

UTAH STATE UNIVERSITY

EQUIPMENT INVENTORY OFFICE

# **POLICY MANUAL**

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# TABLE OF CONTENTS

## **SECTION A: GENERAL ..... 1**

I.	Purpose .....	1
II.	Title .....	1
III.	Responsibility .....	1
IV.	Scope .....	1
V.	Related Documents .....	2
VI.	Definitions .....	2
VII.	Determination of Non-Inventoried Equipment .....	6
	A. Items Less Than \$1000 .....	6
	B. Items Regardless of Cost .....	6
	C. Parts of Buildings and Structures .....	6
VIII.	Equipment Account Codes .....	6

## **SECTION B: ACQUISITION ..... 7**

I.	Setting Up Equipment in the Equipment Inventory System.....	7
	A. Equipment Additions .....	7
II.	Acquisitions of University Inventoried Equipment .....	8
	A. Purchase Order .....	8
	B. Gifts .....	9
	C. Fabricated Equipment .....	9
	D. Found Equipment .....	9
	E. Acquisition of Surplus Property.....	9
	F. Equipment Sold by Service Departments or Service Enterprises ..	10
	G. Trade-Ins .....	10
III.	Acquisition under Contracts with External Sponsors .....	11
	A. Records .....	11
	B. Responsibility of Campus Officers .....	11
IV.	Acquisition of Government Property .....	11
	A. Government Furnished Property .....	11
	B. Contractor Acquired Property .....	12
	C. Excess Government Property .....	12
V.	Title to Property Acquired Under Contract .....	12
VI.	Equipment Screening .....	13

## **SECTION C: RESPONSIBILITY OF THE HEAD OF CUSTODIAL DEPARTMENT AND THE PRINCIPAL INVESTIGATOR..... 14**

I.	Location of Equipment .....	14
II.	Physical Security .....	14
III.	Utilization of Equipment .....	14
IV.	Storage and Movement .....	15
V.	Segregation and Commingling .....	15
VI.	Care and Maintenance .....	15
VII.	Equipment Inventory Reports .....	15

**SECTION D: EQUIPMENT REQUIRING SPECIAL HANDLING .....16**

- I. Property Subject to Registration .....16
  - A. Motor Vehicles .....16
  - B. Boats, ATV's, and Snowmobiles .....16
- II. Collections, Art, and Scientific Objects .....16
- III. Equipment Rented or Leased with Option to Purchase .....17
- IV. Personally Owned Equipment .....17
- V. Loaned Equipment .....17
  - A. Loan of Equipment to Which University Does Not Have Title .....17
  - B. On-Campus Loan of University Equipment .....17
  - C. Off-Campus Use of University Equipment .....17
  - D. Off-Campus Loan of University Equipment .....18
- VI. Sub-Contractor Acquired Equipment .....18

**SECTION E: IDENTIFICATION OF EQUIPMENT .....18**

- I. Identification of University Equipment .....18
- II. Equipment Pre-Tagging.....18
- III. Identification of Government Inventoried Equipment.....18

**SECTION F: ITEM COST OR VALUE .....19**

**SECTION G: PHYSICAL INVENTORIES .....19**

- I. Physical Inventories of Equipment .....19

**SECTION H: DISPOSAL OR TRANSFER .....20**

- I. University Equipment .....20
  - A. Excess or Surplus Property .....20
  - B. Destroyed or Cannibalized Equipment .....21
  - C. Lost or Stolen Equipment .....21
  - D. Transfer of Surplus or Excess Equipment .....21
  - E. Removal From Inventory Records .....22
- II. Government Property .....22
  - A. Excess Property .....22
  - B. Loss, Damage, or Destruction .....22
  - C. Transfer to another Institution .....23
  - D. Contract Close-Out .....23
  - E. Release From Responsibility .....24

**SECTION I: PERSONAL USE OF PROPERTY .....24**

**SECTION J: INVENTORY REPORTS .....24**

- I. Inventory Reports .....25
- II. Annual Reports .....25
- III. Custom Reports .....25
- IV. Periodic Reports .....25

**SECTION K: INSURANCE .....25**

- I. Policy .....25
  - A. Insurance .....25
  - B. Payment of Deductible Requirement .....25
  - C. Exclusions .....26
- II. Procedures .....26
  - A. Actions Required in the Event of Loss .....26
  - B. Responsibilities of Department Property Administrator .....27

**SECTION A: GENERAL****I. Purpose - The purpose of the manual is:**

- A. To establish general procedures for the management and control of insurable and capital equipment owned by or in the custody of Utah State University.
- B. To satisfy the requirements of the Federal Government respecting control over Government Property, as hereafter defined, for which Utah State University is responsible and accountable.

**II. Title**

Title to or ownership of all University insurable and capital equipment is vested with Utah State University, unless otherwise specified (i.e. contractual agreements with Federal Government).

**III. Responsibility**

- A. Utah State University is responsible for all the equipment to which it holds title. Custodial responsibility for other equipment rests with Utah State University to the extent that it has explicitly agreed to accept responsibility therefore.
- B. The Controller's Office has assigned responsibility for the management and control of inventoried equipment to the Equipment Inventory Office.
- C. It is the responsibility of the Equipment Inventory Manager to implement and administer the provisions of this bulletin in all areas under his/her jurisdiction. The Equipment Manager shall:
  - 1. Advise all members of the faculty and administrative officers of their obligations for the use, care, maintenance, and safekeeping of all equipment under the control of their respective department or units.
  - 2. Provide written instructions relating to the control of insurable and capital equipment for which Utah State University is responsible.

