



PROPERTY AND INVENTORY MANAGEMENT PROCEDURES

The Athens State University is required by the State of Alabama, federal grant sponsors, and good business practice to maintain a current inventory of all capital equipment. The need to be able to respond to audits of University equipment by our internal and external auditors, the State Examiners of Public Accounts, and grant sponsors as well as the need to account for capital equipment as a part of The University's indirect cost recovery calculations, all necessitate that the University maintain a capital equipment inventory through which it can account for, and report, the room location of capital equipment purchased, donated or otherwise legally transferred to The University. "Athens State University capital equipment" generally is equipment which cost \$5000.00 or more per item. This includes equipment regardless of source, such as follows:

- a. Equipment purchased with funds from any Athens State University fund, grant fund, state fund.
- b. Equipment donated to the University by external entities,
- c. Equipment purchased by related foundations for use by the University,

A complete inventory of all equipment to verify through physical count will be done annually. Property and Inventory Management outlines the responsibilities and procedures developed to respond to this requirement. It assigns the ultimate responsibility for assuring compliance with the laws regarding equipment inventory to the department head.

Property and Inventory Management will depend on all Athens State University employees to keep departmental inventories in order. The Athens State University Property and Inventory Management staff will be available at all times to answer questions.

Definitions of various equipment categories have been clarified and strengthened. Distinctions between "University-Owned" and "University-Controlled" property as well as "moveable" and "fixed" equipment are made.

In an attempt to obtain maximum utilization of University property, every effort should be made to encourage departments to turn in surplus equipment to Surplus Property. Property may be transferred from one using department to another and from one building to another within the same department. Property can also be "loaned" to other Athens State University departments.

Redistribution, trade-ins, cannibalization, scrap metal and public sales are the most frequently used of the acceptable methods of property disposal.

Proper disposal of "University-owned equipment" is simplified in this procedure by simply turning equipment over to Surplus Property along with the necessary paperwork. This should result in more accurate inventory records and make proper disposal much easier.

Our goal in Property and Inventory Management is to make the safeguarding and eventual disposal of University property as effective and easy as possible.

PROPERTY AND INVENTORY MANAGEMENT

The University is committed to maintaining proper accountability and control over its equipment. Property Management outlines the responsibilities and procedures developed in response to this need. It is the responsibility of every employee of the University to abide by these property management procedures.

The vice president, dean, director, or department head have the ultimate responsibility to insure compliance with these property management procedures.

The effectiveness of these property management procedures is dependent upon a coordinated working relationship between Property and Inventory Management and the respective department head. The procedures outlined in the following text provide the means for the department head to coordinate his or her responsibilities with those of the Property and Inventory Management.

PROPERTY AND INVENTORY MANAGEMENT PROCEDURES

I. DEFINITIONS

A. University-Owned Property

“University-Owned Property” is all property acquired by the University by whatever means, title to the property being vested in the University. Where applicable, University-owned property is subject to the laws of the State of Alabama as well as to this policy, in addition to State and University policies, items purchased on contracts and grants are subject to A-110, FAR Part 45, and grant agreements.

B. University-Controlled Property

“University-Controlled Property” is all property acquired by the University by whatever means, title to the property being vested in someone other than the University. Where applicable, University-controlled property is subject to the terms and conditions of any contract, grant, agreement, regulation, or other obligation under which the University assumed possession, as well as to this policy. In addition to State and University policies, items purchased on contracts and grants and controlled by the University are subject to A-110, FAR Part 45, and grant agreements.

C. Property Not Subject to Inventory

For the purpose of this procedure, “Property” is defined as moveable and non-consumable items. “Property subject to inventory control” includes University-controlled property as well as University-owned property. It does not include the category known as “fixed equipment or software,” nor does it include items customarily installed as part of a building. Examples of items excluded from University inventory:

- a. Water heaters, built-in appliances, central air-conditioning systems, boilers, chillers, etc.
- b. Some items that cost \$5,000.00 or more are considered consumable/supplies and should be classified as “expense” rather than “equipment” and will not be subjected to be inventoried by the University:

- i. Glass, cloth, rubber, filament, and inflatable products
- ii. Repair and replacement parts
- iii. Tool kits or assortments of small hand tools
- iv. Toys used for instructional or recreational purposes
- v. Various instructional cassette tapes

D. Property Subject to Inventory Control

Generally, property subject to inventory control (i.e. equipment) should satisfy the following requirements in order to be included:

