

SOUTHWEST TENNESSEE COMMUNITY COLLEGE**SUBJECT:** Equipment Inventory Control**EFFECTIVE DATE:** July 1, 2000/Revised: January 12, 2005**I. INDEX**

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II. PURPOSE

The purpose of Southwest Tennessee Community College's equipment inventory control procedures is to provide reasonable assurance that all equipment items in the possession of the college are safeguarded against waste, loss, unauthorized use or misappropriation. A computerized master file of all equipment items is maintained and includes, at a minimum, the following information: equipment tag number as assigned by the college, description of the item, location, purchase order number, and cost of acquisition.

III. DEFINITIONS

Equipment (capital asset) items are tangible, personal property and may include instructional, office, and computer equipment; furniture, and similar items. Excluded are supplies, library books, software, microfilm, magazines, and assets permanently attached to buildings.

Responsible Administrator: V. P. of Bus. , Finance,
& Information Systems

Source of Policy: Financial & Admin. Ser. **TBR Policy Reference:** 4:02:20:00

Related Policy: N/A **TBR Guideline Reference:** N/A

Approved: _____ **Date:** January 12, 2005
President

Equipment, for the purpose of this procedure, must meet all of the following criteria:

- 1) Movable - not built in or permanently attached to a building or other structure.
- 2) Non-expendable - not consumed with use; more feasible to replace parts and/or repair than to replace the item.
- 3) Durable - has a useful life of more than one (1) year.
- 4) Unique - retains identity even when incorporated into a different or more complex unit.
- 5) Unit Cost – the cost of an equipment item is generally five thousand dollars (\$ 5,000) or more per unit; most items costing under five thousand dollars (\$ 5,000) will be excluded from inventory. The cost of equipment includes the purchase price, transportation costs, installation costs, and other direct costs involved in preparing the asset for use. Separate maintenance agreements are not included in the cost.

IV. RESPONSIBILITY FOR EQUIPMENT

- A. **General** - Vice presidents, deans, directors, and other appropriate budget administrators are responsible for the custody, maintenance, and security of all equipment purchased for, or assigned to, their respective departments. All college employees should be cognizant of procedures for the proper care and security of any college-owned equipment.
- B. **Acknowledgment of Responsibility** - Each college official to whom equipment is assigned will sign the appropriate form acknowledging receipt and acceptance of responsibility for the item(s). Signatures on requisitions, receiving reports, or Property Transaction Record forms will serve to establish individual custodial responsibility as well as departmental responsibility. Officials must secure written receipts relieving them from responsibility when items are removed from their area of accountability.
- C. **Ownership** - Ownership of equipment items purchased with departmental funds, special equipment appropriations, or acquired by gift or contract, rests with the State of Tennessee. Equipment may be reassigned by proper authorities at any time with the exception of equipment purchased with certain federal grant funds.
- D. **Loans and Removal from Premises** - College equipment is for use in the conduct of Southwest business; personal use is prohibited. Removal of college-owned equipment from the campus for repair requires the completion of a Property Transaction Record form. Any other removal of equipment from campus, including release to an employee's custody, must be authorized in writing.

by the respective President's staff member and a copy of the Property Transaction Record form must be forwarded to the Inventory Clerk.

- E. **Inventory Clerk** - The Inventory Clerk, under the direction of the Director of Fiscal Operations, is responsible for maintaining the college computerized equipment inventory, affixing Southwest property decals to new acquisitions, and coordinating other aspects of equipment inventory control.

Department personnel should contact the Inventory Clerk, or the Director of Fiscal Operations for guidance, assistance, and information relative to the equipment inventory.

In no way does such assistance diminish the primary responsibility for equipment as outlined in item IV-A of this policy.

- F. **Equipment Inventory Representatives** - The budget administrator has full responsibility and accountability for the custody of equipment and the correctness of departmental inventory records. Each budget administrator may designate one employee as their "equipment inventory representative." This individual will coordinate equipment inventory matters with the Inventory Clerk and carry out control responsibilities as assigned by their supervisor. This representative should be either the budget administrator, or an employee within the unit who fully understands the college's equipment inventory procedures.