**IV. Scope**

The equipment management and control system applies to equipment belonging to or in the custody of Utah State University, including equipment secured for completion of contracts and grants for research, training, and public service.

## V. Related Documents

### A. Federal Documents

1. OMB Circular A110
2. NASA Grant Handbook
3. DOD Manual 4161.2-M
4. DOE - Management of Government Property in the Possession of Contractors
5. HHS Contractors Guide for Control of Government Property
6. OMB Circular A-21
7. NPMA Handbook
8. Federal Acquisition Regulation (with Agency supplements)

## VI. Definitions

**Accessory Item** - An item that facilitates or enhances the operation of plant equipment but is not essential for its operation.

**Agency** - An entity (i.e. organization, corporation, foundation, or person) from which the University derives external support through contracts or grants.

**Auxiliary Item** - An item, without which, plant equipment cannot operate.

**Award** - A legal document providing external support. Award includes grants as well as contracts.

**Contract** - An agreement. As used in this bulletin, an agreement includes grants from, and contracts with, external sponsors.

**Contract Administrator** - An authorized representative of the Contracting Officer assigned to administer the contract requirements and obligations relating to government property. This person would normally be an employee in the Contracts and Grants office.

**Contractor** - Utah State University

**Contracting Officer** - The duly authorized individual delegated by appropriate authority to enter into a contract and thereafter administer the contract, on behalf of the Federal Government.

**Circular A-110 (OMB)** - [Circular A-110](#) sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of **grants** to and agreements with institutions of higher education, hospitals, and other non-profit organizations. A-110 Part 34 outlines the requirements for property acquired with funds from a grant.

## VI. Definitions (continued)

**Custodial Department** - The department or unit of the University campus having physical control of equipment (i.e. the department possessing equipment or the sponsoring department for a contract).

**Department Property Administrator** - The person appointed by the Dean, Department Head, or Director to be responsible for the insurable and capital equipment belonging to the department.

**Depreciable Equipment** - Equipment that has an acquisition value of \$5,000 or more, is freestanding, and has a normal life expectancy of one year or more.

**Equipment List** - A report sent annually to each department listing all equipment in that department. Included will be a report listing all acquisitions and disposals during prior fiscal year.

**Equipment Manager** - The duly authorized representative of the University delegated the responsibility for the asset management system and the identification and control of all University inventoriable equipment.

**Fabricated Equipment** - Equipment that is constructed by combining or assembling modular components and/or materials into one identifiable unit is referred to as fabricated equipment. When completed, each component loses its individual identity and the end product becomes an identifiable single unit. Typically, such equipment is made or designed in-house for a specific purpose. In order to be capitalized, the finished product must have a unit cost of \$5,000 or more and a life expectancy of more than one year - fabricated equipment can also be recorded as insurable equipment if the cost is between \$1,000 and \$4,999.99.

**Federal Acquisition Regulations (FAR)** - The FAR is the primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds. It became effective on April 1, 1984, and is issued within applicable laws under the joint authorities of the Administrator of General Services, the Secretary of Defense, and the Administrator for the National Aeronautics and Space Administration, under the broad policy guidelines of the Administrator, Office of Federal Procurement Policy, and the Office of Management and Budget. The portion of the FAR that relates to government property is [FAR 45](#).

**Found Equipment** - Equipment with a value of \$1,000 or more found during a physical inventory, which does not appear on the inventory records.

**Government** - United States of America; federal government, unless otherwise specified as in "state government."

## VI. Definitions (continued)

**Government Property** - A special category of equipment defined in [FAR 45](#) as all property owned or leased by the federal government. Such property acquired under contracts (federal awards) with the University includes:

- A. Government Furnished Property: Property in the possession of or acquired by the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants.
- B. Contractor Acquired Property: Property purchased or otherwise provided by the University for the performance of a contract to which property title is vested with the government by virtue of its procurement with government funds.
- B. Excess Government Property: Property, which is no longer required by the holding Federal contractors such as the University.
- D. Federal Surplus Property: Property, which has been screened by all Federal agencies and generally made available to eligible institutions through the State Educational Agency for Surplus Property.

**Grantee** - Utah State University

**Insurable Equipment** - Equipment that has an acquisition value of \$1000 or more, is freestanding, and has a normal life expectancy of one year or more.

**Insurance** - To provide for funding, in part, the cost of replacing movable equipment which is lost, stolen or destroyed.

**Inventoriable Equipment**

- A. University Inventoriable Equipment - Equipment that has an acquisition value of \$1,000 or more, is freestanding, and has a normal life expectancy of one year or more. Some exceptions include items that are targets for theft such as computers, laptops, digital cameras, etc. (departments may also make special requests to tag equipment).
- B. Government Inventoriable Equipment – Equipment that has an acquisition value of \$5,000\* or more and a normal life expectancy of one year or more. Government equipment does not lose its identity as inventoriable equipment by reason of affixation to real property.

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\* Consult specific agency guidelines and contract provisions for exceptions to cost limitation.

## VI. Definitions (continued)

**Motor Vehicle** - Any motorized carrier designed primarily for the transportation of persons or property, which is operated on a public road for a distance greater than one-quarter mile. Not included is any implement of husbandry used for agricultural operations and only incidentally operated or moved over a public road.

**Principal Investigator** - The academic or administrative staff member responsible for initiating and conducting externally funded research, training, or a public service project. The individual may also be known as the Project Director, Project Administrator, or Responsible Person.

**Special Test Equipment (fabricated equipment)** - Defined as electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are interconnected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance of special purpose testing in the development or production of particular supplies or services. The term does not include consumable property, special tooling, buildings, and non-serviceable structures (except foundations and similar improvements necessary for the installation of special test equipment), or plant equipment items used for general plant-testing purposes.