1. Have a life expectancy of one (1) year or more.
2. Have an acquisition value of \$5,000.00 or more and an identity not altered materially through use.
3. Special property items that are non-consumable, have an acquisition value of less than \$5,000 and have a useful life of one (1) year or more should be tagged and/or inventoried as follows:
 - a. Equipment acquired from the Alabama State Agency is tagged and recorded in accordance with the restrictions placed on the use of equipment. These restrictions apply where the government's initial acquisition cost is \$5,000 or more and to passengers motor vehicles regardless of cost. The restriction period runs for 18 months from the date of purchase, during which time this equipment must be used in its original form; (i.e., it cannot be used for secondary utilization). This restriction applies except where prior written approval to cannibalize a piece of equipment has been granted by the Alabama State Agency. All requests for cannibalization will be coordinated through the Property and Inventory Management Office
4. Resolution of specific situations where the status of a piece of equipment is questionable as to whether it is "fixed" or "moveable" will be left to the discretion of Property and Inventory Management. Decisions will be made on the most consistent basis possible.
5. If a piece of equipment was classified as "University Controlled property or University Owned property" at the time it was purchased but later falls under the threshold because the threshold has been raised, then the "University Controlled property or University Owned property" will be taken off the University Inventory. The Athens State University threshold is \$5,000 or more.

II. ACQUISITIONS OF EQUIPMENT

A. Requisitions

The University's Central Receiving Department is responsible for receiving and physically examining the property acquired from the vendor, ensuring that it is in good condition, and delivering the property to the appropriate area. The staff verifies the packing slip, designates the item as "received" in the Banner System, and forwards the invoice to Accounts Payable for payment. Property and Inventory Management is responsible for assigning asset tag numbers to each item received, updating the master

asset files, maintaining all property records, conducting physical inventories every year and sending inventory reports to the custodian departments. Property and Inventory Management makes any adjustments that need to be made to permanent assets (i.e. a deletion of asset, etc.). Fixed asset items are physically tagged with asset numbers. For those items, which cannot be physically tagged, the items will be assigned a number.

1. Equipment Picked Up by Departmental Personnel

a. Should departmental personnel at any time pick up equipment from a vendor's place of business, they should, immediately upon return to campus, notify Property and Inventory Management so that it may be properly tagged and recorded. The Athens State University Property and Inventory Management may be contacted at 256-216-5342.

2. Lease/Purchase Agreements

a. Equipment acquired via lease/purchase agreements falls within the category of "University-owned property" and is subject to the controls and restrictions as stated in "I. DEFINITIONS." As such, the property manager is responsible for this equipment.

b. Equipment acquired in this manner will be added to the appropriate departmental inventory file at the time that the initial payment occurs. If the lease/purchase agreement is terminated prior to fulfillment, it is the Property and Inventory Management's responsibility to remove the Athens State University property tag and other markings and to delete the equipment from the department's inventory records.

3. Departmental Transfer Authorization

a. Property acquired by "Departmental Transfer Authorization" with a \$5,000.00 value is also subject to inventory control.

b. Equipment acquired in this manner will be delivered only after required Transaction Forms have been properly completed. The department head's signature on the Transaction Form authorizing the transfer will acknowledge that the equipment items listed may be transferred. The designated employee for the department is to sign the Transaction Form indicating the items have been received. This signed form should be sent to Property and Inventory Management for approval and signature.

c. All items acquired in this manner will be added to the appropriate departmental inventory in accordance with current procedures.

4. Alabama State Agency for Surplus Property

a. Departments wishing to purchase equipment from the Alabama State Agency for Surplus Property are invited to do so in accordance with established University procedures.

b. Equipment acquired from the Alabama State Agency is tagged and recorded in accordance with the restrictions placed on the use of such equipment. These restrictions apply where the government's initial acquisition cost is \$5,000 or more and to passenger motor vehicles regardless of cost. The restriction period runs for 18 months from the date of purchase, during which time this equipment must be used in its original form (i.e. it cannot be used for secondary utilization). This restriction applies except where prior written approval to cannibalize a piece of equipment has been granted by the Alabama State Agency. All requests for cannibalization will

be coordinated through Property and Inventory Management. After approval has been received, departments may then cannibalize equipment as desired. The property manager should complete a Transaction Form to remove the item from the department's inventory records.

c. After expiration of the restriction period, departments desiring to cannibalize equipment acquired from the Alabama State Agency may apply in writing to Property and Inventory Management for permission to do so. It is the responsibility of Property and Inventory Management to delete the cannibalized equipment from inventory.

