

# Oklahoma State University Policy and Procedures

## INVENTORY OF MOVABLE EQUIPMENT

3-0125  
BUSINESS & FINANCE  
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### INTRODUCTION AND GENERAL STATEMENT

1.01 The **Inventory** Section maintains the necessary records to produce a current **inventory** of all movable equipment for which the University is accountable. Each item is appropriately marked and coded to be readily identified and located with ease.

1.02 The **Inventory** Section is administered by the Property Coordinator, whose line of administrative responsibility is through the Business Manager to the Vice President for Business and Finance.

### PURPOSE AND SCOPE

2.01 The purpose of the **Inventory** Section is to establish and maintain a current **inventory** of movable equipment in custody of the University, including the item nomenclature, location of each item in the **inventory**, the original cost of the item, and the source of funding used to purchase the item.

2.02 An item shall be classified as an equipment **inventory** item if it has a useful life of five years or more with an acquisition cost of at least \$250 and is a complete and independent item which does not lose its identity or become a component part of another item.

2.03 Vehicles, including farm tractors and aircraft, are to be placed on the equipment **inventory** regardless of acquisition value.

2.04 Contractual agreements governing some grant or contract funds and acquisitions from federal or state excess property pools require equipment items not meeting the University's definition of equipment to be held as accountable property. In these instances, the agreement conditions prevail over OSU policy. By reference, Policy and Procedures Letter 3-0127, Federal Property Management Standards, is made an integral part of this policy and procedures letter.

### UNIVERSITY POLICY AND STATE LAW

3.01 This policy has been established to assign the department head the responsibility and accountability for movable equipment purchased by or assigned to a department and forms the basic principle of the **inventory** system. It is essential that all employees recognize the concept of institutional ownership and accountability with departmental responsibility.

3.02 Transfer of movable equipment shall not be made from building to building or from department to department within the same building without reporting such activity to the **Inventory** Section. Transferring equipment from department to department shall require completion of a Movable Equipment **Inventory** Change Request form (Exhibit 1) to transfer accountability to the new responsible department. Equipment location may be updated by a memo signed by the department head.

3.03 As a state-supported institution, the University is required to conform with State Law, Title 74, Section 110, Paragraph 1 (as amended June, 1986), which is quoted as follows:

"The State Board of Public Affairs shall maintain a current **inventory** of all equipment owned by state departments, boards, commissions, institutions or agencies of the state excepting equipment used in medical education and research costing less than Two Hundred Fifty Dollars (\$250). The State Board of Public Affairs **inventory** shall consist of machinery, implements, tools, furniture, livestock, vehicles, and other apparatus that may be used repeatedly without material impairment of its physical condition and which has a calculable period of service and a value of over Two Hundred Fifty Dollars (\$250). The State Board of Public Affairs shall cause all such articles to be properly coded, tagged or marked in such a manner that they may be readily identified as property of the State of Oklahoma and that records may be maintained thereof. All state departments, boards, commissions, institutions, or agencies of the State of Oklahoma will make available to the State Board of Public Affairs support personnel to check inventories."

3.04 Equipment procured with OSU Foundation funds or donated to the OSU Foundation or to the University for its use and benefit is accountable property provided that the criterion set forth in Paragraph 2.02 are met. The Foundation shall establish a fair market value (acquisition value) for each item which is received as a gift. The acquisition value for gifts to the University shall be established by the administrator(s) of the receiving division(s) or unit(s), subject to review by the Business Manager's Office. Notification of gifts shall be submitted to the **Inventory** Section by the Foundation in a timely manner.

3.05 Department heads shall take, or cause to be taken, a biennial physical **inventory** of all equipment for which he/she is accountable (Exhibit 2). There is no provision for waiver of the biennial **inventory** requirement.

3.06 Oklahoma Session Law, 1949, Page 419, Section 3, reads in part:

"In connection with every cash sale of state equipment, for the purpose stated in this Act, the Business Manager's Office shall publicly advertise the sale of equipment or secure at least three (3) bids in writing. The record of sale, including the bids received shall be considered a matter of public record and shall be maintained for a period of not less than ten (10) years."

3.07 Selling, trading, or deleting from **inventory** any item of University-owned or non-owned equipment is not within a department head's authority. This responsibility and authority has been

assigned specifically to the Business Manager's Office. This policy also applies to the disposal of scrap, salvage, broken or obsolete equipment, and surplus supplies.

3.08 Policy and Procedures Letter 3-0126, Disposition of Surplus Property, explicates University policy for disposal and handling of surplus, inoperative, or obsolete equipment. This policy statement also defines the requirement for handling excess or salvage materials and supplies.

3.09 When changes occur in department heads, the outgoing department head is responsible for informing the incoming department head of his/her responsibility and accountability for equipment in custody of the department. If time permits, a physical **inventory** should be conducted verifying the presence of the items on the **inventory** listing. The outgoing department head should get a receipt from the incoming department head acknowledging transfer of equipment responsibility and accountability.