**Sponsoring Departments** - The department or unit of a University campus responsible for the administration of an externally funded project.

**State** - State of Utah.

**University** - Utah State University.

**University Property** - That property to which title is vested in the University whether purchased with University funds or acquired by bequest or gift.

## VII. Determination of Non-Inventoried Equipment

## A. Items Less Than \$1000

The following items unless the acquisition value is \$1000 or more:

1. Adding machines, calculator, dictator, transcribing machines and typewriters
2. Recorders
3. Wheelchairs
4. Powered hand tools
5. Tape and CD players

B. Items Regardless of Cost

1. Consumable and expendable supplies
2. Replacement parts that do not extend the life or increase the value of the equipment
3. Mattresses
4. Wall to wall carpeting
5. Drapes and window coverings
6. Platinum crucibles
7. Glass, cloth, plastic and rubber products

C. Parts of Buildings and Structures

1. Items of equipment normally classified as inventoried, which are permanently, built in or installed, and the removal of which would impair the building structure.
2. Items of equipment permanently built in or installed which, if removed, would be substantially reduced in value.

VIII. Equipment Account Codes

A. 713200 – Small Tools and Equipment

Items of equipment that have an acquisition value under \$1,000. These items are not capitalized, but may be entered into the EIS based on mobility and the need for control or at the request of the department making the purchase. Examples of equipment that fall under account code 713200 are: computer related equipment, audio/visual equipment, cameras, microscopes, telescopes, firearms, art and scientific objects, projectors (slide, movie, overhead), and scales.

B. 713300 – Tools and Equipment

These equipment items have an acquisition value between \$1,000 and \$4,999. These items are not capitalized but are entered into the Equipment Inventory System. In addition, these items, when purchased on a service enterprise account, are flagged for depreciation purposes.

C. 772300 – Equipment

These equipment items have an acquisition value of \$5,000 or more. These items are capitalized for financial reporting purposes and are recorded in the Equipment Inventory System.

In addition, equipment items with a value of \$1,000 or more and purchased on a service account, will be capitalized for depreciation purposes (this is the only time equipment costing \$1,000 - \$4,999 is capitalized).

## VIII. Equipment Account Codes (continued)

### D. 772700 – Art and Scientific Collections

These are items of art, scientific, or historical collection regardless of acquisition value (museum collections only).

## SECTION B: ACQUISITION

### I. Setting Up Equipment in the Equipment Inventory System

#### A. Equipment Additions

When adding a new equipment item to the Equipment Inventory System (EIS), generally, the invoice date will always be the date the equipment was acquired. However, there are exceptions when a piece of equipment is acquired and placed in service months before it has actually been paid for in full or else the equipment is paid for in installments over certain period of time such as two years. In this case, the equipment should be set up to depreciate when it was placed in service.

If a piece of equipment has been purchased and was miscoded and consequently never tagged by the Equipment Inventory Office and then the equipment is found (i.e. found during a physical inventory) and identified as being an inventoriable piece of equipment then a purchase order should be located to determine the date the item was purchased and placed in service. If no documentation can be located, then the acquisition date will be the date the equipment was located.

The value of a piece of equipment should be properly documented so no questions arise as to how the cost of the asset was determined. The cost of the asset that is input into EIS must be documented in the notes to the particular piece of equipment and in the SIRE imaging system. For example, if a piece of equipment is comprised of multiple vouchers then the voucher and amounts should be noted on each voucher that is used to calculate the cost of the equipment. Another example, if a voucher has multiple line items and only three of the ten line items pertain to a particular piece of equipment then it must be noted in SIRE what line items were used to derive the cost of the equipment (include any calculations necessary to allocate costs such as freight to multiple pieces of equipment).

When determining the cost of an asset to include in the cost of the equipment, costs such as any deposits paid, freight charges, installations and training costs, shall be included, and capitalized if applicable, in the calculation of the basis for the piece of equipment.

(NOTE: The above procedures apply to both capital and non-capital assets).

## II. Acquisitions of University Inventoried and Non-Inventoried Equipment

### A. Purchase Order

New equipment acquired through the Accounts Payable system is recorded on purchase orders, check requests, and campus orders. The Equipment Inventory Office assigns an asset number and records the purchasing document number, funding source, department, description, manufacturer, model number and value. Equipment Inventory Office personnel then locates the equipment and affixes the inventory tag to the equipment.

Equipment accessories purchased for existing equipment may, depending on their nature, either be entered on the records as separate pieces of the equipment or added to the value of the original equipment. In most cases, it will be added to the value of the original equipment.

If a component part modifies existing equipment, it is added to the value of the equipment and given the same asset number with a suffix of A, B, C (i.e. inventory number 99999 is upgraded with new components that meet requirements for tagged equipment, the new components will be given a number of 99999A, 99999B, etc.).

### B. Gifts

Equipment acquired by gift is assigned an asset number, recorded by the Equipment Inventory Office, and entered with an acquisition code of "Donated". The date the gift is accepted is considered the date of acquisition. The Equipment Inventory Office will record no gift until a [Gift in Kind Report](#) has been processed. Gifts of scientific collections may be recorded on a multiple item or group basis. Gifts of bound volumes, pamphlets, documents, and other library collections are recorded by the libraries and do not become part of equipment inventory records.

### C. Fabricated Equipment

Fabricated equipment must be reported to the Equipment Inventory Office in order to properly insure the equipment. Supporting documentation for fabricated equipment should include:

- Description
- Costs to fabricate equipment (labor and materials – provide copies of timecards and invoices)
- Equipment location
- Responsible person

If equipment was fabricated with contract funds, title may vest with the funding agency depending on the contractual agreements.

