

Dixie State University Policy

225 Property and Equipment Inventory Control



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I. Purpose

- 1.1 To establish general procedures for the control of property and equipment owned by or in the custody of Dixie State University (DSU).
- 1.2 To satisfy the requirements of the Board of Regents and state government to properly account for property and equipment.
- 1.3 To satisfy the requirements of the federal government concerning control over government property for which the University is responsible and accountable.
- 1.4 To record and have readily available pertinent information regarding each item of inventorial property and fixed asset throughout its useful life and ultimate disposition.
- 1.5 To provide for consistent and accurate valuation and recording of property according to Generally Accepted Accounting Principles (GAAP) and to meet the requirements outlined by the Government Accounting Standards Board (GASB).

II. Scope

- 2.1 For the purposes of this policy, University property includes all property, both real and personal, that is owned by or in the custody of DSU. Examples include buildings, equipment, infrastructure, land, land improvements, supplies, vehicles, works of art, and intellectual property.

III. Definitions

- 3.1 **Asset Custodian:** Dean, department head, division head, or other designee

who is responsible and accountable for the control and maintenance of specific University property.

- 3.2 ***Custodial Department:*** A University Department which has stewardship over any asset or group of assets.
- 3.3 ***Fixed (Capital) Asset:*** University owned property, real or personal, that has a useful life greater than one year, exceeds minimum capitalization threshold amounts set by the University, and is not intended for resale. Often these assets are referred to as capital assets.
- 3.4 ***Inventorial Property:*** University owned or controlled personal property that requires a formal inventory tracking process. This includes all property classified as a fixed asset and other property that requires formal tracking.
- 3.5 ***Personally Identifiable Information (PII):*** Information protected by federal and state laws and regulations, including federal regulations administered by the U.S. Department of Homeland Security (DHS), and is defined by DHS as “any information that permits the identity of an individual to be directly or indirectly inferred, which if lost, compromised, or disclosed without authorization could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual.” PII includes but is not limited to the following:
 - 3.5.1 Full Social Security Number
 - 3.5.2 Driver’s license or State ID number
 - 3.5.3 Passport number
 - 3.5.4 Visa number
 - 3.5.5 Alien registration number
 - 3.5.6 Fingerprints or other biometric identifiers
 - 3.5.7 Full name in combination with
 - 3.5.7.1 Mother’s maiden name
 - 3.5.7.2 Date of birth
 - 3.5.7.3 Last 4 digits of SSN
 - 3.5.7.4 Citizenship or immigration status
 - 3.5.7.5 Ethnic or religious affiliation

3.5.7.6 Protected health information, as defined by the Health Insurance Portability and Accountability Act of 1996

3.6 **Personal Property:** A generic name for any movable item subject to ownership. Includes such items as supplies, furniture, vehicles, and equipment.

3.7 **Property:** Equipment, materials, furniture, supplies, land, land improvements, buildings or building improvements purchased with any funds administered by the University, acquired from the State Department of Facilities Construction and Management, or bequeathed or contributed to the University.

3.7.1 **Fabricated Property:** Property where employees of the University assemble multiple individual parts and pieces into a unique structure or single piece of equipment and also meets the definition of a fixed asset.

3.7.1 **Federal Surplus Property:** Property that has been screened by all federal agencies and is generally made available to eligible institutions through the Utah State Agency for Surplus Property.

3.7.2 **Government Owned Property:** Fixed assets or inventorial property that is owned by a government entity other than the University, but is in the University's care. Government property does not lose its identity as personal equipment by reason of affixation to any real property.

3.7.3 **Orphan Property:** Property that meets the fixed asset or inventorial property criteria, but does not show up on the University's inventory lists or is directly under the control of the state or federal government.

3.8 **Real Property:** Land and/or the structures or other improvements that are permanently affixed. Includes land (and whatever is erected or growing upon or affixed) and the rights therein, land improvements, infrastructure, and buildings or other structures and related improvements.

3.9 **Title:** Legal ownership of any property that is vested in the University.

IV. Policy

4.1 General

4.1.1 Property purchased (regardless of funding source), manufactured, or otherwise acquired by DSU must be controlled to mitigate risk of loss and cared for in a manner protecting it from misuse or neglect.

4.1.2 Personal or private use of University property is prohibited unless

otherwise authorized in accordance with University policy 136: Private Use of University Property and Equipment.