B. Other Than Purchases

1. Gifts

Property and Inventory Management should be notified of the receipt of equipment from an outside source as a gift and will record the equipment received to the appropriate departmental inventory as long as the equipment is valued at \$5,000 or more.

2. Fabrication by a Department

At the discretion of Property and Inventory Management, items of equipment which are fabricated by any University department will be tagged and recorded as a moveable equipment and as such will be considered "property subject to inventory control." If fabrication cost of these items exceeds \$5000.00 these items would generally fall in the category of "not built-in."

3. Transfer of Grant and Contract Equipment to the University

When equipment is transported to the University in conjunction with the transfer of a grant or contract, Property and Inventory Management should be notified of the items that are received, so they can be recorded in the Property System, that are valued at \$5,000 or more. Please send a complete list with the description, serial number, current location, and department information. Also, attach any other correspondence or information that is pertinent. It is the responsibility of the recipient department to notify Property and Inventory Management of any equipment received by grants or contract transfer. Once the information has been received, someone from Property and Inventory Management will notate federal, state or other ownership and will label the equipment with University property tag and any special label supplied stating ownership. If there are any questions, please contact Property and Inventory Management at 256-216-5342.

III. TRANSFERS OF EQUIPMENT

A. Transfers to Other Departments

Transfer of excess or unwanted property is encouraged. Departments wishing to transfer equipment to any other department on campus may do so through Property and Inventory Management.

1. The department head of the transferring department should initiate a Transaction Form to initiate the desired transfer for items costing over \$5000.00 and which appear on the department inventory. This form is to be completed and signed by the transferring and receiving department head. This form should then be forwarded to Property and Inventory Management for approval.

2. Upon receipt of the necessary paperwork, Property and Inventory Management will assume the responsibility for transferring equipment between inventories. Departmental personnel should

schedule moves of equipment directly with Property and Inventory Management. Physical Plant personnel are not authorized to move any equipment or property without prior knowledge and written approval of Property and Inventory Management, a completed Transaction Form will be required for Physical Plant to move equipment.

B. Transfers to Surplus Property

1. Departments wishing to transfer excess or unwanted equipment to Surplus Property may do so by preparing a Property and Inventory Management Transaction Form for all items whose cost is greater than \$5,000.00 and for any computer items which has/had University licensed software installed. If the items are not computer equipment and are no longer on departmental inventory due to the dollar value a memo, fax, or e-mail will suffice. Upon receipt of the appropriate form, Property and Inventory Management will accept the transfer of these items. As stated above, the physical move will need to be scheduled by the department with Physical Plant. Only the specific items listed on the form approved by Property and Inventory Management will be moved by Physical Plant. Items to be moved that are not on an equipment inventory listing will have to be included on the appropriate form in order to be moved. No moves of equipment to Surplus Property will be performed by Physical Plant prior to receipt of the completed form(s) by the Property and Inventory Management.

2. It should be noted that when equipment is transferred to “surplus property,” the transferring department automatically relinquishes all control over that piece of equipment. All funds realized from the sale of these surplus items accrue to the appropriate Financial Affairs revenue account. Equipment that is in the surplus property area, however, is available to all departments alike on a first-come, first-served basis. Departments receiving surplus must have appropriate signatures on the Property and Inventory Management Transaction Form before items can be removed from surplus.

3. Property and Inventory Management will review the items to determine ownership. If the items are bought on contracts and grant funds, Property and Inventory Management will contact Contract and Grant Accounting to determine how to proceed with disposal.

C. Transfers to Other Rooms/Buildings

1. Departments wishing to have equipment under their control moved from one room/building to another may do so by preparing a Transaction Form and checking the appropriate box. It is the responsibility of the department head to complete and sign this form and forward same to Property and Inventory Management to accomplish the desired physical move of equipment.

2. Upon receipt of the completed form, Property and Inventory Management will assume the responsibility of approving and scheduling the scheduled physical moves of equipment. The department should be prepared for Physical Plant to request additional authorization before completing the move if all required approvals by Property and Inventory Management have not been received.

3. This procedure is to be followed where the desired effect is to change the building or room location only. Accountability for this equipment remains with the department on whose inventory it appears.

