



Policy on Non-Capital Sensitive Equipment

(Approved by the President on November 30, 2004)

I. PURPOSE

The purpose of this policy is to set forth the definition of Sensitive Equipment and to identify responsibilities and procedures for updating and maintaining the Sensitive Equipment Inventory.

II. BACKGROUND

This policy has been developed to ensure compliance with Board of Regents (BOR) Policy VIII 1.10, "Policy for Capitalization and Inventory Control" (issued by the Chancellor June 19, 1989; approved by the Board of Regents June 9, 1995; revised July 7, 2000). This Policy stipulates that "Each institution must develop a formal, written, institutional policy with respect to non-capital Sensitive equipment." It further stipulates the minimum requirements for such policy.

III. DEFINITIONS

- A. For purposes of this policy, the UMBI defines a "unit" to include each of the centers and the central administrative offices.
- B. For the purpose of this policy UMBI Unit head means Center Director, the Vice President of an administrative unit, or the President.
- C. Equipment is defined by BOR policy as an individual item, or group of items, which is usable for its intended function and which cannot be separated without a diminishment in the usability of the item for its intended initial purpose.
- D. Sensitive equipment is defined by UMBI policy to include those non-capital items which can be easily converted to personal use or resale, is susceptible to removal, and/or must be controlled to meet external reporting requirements. Categories of sensitive equipment include only the following:
 - 1. Computer workstations - defined as the central processing unit (CPU) associated with a desktop or laptop computer with a value greater than \$1,000.
 - 2. Audiovisual and video equipment costing more than \$1,000 but less than \$5,000,
 - 3. Property acquired on loan from another organization where title does not pass to the University. d. Firearms

IV. POLICY

- A. Responsibilities of UMBI Units
 - 1. Consistent with VIII - 1.10 (A) UMBI Policy for Capitalization and Inventory Control, UMBI will establish standards for inventory control to include an

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approved asset management system. UMBI Comptroller's Office will establish asset classes, approve all new asset classes and define uses.

2. Each unit head shall designate an individual at the unit who is responsible for ensuring compliance with the Board of Regents and UMBI policies with regard to non-capital sensitive equipment control. This individual shall be responsible for establishing record keeping, tagging and reporting procedures within the unit, subject to suitable internal controls.
 3. Each unit is responsible for maintaining a perpetual inventory of all non-capital sensitive equipment within their custody. Excluded from this record-keeping responsibility is any equipment on loan from another unit that is maintaining the equipment on their file.
 4. Each unit is responsible for updating the inventory records of all non-capital sensitive equipment in their custody on a monthly basis. In addition, equipment acquired with restricted federal funds shall be separately noted.
 5. Each unit is responsible for performing an annual physical inventory of all non-capital sensitive equipment. In addition, the results of the physical inventory shall be reconciled to the units' perpetual records. All differences shall be investigated and resolved within three months.
 6. Deletions from the equipment inventory record must be requested through the UMBI Comptroller's Office. The request shall include the reason for the item's removal and must be approved by the Center Director or designee. The central administrative units' deductions must be approved by the Vice President for Operations and Finance. All deletions of inventory records will be performed by the UMBI comptroller's office. (Disposal of surplus equipment is governed by UMBI Policy VIII-1.20).
- B. Valuation For equipment purchased, the valuation is the net amount paid. Trade-in allowance is included in the asset value. Freight and installation costs are also included if they are shown on the original invoice or if amounts are readily available on related documents.

The valuation of fabricated equipment includes all identifiable costs such as drawings, blueprints, component parts, materials, and supplies consumed in fabrication, labor and installation. Equipment inventory records should also include items that meet the above specifications for which UMBI is the custodian rather than the owner. Ownership of this equipment must be identified in the inventory records. These items should be included in the inventory records for tracking purposes only and they are not to be reported in the financial statements.

V. PROCEDURE(S)

- A. Maintaining Records The responsibility for maintaining the perpetual inventory of all sensitive equipment is as follows:

Consistent with VIII - 1.10 (A) UMBI Policy for Capitalization and Inventory Control, newly received sensitive equipment must be tagged immediately after it is received on site. Each center or facility must designate an individual responsible for tagging equipment. This person may also update the inventory records.

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Information in the approved inventory system must at a minimum include required fields as defined in the inventory system's user's manual.

- B. Physical Inventory A physical inventory must be performed by an individual who is independent of the tagging and record-keeping process for the inventory control records. When performing the physical inventory, the individual is looking for all capital and sensitive equipment items that currently exist at the center or facility. Documentation for the physical inventory taking shall include:

Name(s) of personnel responsible for the count:

Date(s) of the count:

Verification of the tag number on all items.

Location of the item;

Identification of equipment items that do not correlate to items on the inventory control listing;

Preparation of a list of all items found but did not appear in the inventory system. These must be added to the inventory system at acquisition value (and tagged, if necessary);

Preparation of a list of all items in the inventory system that were not found. These items must be investigated further to determine why they are missing; and,

Preparation of a list of all items that appear to be damaged, not in use, or in storage. Ask responsible person what, if any plans there are for the item(s).

The procedures for the disposal of surplus property are covered in the UMBI Policy VIII-1.20, "Disposal of Surplus Property."