- 4.1.3 Valuation, acquisition, depreciation, and disposition of University property and equipment must be accounted for in accordance with all applicable accounting regulations including Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) standards.
- 4.1.4 The University maintains accurate accounting and inventory records in the University's financial accounting system and ancillary systems for all inventorial assets. These systems must be sufficient to ensure proper tracking and control.
- 4.1.5 Insurance for University property is acquired and managed under the direction of the University's Office of Risk Management.
- 4.1.6 The University follows Utah Board of Regents policy R-561: Accounting and Financial Controls as a guideline for capitalization thresholds. The thresholds may change from time to time based on evaluations made by the Regents and/or the University.
- 4.1.7 All inventorial property must be tagged with a unique asset number. Asset tags should be visible and must not be removed or tampered with unless expressly authorized by the Business Services Office. Each tagged item will be assigned an asset custodian. Inventorial property should be inspected and accounted for at least annually by each respective asset custodian.
- 4.1.8 To maintain accurate accounting and inventory records, the Business Services Office should be notified prior to beginning a construction project or a fabricated property project.
- 4.1.9 To ensure the proper tracking of inventorial assets is maintained at all times, transfers of custody between asset custodians and/or departments require the approval of the Business Services Office.
- 4.1.10 Sale or disposition of any inventorial asset must be in accordance with the University Surplus Property policy (Policy 226).
- 4.1.11 Trade-in of an inventorial fixed asset must be approved in writing by the Business Services Office prior to entering into any contract.
- 4.1.12 To avoid theft of University assets, department administrators should

maintain a list of property and equipment that could be easily converted to personal use and is not listed as inventorial property.

4.1.13 University administration is responsible for determining when non-capital property is considered inventorial property. Determination should be based on risk of loss, data protection, and other critical factors. A current list of inventorial property can be found on the Business Services website.

4.1.13.1 Common reasons for determining inventorial property:

4.1.13.1.1 Asset qualifies as a fixed (capital) asset

4.1.13.1.2 Property has an acquisition cost equal to or greater than \$3,000.

4.1.13.1.3 Institution owned equipment that may at any time contain and store personally identifiable information.

4.1.13.1.4 Government owned property

4.1.13.1.5 Grant or contract restrictions

4.1.13.1.6 High mobility

4.1.13.1.7 High value to the respective custodial department

4.1.13.1.8 High risk of theft

4.1.13.1.9 In-kind donation regulations

4.1.14 Inventorial property that does not qualify as a fixed asset is expensed in the University's financial accounting system at the time of acquisition.

4.2 Responsibilities

4.2.1 Asset Custodian

4.2.1.1 Provide for the control, custody, and care necessary to maintain the property in the condition received, normal wear expected, in order that the most useful life is ensured.

4.2.1.2 Must follow all University policies and procedures in the acquisition, use, maintenance, control, and disposition of each asset assigned.

- 4.2.1.3 An annual physical inventory review of all inventorial assets must be completed and documented.
 - 4.2.1.3.1 The physical inventory review will verify the existence, location, and condition of each fixed asset. It will also serve as a mechanism of reporting any orphan property.
- 4.2.1.4 Must notify the Business Services Office when an inventory is complete and provide any requested documentation relating to the verification process.
- 4.2.1.5 Must immediately report any lost or stolen asset to their immediate supervisor and to the Business Services Office.

4.2.2 Business Services Office

- 4.2.2.1 Must ensure that all new inventorial assets are tagged and assigned an asset custodian.
- 4.2.2.2 Must ensure that all inventorial assets are appropriately accounted for in the University's accounting systems.
- 4.2.2.3 Will conduct, on a sample basis, a physical inventory review each year.
- 4.2.2.4 Will provide a list of inventorial assets assigned to each asset custodian yearly to facilitate the annual inventory process.
- 4.2.2.5 Must provide a list of all missing assets to the Vice President of Administrative Affairs at least annually.

V. References

- 5.1 DSU Policy 136: Private Use of University Property and Equipment
- 5.2 DSU Policy 226: Surplus Property
- 5.3 Utah Board of Regents Policy R-561: Accounting and Financial Controls
- 5.4 Utah Board of Regents Policy R572: Noncapital Asset Inventory and Tracking

VI. Procedures

- 6.1 Valuations of Acquisitions
 - 6.1.1 Valuation is critical to ensure appropriate accounting standards are

followed. The valuation of University property will determine which category and subsequent policies and procedures must be followed for that property.

6.1.2 Acquired by Purchase Order or Other Similar Procurement Method

6.1.2.1 Cost is determined to be the purchase price plus shipping and any other costs necessary to place the property in service for its intended purpose.