3.10 The use of University equipment by individuals or organizations for activities not directly connected with the University is prohibited. University-owned or controlled equipment shall not be removed from the University premises except in cases where such equipment is to be used in the line of official duty.

3.11 The use of University vehicles is restricted to official University business.

## PROCEDURES

4.01 The department head is responsible for all equipment purchased for or assigned to the department and shall promptly report any acquisition, transfer, or loss of equipment to the **Inventory** Section.

4.02 Stolen equipment should be reported to the OSU Police at once. A Movable Equipment **Inventory** Change Request (ICR) form should be completed and submitted to the **Inventory** Section to update the equipment data base. A copy of the Police report detailing the theft should accompany the completed MEICR form.

4.03 Purchase of **inventory** items is the most common method of acquisition. When a purchase is made and the equipment is received, the item is to be reported on the ICR form (Exhibit 1.) This form originates in the **Inventory** Section. The **Inventory** Section is responsible for entering the requisition number, vendor, and acquisition code (A1-Purchase) from the payment processed by the Accounting Section.

a. The **Inventory** Section shall also complete the following information from the accounting claim document, augmenting information as necessary to the completion of the form from personal departmental contact:

(1) Responsible Department - Enter the responsible department name.

(2) Resp. Dept. - Enter the responsible department **inventory** number by showing the agency, ledger and departmental account number.

(3) Project - This space is reserved for use by Agricultural Experiment Station, Federal Extension Service, International Programs, and government furnished property, where appropriate.

(4) Sub Code - This space is for departmental use only and can be used to indicate sub-departments within a department.

(5) Acquisition - The department is to use this space to indicate the month, day and year in which the equipment was received. (Example: June 1, 1982 will be shown as 06 01 82)

(6) Serial No., Item Description & Mfg'r - The department is to use this space to enter in the following sequence: The serial number, the item description, the manufacturer, and the model number, if enough space remains. This information should be entered exactly as the department wants it to appear on the **inventory** listing. Only 50 spaces are available in the computer print-out format to accept this information.

(7) Bldg. - The department is to place in this space the building code number and the building in which the equipment is located. Building code charts are available from the **Inventory** Section.

(8) Room - The department is to enter the room number where the equipment is to be located.

b. The **Inventory** Section will enter the cost and quantity. The yellow copy of the ICR form will be left with the department when the equipment is tagged.

c. The department head accepting responsibility and accountability for the equipment is required to sign the certification in the space provided at the time equipment is tagged by the **Inventory** Section.

4.04 Acquisition of **inventory** items may be secured by construction, gift, transfer or "other." Each department head must report such transactions to the **Inventory** Section by filing a ICR form. If the **inventory** items are acquired by construction, gift or "other," the **inventory** change request form is to be initiated by the acquiring department. This form is to be completed in the same manner as for acquisition of **inventory** equipment by purchase, with the exception being that the acquiring department is to fill in the acquisition code applicable to the acquisition in the column titled "AC." The completed form is to be submitted to the **Inventory** Section. The blue copy is to be retained by the department. The yellow copy will be left with the department when the equipment is tagged. The addition of equipment by transfer reporting procedure is explained in paragraph 4.06a.

4.05 Procedures for equipment acquired by donation through the OSU Foundation shall be as follows:

- a. Upon receiving notification of donated equipment from the OSU Foundation, as detailed in paragraph 3.04, the donated items shall be reviewed for compliance with the University's definition of equipment contained in paragraph 2.02.
- b. Based on information provided by the OSU Foundation, a ICR form shall be generated by the **Inventory** Section to add donated items meeting the definition of movable equipment. The ICR form shall be coded with an owner code of "0231" indicating donated, restricted University equipment.
- c. A letter (Exhibit 3) shall be sent to advise the responsible department head of the notification of donated equipment as well as the IRS rule which requires the University to hold donated items valued at \$5,000 or more for two years from the date of receipt (IRS Reg. 1.170A-13T Section 6050L) before being released from IRS reporting requirements. A copy of this letter shall be maintained in the **Inventory** Section responsible department file.
- d. The donated equipment shall be tagged and placed on OSU movable equipment **inventory** by the **Inventory** Section.
- e. Any property released for disposition by a department will be reviewed to determine if it was donated to the University. This review will key on the owner code explained in Section b above for items donated after February, 1998. For items acquired prior to February, 1988, a search of information available to the **Inventory** Section shall be made to determine if the items were donated.
- f. A letter (Exhibit 4) will be sent to the OSU Foundation advising them of the disposition request for any equipment item coded 0231.
- g. Should there be no response to the notification in Section e above by the stated cutoff date, the **Inventory** Section will proceed with the disposition of the property in accordance with University policy as detailed in OSU Policy and Procedures Letter 3-0126, Disposition of Surplus Property.
- h. The **Inventory** Section will make a periodic review of equipment carrying the "0231" owner code to ensure the coding is correct. Items donated more than two years previously will be updated to indicate owner code "0131." Code "0131" will identify donated equipment which the University can dispose of without IRS penalty to the donor.
- i. Should there be restrictive covenants set at the time of donation of equipment not covered herein, the OSU Foundation shall notify the **Inventory** Section of the restrictions at the same time that notification of donated equipment is sent to the **Inventory** Section. The restrictive equipment shall be maintained on file by the **Inventory** Section. Such equipment shall carry the "0231" restrictive owner code in accordance with the restrictive covenants rather than the limitations stated in Section h above.