IV. DISPOSAL OF EQUIPMENT

A. Lost, Missing or Stolen

1. When equipment has been lost, missing or stolen, the department head should immediately notify the University police requesting an investigation of the loss. The department head should then notify Property and Inventory Management by forwarding a completed Transaction Form with “Lost” or “Stolen” appropriately checked along with a copy of the police report of the investigation. When proper paperwork has been prepared and sent to Property and Inventory Management, then they will complete the requirements to remove the item(s) from inventory. Property manager(s) must keep a copy or copies of all paperwork for their department records.

B. Trade-Ins

1. In situations where equipment already on hand is “traded in” on the purchase of new replacement equipment, the department head will advise Property and Inventory Management of this fact by completing a Transaction Form and a copy of the purchase order on which credit was given for trade-in of equipment. The “Delete: Trade In” box should be checked on the Transaction Form. This paperwork should be completed before the purchase of the new equipment and before the old equipment is removed from the University campus.

2. Trade-ins of equipment should be so noted on the appropriate purchase order, referenced by property number and serial number, and should have the prior approval of the Purchasing Department.

C. Obsolete or Useless

1. Equipment that is obsolete or has been rendered useless should be transferred to Surplus Property for disposal by Property and Inventory Management regardless of the dollar value.

2. Transfers of equipment that are obsolete or useless are handled by the department head and are essentially the same as any other transfer to Surplus Property.

NOTE: STATE AND FEDERAL LAW LIMITS THE MEANS BY WHICH WORN-OUT, SURPLUS, OR OBSOLETE ITEMS CAN BE DISPOSED OF, REGARDLESS OF THE DOLLAR VALUE. (Furniture and equipment cannot be destroyed, cannibalized or discarded without coordinating with Property and Inventory Management).

D. Cannibalization

1. Departments desiring to cannibalize “University-owned property” on their inventories may do so only after receiving written permission secured from the responsible department head.

2. To secure this permission, a Transaction Form with “Delete: Cannibalized” checked, requesting permission to cannibalize the equipment items listed on that form should be filled out and approved. In all cases, this form should be forwarded to Property and Inventory Management for approval prior to cannibalization. Equipment may be cannibalized upon receipt of the approved Transaction Form by the property manager.

3. In case of emergency, verbal permission for immediate cannibalization can be secured from Property and Inventory Management. The department head shall then be responsible for ensuring that the Transaction Form is filed subsequently.

NOTE: STATE AND FEDERAL LAW LIMITS THE MEANS BY WHICH WORN-OUT, SURPLUS, OR OBSOLETE ITEMS CAN BE DISPOSED OF, REGARDLESS OF THE DOLLAR VALUE. (Furniture and equipment cannot be destroyed, cannibalized or discarded without coordinating with Property and Inventory Management).

E. Sales

1. The Athens State University Property and Inventory Management will handle the sale of all inventoried and non-inventoried equipment and items in accordance with state laws pertaining to the disposal of surplus personal property.

2. The only time the disposal method of public sale should be requested is when the property is not intended for use by other departments on campus, such as aging computer equipment that is not supportive of the University's network. Property and Inventory Management will complete the Surplus Equipment Transaction Form and will contain a complete description of each item to be sold, including its corresponding Athens State University property number, if applicable. The Surplus Equipment Transaction Form should be signed by the Property and Inventory Management prior to advertisement for sale.

V. PHYSICAL VERIFICATION OF INVENTORY

Federal guidelines and state regulations dictate that a complete physical inventory of all equipment items under each department's accountability be taken at least once every other year. The departmental property manager should have good business practice of performing self-audits of inventory. Property and Inventory Management will conduct an inventory of the University's moveable fixed assets annually.

A. Property and Inventory Management shall be responsible for establishing each physical inventory period

B. Periodic inventory verifications, other than the planned annual inventory, may be conducted by Property and Inventory Management. To the extent possible, these verifications shall be arranged at mutually agreeable times. They shall be conducted by a representative of Property and Inventory Management with the assistance of the department head and other faculty and/or staff members as may be required. If the verifications indicate to Property and Inventory Management that the inventory maintained was inadequate, then this matter will be reviewed. Unresolved discrepancies will be reported to the appropriate department head, dean or division head, and vice president.

C. If at any time, University-owned or University-controlled equipment is removed from University premises for purposes relating to the performance of one's duties (use the Transaction Form and check "On Loan"), it shall be required that permission in writing from the appropriate department head and the approval from Property Management is secured prior to said removal. This permission shall include, but not be limited to, the address of on loan location, the description of the equipment, manufacturer's serial number (if applicable), and the University identification number (property number).

D. When equipment is returned to a manufacturer or his service representative for repairs, the same procedures as outlined in "C." above will apply.