V. INVENTORY AND CONTROL

- A. **Decal Numbers** - Basic control and identification of inventory items is accomplished through the use of a serially numbered metal decal attached to the equipment item. Some items, due to their nature, may have the inventory number etched or painted onto their surfaces.
- B. **Additions to Inventory** - The Inventory Clerk is responsible for affixing a Southwest property decal to all equipment within a reasonable period of time (to be determined by the Director of Fiscal Operations) after payment for the item has been made. The Inventory Clerk will contact the appropriate equipment inventory representative to obtain the location (building and room number) of the item.
- C. **Deletions from Inventory** - The deletion of equipment from the college's inventory can only be made by following the procedures outlined in Section VI. Deletions cannot be accomplished by crossing out the item on the department's Annual Physical Inventory Confirmation listing. "Cannibalizing", or combining the usable parts of two (2) or more items to make one (1) working unit, is allowed only upon written authorization by the dean or appropriate member of the President's staff.
- D. **Transfers** - The transfer of inventory items between departments requires the completion of a Property Transaction Record form. Transfers are initiated and the form completed by the department

receiving the item. The completed, properly authorized, Property Transaction Record form should then be forwarded to the Inventory Clerk.

An E-mail message may be utilized as a means of notifying the Inventory Office of the movement of equipment from one room to another **within a department**. This message should include the following information: departmental account number, inventory tag number, brief description of the item, building name(s) and room numbers of both the previous and new locations.

- E. **Physical Inventory** - An annual physical inventory will be completed prior to the end of the college's spring term.

Normal inventory procedures are as follows:

A listing of the equipment master file will be printed and sorted by departmental account numbers. These listings will be distributed to vice presidents, deans, directors, and budget administrators responsible for the equipment in their respective areas. Discrepancies, corrections, etc. are to be noted directly on the printout in **RED** ink. The verified listings are then signed and dated by the budget administrator and returned to the Inventory Clerk by the date indicated on the cover memo.

Items that have been located should be indicated as such by placing a check mark by the item on the printout signifying that the information is correct. Every effort should be made to locate and verify all items listed on the report. If an item cannot be located it must be so marked on the printout and a Property Loss Report form be completed by the department and approved by the appropriate member of the President's staff.

If any equipment is resident in the department but not listed on the printout, it should be listed on the bottom of the report. All available information should be included (i.e. tag number, location, description, serial number).

Following completion of the procedure described above, all inventory listings are to be returned to the Inventory Clerk, who will make the necessary changes to update and correct the equipment master list.

Unannounced, random checks of departmental inventories may be performed by State Audit, Internal Audit, or the Inventory Clerk.

- F. **Reconciliations** - New equipment purchases are reconciled to the Financial Records System (FRS) monthly. Additionally, a monthly reconciliation of the change in equipment balance year-to-date to the FRS equipment balance year-to-date is performed. These reconciliations are the responsibility of the Inventory Clerk.

- G. **Inventory Information** - The following information is maintained by the Inventory Clerk in the master file for use in the identification and location of college equipment:
- 1) Building codes
 - 2) Room numbers
 - 3) FRS account number for the responsible department
 - 4) Source of funds for equipment acquisition
 - 5) Equipment description

VI. DELETION OF EQUIPMENT

Deletions from the equipment inventory occur when items are lost, stolen, destroyed, traded, sold, become unserviceable or obsolete, or are declared surplus to departmental needs. Any disposal of property other than by loss, theft, destruction, or trade-in requires the approval of the President.

- A. **Lost, Stolen, or Destroyed** - Lost, stolen, or destroyed items must be reported immediately to the Public Safety Office. The Director of Public Safety will prepare a Property Loss Report form for the TBR and will forward a copy of the report to the Inventory Clerk and to the Director of Internal Audit.
- B. **Trade-Ins** - When a trade-in is incorporated in the proposed purchase of replacement equipment, the department must initiate a Property Transaction Record form listing the STCC property decal number, general description, account number, and indicating that this transaction is a "trade-in". This record, along with the purchase requisition for the new item of equipment, is sent to the Purchasing Department. At the discretion of the Director of Purchasing, based upon knowledge of college needs, the item may be traded. When the property is relinquished, the department returns the STCC property decal to the Inventory Clerk. The Director of Purchasing approves the Property Transaction Record form indicating that the transaction is a "trade-in" and forwards a copy of the Purchase Order and the Property Transaction Record form to the Inventory Clerk. With the above authorization, the Inventory Clerk deletes the item from the college's equipment inventory.
- C. **Surplus Items** – The Shipping and Receiving Department, reporting to the Director of Purchasing, will maintain surplus property records and supervise college auctions. Departments requesting to surplus equipment items must initiate a Property Transaction Record form which is forwarded to the Inventory Clerk after approval by the Director of Purchasing. Please refer to TBR Policy No. 4:02:20:00 for additional information on surplus items.