6.1.3 Acquired by Gift

6.1.3.1 The date of acquisition is the date the gift is accepted.

6.1.3.2 The value of the gift is the appraised value of the gift at the date of acquisition.

6.1.3.2.1 If no appraisal is available on a gift, the University Advancement Office, with the help of the department receiving the gift, will be responsible for establishing the gift's value.

6.1.3.3 The University Advancement Office will report within 30 days to the Business Services Office the date of acquisition, the description, name of the item, established value and how it was determined, and any other information which may be required.

6.1.4 Acquired by Fabrication

6.1.4.1 The acquisition date is considered the date that the property is substantially complete and ready for use.

6.1.4.2 The value assigned to fabricated property is the total costs to acquire the parts and pieces and assemble the property.

6.1.4.3 The Department responsible for the fabrication must follow project accounting procedures outlined in section 6.5.

6.1.5 Orphan Equipment

6.1.5.1 The date found is used as the acquisition date.

6.1.5.2 Value is estimated by the Business Services Office.

6.2 Property Identification

6.2.1 All University property that meets the requirements of inventorial property is identified and marked with a property identification number. The identification number should be able to cross reference to the property's make, model, serial number, and/or any other unique information assigned to the property. If the serial number is used as the identification number, the property must be marked as "Property of DSU" or similar verbiage that clearly distinguishes DSU as the property owner.

6.2.1.1 Identification numbers are assigned by the Business Services Office for all inventorial assets.

6.2.1.1.1 To gain efficiencies, the Business Services Office may allow other departments to assign asset identification numbers. In such cases, procedures must be in place to provide adequate information to the Business Services Office to facilitate proper tracking and accounting of these assets.

6.2.1.2 Assets shall remain so identified as long as they are in the custody, possession, or control of the University. Such markings and identification are removed or obliterated from the property only when sold, scrapped, or otherwise disposed of.

6.2.1.3 Assigned identification numbers for inventorial assets are recorded on the University fixed asset system.

6.2.2 Attachment of Identification Number

6.2.2.1 The application of the identification number to the property is the responsibility of the Business Services Office. However, this function may be delegated to a campus department where deemed most efficient and appropriate.

6.2.2.1.1 The identification number is applied to the actual unit unless its size or nature makes it impractical.

6.2.2.1.2 A tag bearing the property number may be affixed to the equipment adjacent to the manufacturer's name plate or in an easily seen position.

6.2.2.1.3 If additional identification is required by the custodial department, it shall be applied in a manner that will avoid confusion with the property identification number.

6.2.2.1.4 Should the identification number be accidentally or mistakenly obliterated, defaced, or removed, the equipment shall be marked again with the original number.

6.3 Physical Inventories

6.3.1 Each year, the Business Services Office will send each asset custodian a listing of all inventorial asset items under their care as reflected on the official inventory records of the University.

6.3.1.1 The Asset custodian will verify the physical presence of all assets on the provided list. Information on each column will be checked for accuracy. All items that are correct as they appear will be marked "OK as is."

6.3.1.2 Changes to description, model or serial number, building or room number should be written on the list.

6.3.1.3 Changes of custodian or disposal of property or equipment by any means is governed by University Policy 226: Surplus Property. A list of all authorized custodians is available from the Business Services Office.

6.3.1.4 Verified changes will be entered into the University's fixed asset system by the Business Services Office.

6.3.2 The Business Services Office will verify the accuracy of the department's inventory checks by physical inventory audits on the basis of statistical sampling. If it is apparent that there are some difficulties or gross discrepancies, the Business Services Office will arrange for a complete physical inventory of that department as soon as possible.

6.3.2.1 The physical inventory audits conducted by the Business Services Office will be made on a continuing basis so that a complete audit of University property, as recorded in the fixed asset system, will be accomplished at least every three years.

6.4 Transfer of Property

6.4.1 Transfers of property from one custodian to another are to be recorded on the "Inventoried Equipment Change Form," which must be signed by both the present and new custodian. The completed form is to be forwarded to Business Services within 5 working days.

6.5 Disposal of Property

6.5.1 Disposal of any University property must be accomplished in accordance with University Policy 226: Surplus Property and coordinated with the Surplus Property Office.

6.6 Project Accounting

6.6.1 As a general rule, the University has determined that the following guidelines will be followed when accounting for projects. However, the Business Services Office makes the final determination on how each individual project should be accounted for on a case by case basis. The determination is based on the scope of the project and the documentation available prior to the start of each project.

6.6.1.1 Projects that cost less than \$5,000 in total are considered general maintenance and can be accounted for using the most appropriate index code as determined by the Department.

6.6.1.2 All projects that cost \$5,000 or more must follow the standard project setup process, but fall into two different categories.

