property control system. Included are 1,076 items with a value of \$7,120,564 that have been capitalized. Between the fiscal years 2001-2004 the office has, with the permission of State Marketing and Redistribution, deleted 1,397 items that were deemed to have no utility. These items had a purchase value of \$2,633,362.

ROLE OF THE PROPERTY MANAGEMENT OFFICE

The Property Management Office (PMO) while maintaining accountability for all movable property within the University provides a benefit to each department in helping meet their educational and operational objectives. PMO provides assistance in handling any property management related issue that arises from the time of purchase or other method of acquisition through the asset's disposition. PMO is directly responsible for maintaining a yearly inventory of all University equipment, tagging University and Foundation donated property, maintaining accurate inventory records, adding financial data to the property management system, and overseeing the internal transfer, and the pick-up and disposal of non-utilized property.

The goals for the Property Management Office include:

1. Provide a means of collecting, storing, updating and retrieving equipment inventory information.
2. Provide departments with accurate and timely information concerning equipment under their control.
3. Provide database for calculating and documenting equipment placement by building and room.
4. Comply with inventory management principals governed by the University and state guidelines.
5. Provide data for capitalization and depreciation entries for the University's general ledger.
6. Record and reconcile the results of the annual equipment audit as received from University departments.
7. To timely process departmentally prepared Transfer, Addition, Deletion forms so as to maintain records accurately and reflect the current status of departmental equipment.
8. Comply with all disposition and transfer regulations established by the State of Arkansas Department of Finance and Administration, Division of Marketing and Redistribution.

ROLE OF UNIVERSITY MANAGEMENT

The University has delegated to deans, department heads, directors and other University officers the responsibility for management of University assets under their control. These officers are responsible for ensuring that policies and practices applicable to the work of property management are followed. These responsibilities may include:

- Emphasize the importance of appropriate and compliant property management within their school or business area.
- Appoint a person to serve as Departmental Property Coordinator.
- Ensure the implementation of property management policies and processes.
- Locate and report to the Property Management Office all items of equipment assigned to the office during the yearly inventory.
- Notify Property Management of all changes in the status of equipment between annual audits. This shall include, but is not limited to, assets stolen, lost, transferred, cannibalized or disposed.
- Return, in a timely manner, property tag forms indicating location and serial number of newly acquired assets.

DEPARTMENTAL PROPERTY COORDINATOR

Each University department head should appoint a Departmental Property Coordinator. The departmental coordinator will be responsible for the day-to-day inventory processed within the department and will serve as the contact person to the Property Management Office. The coordinator must be a full-time employee and may not be a student.

RECEIVING and TAGGING NEW EQUIPMENT

One of the most important tasks assigned to the Property Management Office is identifying newly acquired equipment, applying appropriate tags, and recording information about the equipment into ledgers and the Arkansas Tech University Inventory System (ATUIS). ATUIS is the official University property record system. No other system can be used as a means of officially documenting property for the University. It is the University's general ledger for equipment.

Equipment Receiving Tags:

Capital Equipment purchases will receive University inventory tags. In everyday language Capital Equipment might be defined as any equipment falling within a cost threshold, is moveable (not permanently affixed to a building or structure) and has a life of over one year. Arkansas Tech University's capitalization threshold is an acquisition cost of \$2,500 or more, including the cost of all accessories necessary to make the equipment usable for the purpose for which it was acquired. Departmental Property Coordinators are reminded that State Auditors will separately inventory capital items on a yearly basis.

Non-capital equipment purchases, with a cost threshold of between \$1,000 and \$2,499.99, will receive official University inventory tags but will not be capitalized. Many items in this cost range are considered "sensitive" items and may pose a special risk of loss due to its marketability and portability. Such items as computers, camcorders, digital cameras, musical equipment, power tools etc. deserve special attention from the Departmental Property Coordinator.

Gifts and foundation purchases are considered property of the University. Gifts are not the personal property of faculty, staff or students, although they may have been the primary contact or the delivery point for the donation and the primary user. All gifts and foundation purchases with an original purchase price or fair market value of \$2,500 or more are considered capital items. All gifts and foundation purchases with an original purchase price or fair market value, as determined by Arkansas Tech University, between \$1,000 and \$2,499.99 will be tagged as non-capital equipment and tracked on ATUIS.

Equipment fabricated by University shops and service areas are treated as purchased assets and must follow all capitalization guidelines. When fabricated cost equals or exceeds \$2,500 and is expected to have a useful life of over one year, it must be reported to the PMO as a capitalized item. Fabricated items falling within the cost threshold of \$1,000 to \$2,499.99 will be tagged as non-capital equipment and tracked on ATUIS.

Modifications to existing equipment are not tagged but may increase the capitalized value of a current asset if it increases its value or useful life. (i.e. modifications to the existing mainframe computer that increase its value or its useful life.)