- D. **Cannibalization** - Departments requesting to cannibalize equipment must initiate a Property Transaction Record form which requires approval of the appropriate dean or director. The approved Property Transaction Record form and the property decal(s) from the equipment item(s) must be forwarded to the Inventory Clerk.
- E. **On Site Disposal** - Departments requesting to dispose of equipment items which have no salvage value must initiate a Property Transaction Record form which requires approval of the appropriate dean or director. The approved Property Transaction Record form and the property decal(s) from the equipment item(s) must be forwarded to the Inventory Clerk.
- F. **Zero Value** - Departments requesting to retain items with expended useful lives and nominal salvage value must initiate a Property Transaction Record form requesting the removal of the item from inventory. After approval by the appropriate dean or director, the Property Transaction Record form, and the Southwest property decal(s) from the equipment item(s), must be forwarded to the Inventory Clerk.

VII. MISCELLANEOUS

- A. **Donation of Equipment to the College** - Equipment may be donated to the college through Southwest Tennessee Community College Foundation (See TBR Policy 4:01:04:00 "Solicitation and Acceptance of Gifts"). The In-Kind Gift/Donation Report form must be completed in its entirety by the Shipping and Receiving Department before the gift is officially accepted by the College. The benefiting department must forward the completed In-Kind Gift/Donation Report form to the Development office. This department must then forward a copy of the completed In-Kind Gift/Donation Report form to the Inventory Clerk.

Upon receipt of the completed and properly authorized In-Kind Gift/Donation Report form, the Inventory Clerk will add the equipment to the inventory master file.

The Development office is required to file IRS Form 8282, Donee Information Return, if a non-cash contribution valued in excess of \$500 is disposed of within two years of receipt.

Inventory polices and custodial responsibility for donated equipment items are the same as those for purchased items.

- B. **Equipment Purchased with Grant Funds** - Equipment purchased with grant funds will be tagged with Southwest Tennessee Community College property tags and inventoried as college-owned equipment unless the terms of the grant give ownership of equipment to the grantor. Final disposition of equipment purchased from grant funds may vary depending upon the terms of the grant.

The title to all the equipment purchased by the College under the provisions of the Job Training

Partnership Act resides with the U.S. Government.

- C. **Tennessee Technology Center at Memphis (TTCM) Equipment Inventory** - TTCM Equipment inventory is maintained by personnel at TTCM. The inventory may be spot-checked by the Internal Auditor and/or the Division of State Audit.

- D. Sensitive Items – Items of a sensitive nature, valued between \$1,000 and \$5,000, are not considered “equipment” for inventory purposes. However, it is the College’s responsibility to safeguard these items against theft, misuse, or misappropriation. Sensitive items include all PCs regardless of cost. The academic or administrative department acquiring a resource and having ultimate responsibility for its use and care is the “custodial department.” As is the case with equipment inventory items, the custodial department must immediately report lost, stolen or destroyed items of a sensitive nature to the Public Safety Office.

Purchases of sensitive items are charged to the following object codes: PCs and printers – 4596; all other sensitive items – 4595. Information Systems staff maintains an unofficial catalog of desk top computing items, by serial number, for the purposes of obsolescence management/replacement and software licensing compliance. Whenever sensitive items are deployed or moved, Property Transaction Record Forms are executed. The custodial department head signs the form acknowledging receipt and responsibility for the stewardship of these items. The three part Property Transaction Record Forms are maintained as follows: custodial department, Information Systems – filed in date order, Information Systems – filed in departmental order.