4.06 Removal of items from the **inventory** lists may be requested by notifying the **Inventory** Section through use of the ICR or by the Report of Surplus, Obsolete or Junk Property for Disposal form (Exhibit 5). All forms indicating removal because of loss or theft must be authorized by the department head. **Inventory** change requests for removal of items due to theft or loss with an aggregate acquisition value of \$5,000 or more must be authorized by the college dean. If the removal request originates in a division or department that does not have a dean, removal must be authorized by the appropriate vice president.

4.07 Other equipment removal situations are to be handled in the following manner:

a. Interdepartmental Transfer - The interdepartmental transfer code A5 is used by the department to indicate that removal is due to transfer to another department. Removal by transfer to another department is shown in the addition section of the change request because the equipment is actually being added to another department. There is no need to show the removal by transfer in the removal section. The **inventory** number and item description, etc. are to be completed by the department originating the transfer. The change request form is to be signed by the department head. The department retains the blue copy and transmits the remaining copies to the receiving department. On the receipt of the change request form, the receiving department is to enter the responsible agency, department, project, subcode, building and room number in the spaces provided. The receiving department head is to sign the change request form accepting responsibility and accountability. The department retains the yellow copy and transmits all remaining copies to the **Inventory** Section, which will update the master **inventory** file.

b. Trade-In - If an item is used as a "trade-in" on new equipment, the **inventory** tag is to be removed and attached to the ICR form. Use the trade-in code R6 in the "RC" column and, by exception, use the shaded area marked "requisition" to provide the **Inventory** Section with the requisition number of the new equipment on which the old item was used as a trade-in. Place the **inventory** number and item description in the appropriate columns for item traded-in in the removal section. The department head is to sign the form indicating request for release of responsibility and accountability. The department keeps the yellow copy of the change request and transmits the remaining copies to the **Inventory** Section. The new item will be tagged after notification of payment for the new equipment has been received (from the Accounting Section) in the **Inventory** Section.

c. Returned to Title Holder - If the removal occurs by returning the equipment to the title holder (an agency other than the University), the code R7-Returned to Title Holder is to be used and an explanation entered in the space provided. The **inventory** number and description is to be shown and the form signed by the department head. (In certain areas, the dean's signature is required.) The metal **inventory** tag is to be removed by the department and attached to the

Movable Equipment **Inventory** Change Request. The yellow copy can be retained by the department, with all other copies transmitted to the **Inventory** Section.

4.08 Any equipment that is classed as R4-Surplus-Operative or R5-Salvage is to be moved to the surplus warehouse. The surplus warehouse manager will decide on the removal code to be used. The **inventory** number and the item's description are to be indicated in the removal section of the change request. Also, the condition of the item, estimated market value and reason for disposition should be listed as well as a contact person to assist in the efficient pickup of surplus items by personnel of the surplus warehouse. The **Inventory** Section will contact the surplus warehouse for equipment pick-up after the Board of Regents has approved the requested disposition.

4.09 Under no circumstances should any equipment be thrown away. Any exception to this will be decided by the **Inventory** Section.

4.10 Purchases of equipment from the Oklahoma State Agency for Surplus Property require special care in reporting. The following criteria is to be used in selecting which items are to be included in the **inventory** system:

a. All items having government acquisition unit cost of \$250 or more, regardless of service charge, unless there is written authorization to cannibalize the item

b. All motor vehicles and aircraft, regardless of value

4.11 **Inventory** records on items procured from surplus property will be maintained in the same manner as other property in the custody of the University.

4.12 A complete listing of **inventory** items will be sent to each department head at fiscal year-end.

4.13 All departments, without exception, are required to conduct a biennial physical count of **inventory** using an **inventory** listing as a guide. Any differences between the listing and the actual physical count must be reported to the **Inventory** Section. Certification of biennial **inventory** is required. The **Inventory** Verification Report is attached as Exhibit 2.

4.14 **Inventory** Verification Reports must be completed and returned to the **Inventory** Section no later than the due date stated in the letter accompanying the blank Verification Report and detail **inventory** listing. Departments are allowed approximately ten weeks from the time the **Inventory** Section distributes information to complete the Verification Report.

4.15 Departmental equipment **inventory** will be annually tested for compliance with state law and University policy by the Department of Internal Audits.

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