D. Found Equipment

Found equipment is recorded by being added as an acquisition code of "Found." The custody is assigned to the using or custodial department. The custodial department estimates the value. The date found is used as the acquisition date.

E. Acquisition of Surplus Property

If over \$1,000, equipment secured from the State Educational Agency for Surplus Property is treated in the same manner as equipment purchased through the Purchasing department.

These procedures are used for all funds, including external funds if the particular contract permits the acquisition of surplus property. Acquisition code "State Surplus" is used to record State surplus equipment.

F. Equipment Sold by Service Departments or Service Enterprises

Equipment sold to a department by Computer Solutions is recorded by Computer Solutions and a report is given to the Equipment Inventory Office monthly to identify inventoriable equipment. The value is the price charged to the department by Computer Solutions. Equipment Management locates and tags the equipment.

Equipment sold by other service departments or service enterprises are handled in the same manner as prescribed in the preceding paragraph.

G. Trade-Ins

The inventory number of any asset being traded in should be listed on the purchase order and the invoice so the asset traded in can be removed from the inventory listing.

When certain types of depreciable assets (such as vehicles and copy machines) are purchased, part of the consideration is frequently a similar asset being traded in. The trade-in allowance granted by the seller usually differs from the net carrying amount of the old asset. If greater, it would appear that a profit is being realized on the exchange, but the seller may also have an inflated list price for the new asset. Therefore, other reasonable objective evidence of a profit is required in order to account for the trade-in as if it were an unrelated asset disposal.

Because it is often difficult to determine separately the economic substance of the purchase price and the trade-in allowance, the cost of the new asset is commonly recorded at the amount of the monetary consideration paid plus the un-expired cost of the trade-in surrendered.

### G. Trade-Ins (continued)

For example, a truck was acquired four years ago at a cost of \$10,000 and depreciated on a straight-line basis over an estimated useful life of five years. Now the old truck is traded in for a new model having a list price of \$12,000, but the dealer allows a trade-in value of \$2,400 for the old truck. The cost of the new truck would be computed as follows:

Cost of old truck	\$10,000
Less Acc. Dep. (2,000x4)	<u>8,000</u>
Remaining book value	2,000
Cost of new truck (12,000-2,400)	<u>9,600</u>
Recorded Book Value of new truck	<u><u>\$11,600</u></u>

However, if a gain or loss is clearly indicated, the entire gain or loss on the exchange should be recognized. Thus, if independent appraisals determined that the net realizable value of the old truck is \$2,500, a gain of \$500 (the difference between that value and the net carrying amount) should be recognized. The new truck would then have a cost of \$12,100 (cash paid of \$9,600 plus market value of the old truck of \$2,500).

The cost and accumulated depreciation of an asset traded in should be removed from the accounts in conjunction with recording the acquisition cost of the new asset.

## III. Acquisition under Contracts with External Sponsors

### A. Records

The University records agency furnished and University purchased equipment acquired under a contract in the proper category of the equipment inventory records during the life of the contract. This facilitates a listing of equipment by category for fiscal and inventory reports to the agency.

Upon completion or termination of the contract, the property to which the University has acquired title is recorded through the normal additions process (See Section B: Acquisitions, page 7).

### B. Responsibility of Campus Officers

When an agency, at the beginning or at any time during the performance of a contract, transfers title to the equipment to the University or accountability for equipment from one contract to another, the Sponsored Programs office notifies the Equipment Inventory Office of the transfer and conditions pertinent thereto. The Equipment Inventory Office institutes all actions necessary to ensure that the records reflect the transfer of title or accountability.

#### IV. Acquisition of Government Property

##### A. Government Furnished Property

Government property may be shipped to the University from government installations, or other government agency contractors. The University becomes responsible for such property upon delivery of the property into its custody or control. The department receiving the equipment shall furnish the Equipment Inventory Office with copies of documents necessary to allow University records to accurately reflect the transaction. When contractor-acquired property is transferred from one contract to another within the University, it remains government-furnished property. Sponsored Programs should draw particular attention to the above to those departments receiving government furnished property.

##### B. Contractor Acquired Property

Direct purchases by the University of property for the performance of a contract, title to which vests in the government, are subject to a determination by the Contracting Officer of the government agency involved. Property purchased by the University, for which reimbursement is to be requested, becomes government property upon its receipt by the University.

##### C. Excess Government Property

Excess government property is equipment, used or new, owned by the Federal government and is no longer needed by the holding Federal agency but has additional useful life. Items are usually allocated on a first come, first served basis.

The University may be authorized to receive such excess government property by a contracting agency when the property directly furthers an active contract. Such authorization is dependent upon the terms of the contract and the regulations of the specific agency involved. The Purchasing office shall notify the Equipment Inventory Office by memo of Federal excess property acquired so that equipment can be properly accounted for and insured in case of damage or theft.

1. Cost - excess government property is usually obtained without cost. However, the University specifies the method of shipment and pays all expense of packing, transportation and subsequent installation, rehabilitation and maintenance.

C. Excess Government Property (continued)

2. Records - the University maintains suitable records showing the location, description and value of the property. Items are recorded at the original acquisition cost as indicated on the transfer document. If the value is not indicated on the transfer document, it is the responsibility of the Equipment Manager to obtain the value. If and when the title to the equipment passes to the University, the recorded value should be adjusted to the fair market value at the time the title passes. Expendable or consumable items are not subject to specific record keeping requirements.

V. Title to Property Acquired Under Contract

The specific provisions of the applicable contract govern in each instance.