Tagging Process:

The initial process of placing an item on the inventory system begins when a Purchase Order is received by the PMO. From this PO the item will immediately be assigned an official university property tag and pertinent information entered into ATUIS. Inventory cards are then sent to Accounts Payable and a copy of the PO and the inventory tag is sent to the Departmental Property Custodian. Once the equipment has arrived in the department, it is visibly tagged and the PO copy is returned to the PMO with the location and serial number of the item included. The item now has a location designated by the department. Any movement must be communicated to the PMO.

Tags should be affixed in an easily accessible location. The recommended placement on equipment is on the front of a computer CPU*, inside a desk drawer or inside corner of furniture, otherwise place the tag in a visible front portion of the item. Never tag equipment on the bottom. Remember the more accessible the tag, the easier and more efficiently an inventory or verification of an asset can be executed.

*A special note concerning computers as they pose a unique challenge. Computer systems are purchased as a "bundle" on a single PO. A CPU, monitor, keyboard, and mouse are considered part of the bundle. For administrative purposes, the CPU box will be tagged and tracked as the main unit of a microcomputer system. As such, the CPU only is considered complete and tracked on ATUIS.

TRANSFER of PROPERTY

Since Arkansas Tech University acquires, transfers and disposes of property on a daily basis, it is necessary to employ strict procedures when handling University property. When property is relocated from one physical location to another within a department the Departmental Property Coordinator should be alerted. The DPC should contact the Property Management Office and a simple relocation can be entered into ATUIS. If the Department will need assistance with physical transfer a transfer of location form may be completed on line at Netscape. Simply go to Associate Vice President for Administration and Finance, Forms and manuals. The Physical Plant will be contacted by PMO, a work order will be created and plant staff at their earliest convenience will relocate the item.

If you are changing the accountability of any tagged equipment between departments, it is considered an interdepartmental transfer, whether the asset is physically moved or not. In this case an equipment transfer form must be submitted to the Property Management Office prior to the transfer of the equipment. It is necessary to establish an original purchase value for each transferred item relative to the capitalization threshold. The transfer of capital equipment requires a matching entry in the departmental capital asset ledger.

The Role of Computer Services:

The Computer Services Department has a custodial role in the maintenance, setup, and transfer of all computer and technical equipment on the Arkansas Tech University campus. Members of the Computer Services team will be called on by you at various times to install, service or transfer equipment. With over 1,600 microcomputer systems with a value in excess of \$2,500,000 it is vital that we have a succinct method for the transfer and removal of computer equipment. When computer services installs new equipment the Departmental Property Custodian is responsible for the tagging, serial and location reporting of each computer. If Computer Services installs used equipment the DPC will file a Techni-

cal Equipment Received Form. This form will include tag number and the new location of each item. When Computer Services removes equipment the DPC is responsible for the filing of a Technical Equipment Removal Form. This form will detail each piece of equipment removed from the department, including tag number and serial number, the staff member that removed the items and the date the items were removed. Computer Services will report to the Property Manager detailing the computers that are in their possession and their location.

TRADE-IN OF PROPERTY

Departments may trade-in equipment, *but must first contact the Property Management Office*. The acquisition of a piece of equipment from a vendor for some specified amount of money and an existing piece of University tagged equipment is a two part process, a disposition and an acquisition. Before an item can be offered for trade it must be properly disposed through the State Department of Finance and Administration, Office of Marketing and Redistribution. Once approval to trade is received from M&R, the Property Management Office will notify the department. At this time and not before, the item will be considered disposed.

SALE OF PROPERTY

Property belonging to the state can only be sold to non-state agencies through an auction or sealed bid process. All requests to sell must be sent to the Property Management Office and an official request then filed with the Office of Marketing and Redistribution. All revenue received from the auction or sealed bid process will be forwarded to the Office of Marketing and Redistribution. That portion returned to Arkansas Tech University will be recorded as miscellaneous revenue.

DISPOSAL OF PROPERTY

Disposal of property does not mean throwing something away. When dealing with state property it means a series of actions that lead to the final disposition of the item. Remember, the department is liable for all equipment under its care for the life of the item.

The first step in the process of disposal is to determine if the property is excess. Excess describes a lack of use or benefit a piece of equipment can give to a department or an inability to satisfy its initial purpose. This item may be considered functional but obsolete. Other items are simply not functional with an unreasonable cost of repair or cannot be repaired.

The second step is to complete a Transfer to Storage Form. The form can be found on line using Netscape and opening the Associate of Vice President for Administration site. When the Property Management Office receives the request a value will be placed on the equipment, appropriate journal entries made and the Physical Plant will be notified. A work order will be issued and the Physical Plant, at their earliest convenience, will pick up the item.

The Properties Management Office works with the Physical Plant Director to properly delete items on monthly basis in compliance with regulations established by the Office of Marketing and Redistribution.