6.6.1.2.1 Projects that cost between \$5,000 and \$70,000 in total are typically considered significant repair or maintenance. Generally, these will be accounted for through Maintenance & Repair accounts (OMR) and will be assigned a specific Banner project code, by the Business Services Office, that is used to distinguish the costs related to each individual project.

6.6.1.2.2 Projects that exceed \$70,000 are generally considered major projects and will be assigned a separate index and project code by the Business Services Office.

6.6.2 Responsibilities

6.6.2.1 Custodial department

6.6.2.1.1 It is the Custodial department's responsibility to adequately and timely communicate all costs associated with capital items acquired and all relevant information relating to their disposition.

6.6.2.1.2 Where property is manufactured or constructed, the custodian must request a project identification code from

the Business Services Office. This request should be made after appropriate project approvals have been received and all funding sources have been identified, but prior to beginning the project. Requests should be made using the Project Setup Request Form. This code is to be clearly referenced on all documents relating to the project.

- 6.6.2.1.3 The Custodial department is responsible for the requisition and maintenance of any personal property in its possession. The budget administrator must ensure that requisitions for any fixed asset clearly describes the item, quantity, custodian, location, departmental account, expense account code, and project identification code if applicable. To determine capitalization cost, any components necessary to place the property into service should be included on the same requisition when possible. When it is not possible to include all components on the same requisition, it is the Custodial department's responsibility to provide the Business Services Office with a list or project ledger of all requisitions and materials that make up each asset.
- 6.6.2.1.4 During the construction phase of each project, the Custodial department will provide the Business Services Office a summary of expenditures (project ledger) at least quarterly. This ledger should reconcile to the Banner financial system. Upon completion, the Business Services Office will be notified, within 30 days, of the completion of each project. This notification will provide a final project ledger and indicate any costs that are categorized incorrectly in any manner.
- 6.6.2.1.5 The asset custodian is also responsible for safeguarding all fixed assets in the department's possession and is required to notify the Business Services Office if any type of change with respect to capital equipment inventory occurs. The asset custodian is responsible for ensuring that all capitalized assets in his/her care are appropriately tagged. The custodian also assists the Business Services Office when physical inventory verification is conducted by completing timely physical inventory verification as requested.

6.6.2.1.6 The custodial department has a responsibility to follow all University Surplus Property policies and procedures as it relates to the disposal of any University owned property under its care.

6.6.2.2 Budget Office

6.6.2.2.1 The Budget Office is responsible for transferring all approved budget amounts into the appropriate index code once the index and project numbers are assigned. The Budget Office also works with the custodial department to resolve any budget issues during construction and at the completion of each project. The budget office will make any necessary entries to close out projects, once all expenditures have appropriately posted. The Budget Office may delegate any part of this responsibility to the Business Services Office as a way to enhance the efficiency of this process.

6.6.2.3 Purchasing Department

6.6.2.3.1 The Purchasing Department, in conjunction with the Budget Office, is responsible for reviewing requisitions to determine the availability of funds, as well as to ensure correct item descriptions, quantity, cost, project identification numbers, when applicable, accounting information, and all other pertinent information is included on all purchasing documents. The Purchasing staff verifies that the appropriate accounting codes are used when paying for the asset. The necessary funds are encumbered and the purchase order is forwarded to the vendor.

6.6.2.4 Business Services Office

6.6.2.4.1 The Business Services Office is responsible for ensuring that the financial system materially reflects the assets owned and controlled by the University and that reporting is in accordance with GAAP and GASB requirements.

6.6.2.4.2 The Business Services Office also controls and maintains all titles, certificates of origin, and lease agreement documents.

6.6.2.4.3 The Business Services Office reviews the coding of purchased property, confirming payment and pricing of fixed assets purchased, reviewing and maintaining the fixed assets system files, processing deletions, verifying depreciation expense and accumulated depreciation, reconciling property acquired to property recorded, reporting property value in the financial statements as required, and overseeing periodic compliance and substantive audit tests.

6.6.2.4.4 The Business Services Office ensures that the acquisition of an asset, by any method, is properly recorded in the Accounting System and reconciled to the accounting record.

6.6.2.4.5 The Business Services Office oversees the tagging and documenting of all capital property acquired by the University regardless of source.

VII. Addenda

7.1 Capitalization thresholds: <https://employees.dixie.edu/business-services/>

7.2 Capital vs repair information: <https://employees.dixie.edu/business-services/>

7.3 Inventorial property list: <https://employees.dixie.edu/business-services/>

Policy Owner: VP Administrative Affairs

Policy Steward: Executive Director of Business Services

History:

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