- A. The University may acquire title to property as a result of specific contract provisions, issuance of change orders or contract termination. Such property, unless otherwise provided by the contract, is considered University property.
- B. The Contracting Officer may transfer title of equipment to the University at the beginning, during, or end of a contract. Transfer of title is subject to the conditions that the University may make no charge for depreciation, amortization or use of the equipment under any existing or future government contracts. When title is thus transferred, the University is without further obligation to the government respecting the equipment unless specific provisions to the contrary are stated in the contract or transfer document.
- C. Title may pass to the University at the beginning, during, or end of a contract but with recovery rights retained by the funding agency.
- D. Title to excess government property remains with the government. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University on the understanding that the property will be used for the contract activity for which it was obtained and, upon termination of the contract, for comparable purposes as long as the property has a useful life. When no longer required, it may be sold and the proceeds applied by the University to furtherance of like purposes.

VI. Equipment Screening

All proposed purchases of equipment (regardless of funding) having an acquisition cost of \$10,000 or more are subject to the screening program to determine if like equipment might already be on campus and available for use.

## VI. Equipment Screening (continued)

The procedure is as follows:

- A. Screening for equipment with a unit value of \$5,000 to \$9,999.99 will be carried out by the department and will be restricted to screening of like equipment in the custody of that department. Equipment Inventory Office will, upon request, provide a category listing of all equipment the department is accounting for.
- B. A joint effort of the department and the Equipment Inventory Office will carry out screening for equipment with a unit value of \$10,000 or more. This screening will encompass the entire like equipment on campus.
- C. The results of the screening effort will be recorded on the equipment requisition prepared by the department.

## **SECTION C: RESPONSIBILITY OF THE HEAD OF CUSTODIAL DEPARTMENT AND THE PRINCIPAL INVESTIGATOR**

The head of the custodial department and the Principal Investigator, if a contract is involved, have the primary responsibility for the care, maintenance, records, and control of material in his or her custody and/or all property acquired under the terms of a contract. They must maintain up-to-date departmental records and, if a contract is involved, initiate such forms as are necessary to fully inform Equipment Inventory Office as to all provisions of each contract document respecting the care, custody, maintenance, records, control, and all transactions involving said property so that the Equipment Inventory Office may properly carry out its functions respecting inventoried equipment. The department head or principle investigator may delegate the responsibilities outlined above to the "Department Property Administrator".

### I. Location of Equipment

The location of each item of equipment shall be noted in the departmental records. Current records as to movement of equipment shall be maintained in such a manner that any item of equipment can be located for inspection or inventory purposes within a reasonable time. The custodial department shall notify the Equipment Inventory Office of any changes in the department responsibility of equipment by submitting the *Equipment Record Change* form.

### II. Physical Security

The head of the custodial department and the Principal Investigator, if a contract is involved, shall make adequate provisions for the physical security of the equipment in their custody. Areas containing equipment shall be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment that is a target for theft.

### III. Utilization of Equipment

Annually, the head of the custodial department shall review the use of University Inventoried equipment in the custody of that department. Any equipment, which either temporarily or permanently is not needed, shall be reported to Surplus Sales for resale.

### IV. Storage and Movement

When equipment is temporarily idle, but required for authorized future use, it must be stored in accordance with sound business practices with adequate protection from corrosion, contamination, and damage to sensitive parts. Sludge, chips, and cutting oils shall be removed from equipment. Departments **must** document what equipment is in storage so that equipment can be readily located upon request. Notation of the storage location shall be made on the equipment records. The equipment must be adequately protected while being moved. This entails proper packing, covering, skidding, equipment handling, techniques, and safety precautions. Government equipment may be moved to off-campus sites only with the prior approval of the Contract Administrator. A shipping document, transfer document, or similar instrument must be obtained and filed in the Equipment Inventory Office.

### V. Segregation and Commingling

Usually, government property is physically separated from University property. However, when it is consistent with the best use of said property in carrying out the terms of the contract, the property may be commingled. This provision does not modify the requirement for identification and recording of the government equipment.

### VI. Care and Maintenance

The custodial department shall provide the care necessary to maintain the equipment in the condition received or better, normal wear excepted, in order that the most useful life is secured. The maintenance program shall be preventive in nature, providing lubrication, cleaning, calibration, and inspection on a regular schedule. Records of the maintenance program shall provide the description and date of maintenance actions performed, details of inspection, and deficiencies discovered or corrected. With respect to government property, such schedules are made available to the Contract Administrator.

Maintenance records shall be kept in a secure location by the custodial department. The DPA should keep these records or be granted access to them as needed.

## VII. Equipment Inventory Office Reports

The Equipment Inventory office shall report the total acquisition cost of federally owned property for which the university is accountable under each contract, including federally owned property in the possession of subcontractors, to the cognizant federal agency.

When special reports covering equipment are required by the agency, and/or requested by Sponsored Programs, the Equipment Inventory Office shall furnish whatever data is available from the Equipment Inventory System database.

The Equipment Inventory Office shall provide a list of equipment currently on the University's inventory pertaining to individual contracts or grants as may be required.

Additionally, the Equipment Inventory Office shall furnish to the appropriate agency, annual, semi-annual and periodic reports of capital equipment contracts. DOD form 1662, NASA form 1018, and other required forms referenced in the contract will be submitted upon request of the cognizant agency.

## SECTION D: EQUIPMENT REQUIRING SPECIAL HANDLING

### I. Property Subject to Registration

#### A. Motor Vehicles

A representative of the custodial department supplies information necessary to record University-owned motor vehicles. After a vehicle has been registered by the Motor Pool Department, the title is sent to the Equipment Inventory Office to be recorded and filed. The Equipment Inventory Office then assigns a tag number. When a vehicle is sold by Surplus and Sales, title can be obtained by contacting the Equipment Inventory Office.