Disposal of Computers:

In addition to the traditional disposal requirements, the University must deal with situations that may compromise our database security, licensed software agreements, and sensitive proprietary information that may be stored on computer hard disk. The University must certify that a listed computer no longer has confidential or sensitive data on any storage media, or certify that the hard drive has been removed and destroyed.

The disposal or removal from campus of any University computer must be coordinated through the Property Management Office and the Physical Plant. The University must comply with all regulations concerning the disposal or removal of computer equipment established by the State Department of Finance and Administration.

Disposal of Equipment that may have Environmental or Health Impacts:

Departmental Property Coordinators that feel they have excess property that poses an environmental or health concern must so note the concern in writing at the time they complete a request for disposal. The University will comply with all Department of Environmental Health and Safety standards.

CANNIBALIZATION

Cannibalization is the act of disassembling or dismantling making that property unable to perform its intended use. The Department Head is charged with the responsibility of monitoring the cannibalization of University equipment. It is against state and university policy to remove component parts from state property without prior approval from Marketing and Redistribution. Only the Property Manager's Office will request approval from the state. Once approval is received and an item is disassembled, it is considered excess and will be picked-up by Physical Plant for appropriate disposal.

PERSONALLY OWNED PROPERTY

Arkansas Tech University will not insure personal property of faculty, staff, or students, even if it is being used on the University campus in support of Tech business. The University has no interest nor accepts any responsibility for this type of property if lost or stolen. It is recommended that your department head be provided with a listing of all personally owned property to avoid the possibility of it being mistaken for Arkansas Tech University property. Should there be confusion, the proof of ownership will lie with the individual. Personal property should be marked according to ownership.

OFF-CAMPUS USE of PROPERTY

When any equipment belonging to Arkansas Tech University or under the custody of Arkansas Tech University, is going to be used off-campus, this off-campus use shall be approved by the appropriate departmental official and that office shall keep a record and have available at all times the University property number, asset description, location, signature of both the individual using the property and the Departmental Custodian as well as the expected return date.

When Arkansas Tech University property is to be used off-campus “long-term” or periods up to one semester, the department head to which the item belongs must notify, in writing, the Property Managers Office. This notification should include the property tag number, the person responsible for the item, location of the item and expected date of return. Justification for the faculty and staff using the University’s assets at a location other than on Tech property should be included so the University’s insurance coverage will apply to those pieces of equipment the same as it would if they were located on Tech property. A file will be maintained for the State Auditors.

The Off-Campus Use of Property form should be available in each department, or found online using Netscape and opening the Associate Vice President for Administration and Finance site.

REPORTING THE LOSS, THEFT, OR DESTRUCTION OF PROPERTY

Any University property destroyed, stolen or otherwise missing must be reported to the University Department of Public Safety at the time it is discovered. Public Safety will assist the department in locating the property. If the property cannot be located and the item is considered stolen the incident must be reported to the Property Management Office by the University Department of Public Safety. The report will outline the circumstances under which the property was lost, stolen or damaged. The report will include the property tag number, serial number, description, and building and room number. A request to dispose the property, along with a copy of the Public Safety report, will be forwarded to the Department of Marketing and Redistribution. Upon relief of accountability the item will be removed from the University property records and a Record of Theft File created for review by the State Auditors.

YEARLY INVENTORY and PROPERTY AUDIT

The purpose of the yearly Physical Inventory is to verify the accuracy of the ATUIS asset management system. The inventory is a team effort involving the Property Management Office, departments and schools.

If a department maintains good property management practices on a routine basis, then the physical inventory is truly a matter of verification and should pose little stress or inconvenience on the department. Good practices will include but not be limited to:

- ✓ Property Management receives Purchase Orders on a timely basis
- ✓ All equipment is tagged and verification of location and serial number returned to Property Management on a timely basis

- ✓ Forms are properly completed when the status, location, or custodianship of equipment changes
- ✓ Off-Campus Use forms are filled out and updated annually
- ✓ Disposals are processed on a timely basis
- ✓ Excess equipment is not stored
- ✓ Computer change-outs are recorded by both the department and Computer Services and forwarded to Property Management on a timely basis

This task should not be rushed through just prior to the inventory, but should be part of an ongoing management process throughout the year.

The yearly inventory of property is standard business practice. The process will be initiated and coordinated by the Property Management Office. The Departmental Property Custodian shall perform the physical inventory with oversight from the department head. This process generally assures that the personnel who perform the process are not the same people who have custody of the property.

A complete itemized property listing will be sent to each Departmental Coordinator on a yearly basis during the month of April. The listing will include all items assigned to the department with an original purchase value in excess of \$1,000. Special attention must be given all capital items, those with a value of \$2,500 or more. Each item should be visually verified and its location compared to the PMO list. Any differences should be noted. Any missing property or property under your custody that is not on the PMO list should be noted along with its location and property tag number. A list of missing property will be forwarded to Public Safety Office for proper investigation.

