

**COLORADO STATE UNIVERSITY**  
**Financial Procedure Instructions**  
**FPI 4-4**

- 1. Procedure Title:** Property Management – Physical Capital Equipment Inventory
- 2. Procedure Purpose and Effect:** Procedures for any department or organization within the University to comply with a physical capital equipment inventory. There are minimum requirements for the physical inventory of Government owned, University owned, and other sponsor owned property. This procedure is broken up into four sections as it provides guidance on all four steps of the physical inventory process per Federal and University guidelines. Any movement, loan, responsibility change, and/or retirement of capital equipment must be recorded in the Capital Asset Management (CAM) database.
- 3. Application of Procedure:** This procedure applies to those departments/areas which maintain and are responsible for moveable capital equipment.
- 4. Exemptions:** None. Any exemptions to this procedure require approval by the Property Management Office and the Office of Sponsored Programs if required per a contract, grant, or agreement.
- 5. Definitions:**
  - A. Capital Equipment:** Equipment includes items which are not considered an integral part of a University building, are non-expendable, do not lose their identity through incorporation into a more complex unit, have a useful life of more than a year, and have an acquisition cost of \$5,000 or more, or another threshold if set by a contract, grant, or agreement. An item is non-expendable if it is characteristically restored to service by replacement of lost, worn or damaged parts. The acquisition cost of a University purchased item of non-expendable personal property should be recorded as the net invoice unit price of the property including cost of modification, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose of which it was acquired. Other charges, such as cost of installation, transportation (shipping and handling), taxes, in transit insurance, etc., shall be included in the unit acquisition cost. Training and annual maintenance costs are not part of the capital equipment and are expensed in the period incurred.
  - B. CAM:** Capital Asset Management. This is the system of record for fixed assets within the Kualii Financial System.
  - C. CAM Processor Role:** Any Kualii user can view capital assets. The people who apply for and are granted the CAM Processor Role can edit, loan, transfer, and/or retire capital assets.
  - D. Contracting Officer:** The authorized individual delegated by the appropriate authority to enter into a contract and thereafter administer the contract on behalf of the Federal Government.
  - E. Custodial Department:** The University department or unit having physical control of property.

- F. **DPC:** Department Property Contact. This is the person who has been assigned by the department to be the liaison for the Property Management Office.
- G. **Federal Property:** The Property Management Office has been assigned the responsibility of recording all Government owned property in the custody of the University, and for verifying periodic department inventories.
- H. **Government Property:** All property owned or leased by the Federal Government.
- I. **Government Property Administrator:** The individual designated as an authorized representative of the contracting officer to administer the contract requirements and obligations relative to Government property. He or she is an authorized representative of the contracting officer.
- J. **High-Theft Items:** Items of property which are susceptible to being appropriated for personal use or which can be readily converted to cash. This includes, but is not limited to, computers, radios, cameras, microscopes, etc. These items must remain in a secure area when not in use.
- K. **Non-expendable:** Items such as equipment, instruments, and tools that are not consumed in a manufacturing process, and which retain their original identity and characteristics during their useful life.
- L. **Personal Property:** The personal property of University faculty or staff which is located on the campus should be clearly marked "Personal Property of (name)." Personal property is not subject to an inventory and is not covered by University insurance.
- M. **Property Control:** Property Management has been assigned the responsibility of recording all property in the custody of the University, and for verifying periodic department inventories except library books, publications, and educational media, which are the responsibility of the dean/director/department head. Each department head is responsible for the control and maintenance of equipment assigned to the department.
- N. **Sensitive Property:** The Government defines sensitive property as property potentially dangerous to public safety or security if stolen, lost, or misplaced or that shall be subject to exceptional physical security, protection, control, and accountability such as classified property, weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or waste, or precious metals. These items must remain in a secure area when not in use.
- O. **Sponsor or Other Owned:** The requirements for sponsor or other owned property will be specified by each individual contract, grant, or agreement.