#### B. Boats, ATV's, and Snowmobiles

All information necessary to record boats, ATV's, and snowmobiles is acquired from the purchasing document. An asset number is assigned in the same manner as any other item of equipment. All boat, ATV, and snowmobile titles are also sent to the Equipment Inventory Office for filing.

### II. Collections, Art, and Scientific Objects

A. Collections may be recorded as a group, e.g. "COLLECTION-TEA SET," and assigned one asset number. The custodial department shall maintain detailed records for each item included in an art or scientific collection.

B. Acquisitions of single art works or scientific objects, which are not added to collections, are recorded in the usual manner.

### III. Equipment Rented or Leased with Option to Purchase

Equipment acquired by lease with option to purchase or other types of installment purchase are recorded at total cost (interest expense is not included in the value of the asset).

In the event the option is not exercised and the equipment is returned to the vendor, the item is retired from the records by submitting the [Request to Retire Asset](#) form.

### IV. Personally Owned Equipment

If a University employee keeps personally owned equipment on campus, it should be reported to the custodial department and should be identified as the property of the owner. The University is **not** responsible for loss of or damage to personal equipment.

### V. Loan Equipment

#### A. Loan of Equipment to Which University Does Not Have Title

Equipment, title to which is not vested in the University but which is in the care and custody of the University, cannot be loaned without the specific written approval of the titleholder.

#### B. On-Campus Loan of University Equipment

If equipment is loaned to another department for a short period, a memorandum of the transaction should be filed in the lending department. If the period of the loan exceeds one year, it should be reported to the Equipment Inventory Office on the [Intent to Transfer/Sell Equipment](#) form by the lending department, giving the name of the borrowing department, the asset number, and the new location of the equipment.

#### C. Off-Campus Use of University Equipment

Use of equipment by a faculty or staff member or a student off-campus must have prior approval from the Principal Investigator and the department head of the department appointed to control the equipment. A copy of the [Off-Campus Authorization](#) form shall be submitted to and filed in the Equipment Inventory Office.

Persons with equipment located in off-campus premises (i.e. personal residence) are responsible for the safety and security of the equipment.

When the off-campus use is terminated, the department, within 3 days should advise Equipment Inventory Office.

#### D. Off-Campus Loan of University Equipment

Any loan of equipment to a non-University organization or to an individual must have the prior approval of the department head and principal investigator. All loaned equipment should be listed by asset number and description on the [Off-Campus Authorization](#) form. When the equipment is returned, the lending department shall notify the Equipment Inventory Office within 3 days.

#### VI. Sub-Contractor Acquired Equipment

If a sub-contract has a budget for equipment, the Contracts and Grants office will notify Equipment Inventory Office with the sub-contractor property contact information.

### SECTION E: IDENTIFICATION OF EQUIPMENT

#### I. Identification of University Equipment

All equipment is identified promptly upon payment of invoice and assigned an asset number. It shall remain so identified as long as it is in the custody, possession, or control of the University. Assigned asset numbers and all pertinent information are recorded in the Equipment Inventory System database.

The application of the asset number to the equipment is the responsibility of Equipment Inventory Office. The asset number is applied to the actual unit unless its size or nature makes it impractical. The asset number should be affixed to the equipment adjacent to the manufacturer's nameplate or in a position for easy sighting. Surplus Sales will remove the inventory tag on all disposed equipment.

#### II. Equipment Pre-Tagging

Occasionally, equipment must be taken to another location that prohibits inventory personnel from finding and tagging the equipment. In this case, the DPA or principal investigator shall request that inventory personnel come to the department to tag University equipment.

#### III. Identification of Government Inventoried Equipment

The Equipment Inventory Office identifies promptly upon payment of invoice the government-inventoried equipment. For purposes of identification, the Equipment Inventory Office will assign the asset number and a Government tag for attachment to the equipment. The property remains so identified as long as it remains in the custody, possession or control of the University. All government-owned equipment will be marked "Property of the U.S. Government" unless the size or nature of the equipment makes it impractical, or the equipment is an accessory or auxiliary and attached to or otherwise a part of an item of equipment and is required for its normal operation. In the latter case, such items are entered and described on the record of the equipment to which it is attached or of which it is otherwise a part.

### III. Identification of Government Inventoried Equipment (continued)

If the University acquires title to the property, Equipment Inventory Office will remove the government identification tag.

In the event that an inventory tag is removed, intentionally or unintentionally, the Equipment Inventory Office shall be notified so that a new tag can be affixed to the equipment.

## SECTION F: ITEM COST OR VALUE

The Equipment Inventory Office records equipment acquired through purchase orders, campus orders, and check requests. In recording equipment value, the following rules apply:

- A. Acquisition cost is over \$1000, or to be added to another equipment item.
- B. Freight charges, installation, and training costs are capitalized as part of the acquisition cost or value of equipment.
- C. Handling, assembling equipment dismantled for shipment, and storage costs are not included in the cost or value of the unit.
- D. Any custom duty charge should be added to the value of the equipment.
- E. Any cash discount should be deducted from the value of the equipment.

## SECTION G: PHYSICAL INVENTORIES

### I. Physical Inventories of Equipment

Equipment Inventory Office personnel will perform all physical inventories where possible unless otherwise approved by Equipment Manager. Physical inventories will be performed on a biennial basis. These inventories are performed according to State and Federal law to verify the existence, location, and current utilization of equipment for the Facilities and Administrative Rate study.