The timely completion of the property inventory is a University priority. Departments will have 15 working days to conduct the physical inventory, sign the "Certification Letter" that accompanies the schedule and return the inventory schedule to the Property Management Office. These reports will become permanent record of completion and serve as documentation for all audit purposes. Each file is available for review by the Arkansas Division of State Auditing on a yearly basis.

Upon return of the departmental inventory schedule, and each department's inventory has been reconciled, the Property Management Office may conduct a random sample test of sensitive property as previously described. This audit may be the request of the Division of Legislative Audit, the President of the University, or the Division of Finance and Administration.

The Arkansas Division of Legislative Audit begins their yearly audit each September. Included in this audit is a random sampling of capital equipment. *Each department will have capital items selected for this sample.* When these audits are scheduled, PMO will give as much notice as possible. The Departmental Coordinator will be actively involved and escort the auditor. We *must* be able to locate and identify property as requested by auditors, and provide property related documentation upon request. All equipment that is currently located off-campus must be accounted for. Auditors may inventory assets at their off-site location, or request the asset user to bring the equipment to campus to be inventoried. During this sample inventory audit all offices, lecture rooms, laboratories, and storage areas are requested to be free of excess, broken, or surplus equipment. Do not store excess equipment. Therefore each department must send all broken, inoperable and surplus equipment to storage using the proper forms.

A failure to complete the annual state audit is a subject for a negative state audit comment and the possible disapproval of the University's property management process. The importance of each department's role in this procedure cannot be overly expressed.

CONCLUSION

This procedure manual addresses some of the most often asked questions regarding property at Arkansas Tech University. However we realize that it will not answer all the questions you might have. If you have additional questions, or would like help in solving a property related problem, please contact the Property Management Office at ext. 6087.

**PROPERTY MANAGEMENT
PROPERTY REMOVAL REQUEST FORM**

Send Completed Form to:
Property Management Office
204 Bryan

Date_____

Department_____

Account Number_____

Tag Number	Description	Condition	Location	PMO ONLY

Request Made By_____

Phone_____

To Be Completed By Property Management Office

Date Forwarded to Plant_____

Removed By_____

Date_____

**PROPERTY MANAGEMENT
INTERNAL TRANSFER of EQUIPMENT**

Send Completed Form to:
Property Management Office
204 Bryan

Date _____

Department _____

Account Number _____

Tag Number	Description	Current Location	New Location	PMO ONLY

Request Made By _____

Phone _____

To Be Completed By Property Management Office

Date Forwarded to Plant _____

Transfer Completed By _____

Date _____

**PROPERTY MANAGEMENT
INTER-DEPARTMENTAL EQUIPMENT TRANSFER REQUEST**

Send Completed Form to:
Property Management Office
204 Bryan

Date_____

Department_____

Account Number_____

Tag Number	Description	Current Location	New Department	New Location	PMO only

Request Made By_____

Phone_____

To Be Completed By Property Management Office

Date Forwarded to Plant_____

Transferred Completed By_____ Date_____

Property Received By_____ Date_____

**PROPERTY MANAGEMENT
RECEIPT of DONATED EQUIPMENT**

Send Completed Form to:
Property Management Office
204 Bryan

Date _____

Department _____

Account Number _____

The following item(s) was donated to Arkansas Tech University.

1. _____

2. _____

3. _____

Donor _____

Special Features _____

Maintenance or Setup Required _____

Physical Location of Equipment _____

Property Received By _____

* For inventory purposes, the Office of Finance and Administration, Arkansas Tech University will establish fair market value.

**PROPERTY MANAGEMENT
EQUIPMENT REPAIR and EXCHANGE**

Keep this Form in Department Until Property is Returned.
If Property was Exchanged Send Form to Property Management
204 Bryan

Date_____

Department_____

Account Number_____

Date Item Returned_____

Tag Number_____ Value_____

Description_____ Serial Number_____

Reason for Return_____

Company Name_____

Company Address_____

Phone Number_____

Department Head_____

Signature

If the item is exchanged for any reason send this form to Bryan 204.

**PROPERTY MANAGEMENT
REQUEST for TRADE-IN**

When Requesting Approval to Trade
Current Inventory for New Items
Send Completed Form to:
Property Management Office
204 Bryan

Date _____

Department _____

Account Number _____

I would like to request the trade of the following Arkansas Tech University property:

Tag Number	Description	Current Location	Trade-In Value	PMO ONLY

Is the item currently working and fully functional? _____

The item will be traded in on the purchase of _____

The new item is found in Purchase Order Number _____

By completing this form I understand that I cannot commit or release this item for trade-in without written approval from the Property Management Office.

Dean or Department Head _____

Signature