Approximately two months prior to the physical inventory the Equipment Manager will meet with the Department Property Administrator to review the requirements of the pending inventory. Shortly thereafter, the Department Property Administrator should contact all persons within the department to whom equipment is assigned notifying them of the date and approximate time when the physical inventory will be performed in their area.

After the inventory is complete, a memo will be sent to the Dean, Director, or Department Head that summarizes the results of the physical inventory. Attached to the memo will be an updated inventory listing with a list of any missing pieces of equipment. The Dean, Director, or Department Head should then review the results of the physical inventory, sign, and return the memo back to Equipment Management where the memo will be filed in the permanent records.

## I. Physical Inventories of Equipment (continued)

### *Contracts*

In accordance with [Federal Acquisition Regulations \(FAR\) 45.508](#) physical inventories are required at the completion of any Federal contract. An exception to this requirement is if equipment will be used for another approved government contract.

### *Grants*

Any equipment purchased on a grant must be administered and controlled according to [OMB Circular A-110 Part 34](#). A-110 requires a biennial physical inventory of all property.

## SECTION H: DISPOSAL OR TRANSFER

### I. University Equipment

#### A. Excess or Surplus Property

Excess University owned equipment may be offered for sale in accordance with University policy. All University equipment must be disposed of through Surplus Sales. If reasons exist for other means of disposal, a memo indicating the reason should be sent by the Dean, Director, or Department Head to the Equipment Manager and Surplus Sales Manager for approval. The manager of Surplus Sales must assess a market value on the equipment before equipment is sold. Surplus Sales may also charge to cover their overhead costs. Once approved and a value is assessed, the item may then be disposed by the desired method.

Once declared excess, all electronic and computer related devices should be immediately sent to Surplus Sales. Electronic equipment quickly becomes outdated and loses its resale value. Moreover, when monitors cannot be resold the University must pay to have them properly disposed. All sensitive information shall be cleaned off the hard drive and software with licensing agreements shall be removed (preferably, the hard drive should be reformatted).

All training and users manuals shall be sent with the equipment to Surplus Sales.

B. Destroyed or Cannibalized Equipment

On written notification from a Dean, Director, or Department Head that an item of equipment has been damaged or destroyed beyond repair or is no longer useful and is being cannibalized, it may be removed from the inventory records. Written approval from the Dean, Director, or Department Head, to which the authority has been delegated to control equipment, must be secured prior to discarding or abandoning equipment. Authorization is made on the [Request to Retire Asset](#) form.

C. Lost or Stolen Equipment

Lost or stolen equipment must be reported within 24 hours to the Department of Public Safety and the Equipment Inventory Office. After a copy of the police report is received by the Equipment Inventory Office lost equipment will be removed from the Equipment Inventory System.

Equipment missing after a physical inventory may be removed from the inventory records with the written approval of the Dean, Director, or Department Head. Removal is authorized on the [Request to Retire Asset](#) form.

D. Transfer of Surplus or Excess Equipment

Inventoried equipment, which is declared surplus or excess by a department and cannot be sold or given to another department, is picked up by Surplus Sales. The department must fill out a Disposal Record provided by Surplus Sales with all items being disposed of listed thereon. Tag numbers must be listed on the Disposal Record. If for any reason a tag number is not found, write the serial number of the item in place of the tag number. Identify the number as the serial number so the Equipment Inventory Office can search the database for that serial number. By ensuring that intended items are disposed of and removed from the inventory records we can reduce insurance costs and labor time associated with trying to locate the disposed equipment.

When equipment is transferred between departments, no change is made in the recorded value of the equipment. It is reported to the Equipment Inventory Office by completing the [Intent to Transfer/Sell Equipment](#) form prepared by the transferring department. The information provided should include the asset number, description of the item, name of the department receiving the equipment and the new location.

When professors transfer between campus departments (i.e. from engineering to Space Dynamics Lab) equipment can be transferred with the professor after the former department head, the new department head, and the Equipment Manager have authorized the transfer. Approval is made by signing the [Intent to Transfer/Sell Equipment](#) form.

D. Transfer of Surplus or Excess Equipment (continued)

If a professor accepts employment with another University, equipment **may** be authorized to transfer with the transferring professor. Contract or grant terms must be verified and approval of the appropriate Dean given before approval is granted to transfer equipment. The University receiving the equipment shall agree to accept responsibility for care and custody of said equipment with respect to liability and transportation costs.

E. Removal From Inventory Records

Equipment is removed from inventory records after the Equipment Inventory Office receives the Disposal Record from Surplus Sales.

II. Government Property

A. Excess Property

When government property becomes excess to the contract for which it was provided, it is screened against needs of other contracts prior to being declared excess. If there is a need for the property, the Contract Administrator is asked for authority to use or transfer the property. If there is no need, the property is reported as excess in the manner prescribed by the Equipment Manager.

B. Loss, Damage or Destruction

All cases of loss, damage, or destruction are reported to the Equipment Inventory Office as soon as the fact of such loss, damage, or destruction becomes known. The report includes all factual data as to the circumstances surrounding the loss, damage, or destruction. The extent of the University's liability, if any, is subject to a written determination by the Contract Administrator. The determination and disposition of any property rendered unserviceable may relieve the University of such liability. Shipping documents or other instruments evidencing disposal should be appropriately cross-referenced on the determination document. It is the Contract Administrator's responsibility to notify the Government Property Administrator.

C. Transfer to Another Institution

If the University holds title to property acquired under a contract with an external sponsor that includes recovery rights, and the funding agency requests transfer of such property to another institution, such property may be transferred to the designated institution. Before the transfer is initiated, a determination must be made as to who will be responsible for dismantling and for shipping costs.

#### D. Contract Close-out

When advised by the Contracts and Grants office that a contract has been completed or when an impending closing date is reached, the Equipment Inventory Office will take the following action:

1. Confirm that the grant or contract has actually closed (many times the award is extended and Equipment Inventory Office is not notified.)
2. Check the contract to make sure exactly what type of report is required. Complete the report (DOD form 1662, NASA form 1018, or other prescribed form.)
3. Check to see if the University has title, if not, request title.
4. After completion of the required reports and request for title, a suspense file is setup to keep track of it to make sure we hear from the agency in a timely manner. If we have not heard from the agency in 120 days, we refer to circular OMB 110 and assume the contract is closed and we have been granted title.
5. Once we are awarded title, we update the title date in the database. The Equipment Inventory Office will advise the department and remove the US Government tag from the asset.
6. If we are not given title and we are requested to ship the property back to the government, we shall contact the Contracts and Grants office and advise them of the disposition.

#### E. Release From Responsibility

The University is relieved of responsibility for government property, with the concurrence of the Contract Administrator or the duly authorized representative, by the following:

1. Consumption of property in performance of the contract.
2. Retention by the University for consideration given the government.
3. Sale of property, the proceeds of the sale being received or credited to the government.
4. Shipment from University premises or that of a subcontractor.
5. Transfer of title to the University.
6. Abandonment in place by the government.
7. Loss, damage, or destruction.

## SECTION I: PERSONAL USE OF PROPERTY

Use of University material or property in the care and custody of the University by employees for personal purposes is not allowed. University owned equipment is, under no circumstances, to be used for private businesses or personal profit.

## SECTION J: INVENTORY REPORTS

### I. Inventory Reports

At the end of each fiscal year, a cumulative inventory listing of all equipment listed under each department will be sent to each Department Property Administrator for review.

At the conclusion of the biennial physical inventory, a complete inventory listing will be sent to the Dean, Director, or Department Head and Department Property Administrator for the department's records.

### II. Annual Reports

- A. Listing of Equipment by Asset Number (This is a cumulative list by asset number of all equipment on campus).
- B. Current Year Acquisitions
- C. Current Year Dispositions
- D. Listing of Equipment by Classification Number

### III. Custom Reports

The Equipment Manager will provide custom reports for departments upon request.

### IV. Periodic Reports

#### A. Government Furnished Inventory List

There is an additional report that consists of all government furnished or loaned equipment with an acquisition cost of \$1,000 - \$4,999.99. This report is required at the end of the contract.

#### B. Equipment Disposals by Asset Number

This report contains all equipment transactions arising from dispositions for the year.

## SECTION K: INSURANCE

### I. Policy

#### A. Insurance

The State of Utah will provide insurance to cover losses of University property. To acquire coverage at reasonable rates, certain types of losses may not be insured, and a deductible provision will normally be included in the insurance policy terms and be applicable to most losses incurred.

#### B. Payment of Deductible Requirement

1. University departments and operating units have the primary obligation to defray any uninsured losses, and to pay the deductible portion of losses of University property.
2. University property losses, up to the amount of \$1,000 must be absorbed from funds available to the department or operating unit, which had management responsibility for the missing property.

#### C. Exclusions

The University property insurance fund will not cover any part of the loss, theft, or destruction of:

1. University property, which was not properly recorded on the records of the Equipment Inventory Office prior to the loss.
2. University property, the loss of which was not reported in writing to the University Public Safety Department within 24 hours after discovery of the loss.
3. Personal property owned by university personnel, students, guests, or other individuals, even though said property was on university premises at the time of loss.
4. Equipment used off-campus without the proper approval document being on file in the Equipment Inventory Office.

### II. Procedures

Upon discovery of a loss or disappearance of University property, the head of the concerned operating unit shall:

#### A. Actions Required in the Event of Loss

1. Immediately notify the campus Public Safety Department and the Equipment Inventory Office of the loss by telephone or in person.

A. Actions Required in the Event of Loss (continued)

2. Advise the University insurance coordinator, in writing, of the loss, together with any other relevant circumstances, and a copy to Public Safety.
3. Prepare and supply, upon request, to responsible University officials, a descriptive list of the lost or missing items, including the University asset number(s) and serial numbers of the property in question.
4. Cooperate with investigations by Public Safety and the insurance coordinator.
5. Prepare and send a completed *Request to Retire Asset* form to the Equipment Inventory Office.

B. Responsibilities of Department Property Administrator

The head of each department or operating unit shall designate a specific individual to be responsible for maintenance of an accurate departmental inventory of university property. That person shall carry the title of "Department Property Administrator" (DPA). The DPA should be someone who has a knowledge of the equipment within the department and someone who has a knowledge of where the equipment is located (following these guidelines will tremendously reduce the amount of time required to do the physical inventory).

The DPA responsibilities in regards to equipment are:

1. Coordinate physical inventory and escort the inventory personnel during the physical inventory.
2. Notify the Equipment Inventory Office of the status of all equipment in his or her department (i.e. advise on equipment location changes, changes in responsible persons, etc.)
3. Maintain a current list of all equipment that is in storage and forward the *Equipment in Storage* form to the Equipment Inventory Office.
4. Maintain a current list of all equipment authorized to leave the campus. The DPA shall have the PI fill out the *Off Campus Authorization* form and forward a copy to the Equipment Inventory Office.
5. Notify all professors and staff within department of the date and approximate time of the physical inventory. Notification can be done through email or flyers posted within the department (see a sample *flyer* and *email* notification).