## 6. **Procedure Statement:**

A physical inventory of property shall be taken by Property Management and the results reconciled with the CAM property records on a biennial schedule or more often if determined by a contract, grant or agreement or per a sponsor request. The custodial department will review the physical inventory and when agreement is reached with the physical inventory as recorded by Property Management, the department head will certify the inventory. The recipient shall, in connection with the inventory,

verify the current utilization, and continued need for the property. Physical inventories are completed to secure university assets, and assist organizations with effective management of capital equipment. The inventory process is an essential part of ensuring compliance with federal requirements such as the Office of Management and Budget Circulars A110 and A-21. The inventory is completed using a handheld computer with a scanner used to scan the CSU tag number affixed to capital movable equipment. At a minimum, the process includes a physical sighting or other approved method of verification to confirm the existence, location, department, project accountability, and use status of equipment. In general, inventory results are indicators of the overall effectiveness and "level of compliance" with property management processes and controls. Inventory results confirm the accuracy of the property records and are used as the basis for financial, stewardship, and compliance reporting. Results confirm what may be considered as a best practice or may be used to identify areas of potential improvements. Asset accountability is at the department level, with additional stewardship responsibilities at the custodian or user level. Departments are required to meet an inventory performance goal of 98% (100% for sponsor or other owned) which conforms to the current property management industry standard for the percentage of assets located during an inventory cycle. When the desired level is not reached the Property Management Office has a formal process which consists of holding a close-out meeting where recommendations are suggested to the department and a timetable is established for the department to correct any deficiencies. Departments that do not meet the inventory performance goal will be required to submit a corrective action plan to the Property Management Office. This corrective action plan should outline in detail the steps the department will take to improve performance in subsequent cycles going forward. The results of all physical inventories will be sent to the Associate Vice President at the end of each fiscal year for distribution as he/she sees fit.

Property Management notifies the Risk Management Office of additions or deletions of major items of equipment as required for insurance purposes.

When a physical inventory is completed under a contract, grant, or agreement the Property Management Office will submit a listing which identifies all equipment records associated with the contract, grant, or agreement to the Government Property Administrator. The University is responsible and accountable for all Government property in accordance with the provisions of the contract, including property provided under the contract which may be in possession or control of a subcontractor. This responsibility is shared by numerous University personnel, and is specifically delegated as follows:

The Office of Sponsored Programs is responsible for obtaining any sponsoring agency approvals necessary, and for notifying the University Property Management Office of all Government title equipment that is transferred to or from the University through a contract or grant.

Property Management maintains inventory records for all Government, University, and other sponsor owned equipment. Property Management is also responsible for assigning property tags to equipment, for performing inventories in cooperation with the departments, and for providing reports and information from equipment inventory records, including Government property inventory reports. Upon close out of a contract, grant, or agreement disposition instructions will be requested from the agency by the Property Management Office.

Principal Investigator is the person authorized to initiate requests for purchase of equipment or to request restricted or Government excess property for his/her project. The principal investigator is also responsible for proper use, maintenance and security of all assigned property, and for notifying the

Office of Sponsored Programs of any Government property received or transferred and any shortage, damage, loss or theft of Government property.

Purchasing will make procurements approved by the principal investigator and when required the Office of Sponsored Programs. Procurements will be made in compliance with University policy and procedures, general Federal regulations (e.g., OMB Circular A-110), and any special procedures required by the sponsoring agency or specific contract or grant.

**A. SECTION 1: Inventory Kick Off:**

1. The Property Management Office is responsible for the development and implementation of the biennial inventory schedule.
2. The department will be contacted by an Inventory Specialist in order to start the inventory. If the department requests a meeting the Inventory Specialist will set up a time to hold an inventory kick off meeting where the key players from the department will be distributed a listing of all capital equipment within the department. Usually this is for larger departments with one hundred or more assets. If there is no kick off meeting then the department will be notified a week in advance of when an Inventory Specialist will be in their area scanning equipment.

**B. SECTION 2: Inventory Scanning:**

1. The Inventory Specialist will start the inventory by scanning all the capital equipment that is visible to the eye. If there is equipment in a drawer or cabinet or locked up the Specialist will not look there and an appointment will be made to have someone within the department show the Specialist the equipment.
2. During the inventory process the Inventory Specialist will look for untagged equipment that does not appear on the inventory list. An untagged asset not appearing on the list could mean that the asset does not currently exist in the university asset database.
  - a) If an untagged asset having a value of \$5,000 or more is found, and is not on the departmental equipment list, then the Inventory Specialist will need to know how the equipment was acquired by the department (i.e., Gift, Transfer-in, Purchase, etc.)
  - b) Gifts of capital assets occur either by a gift in kind through the Advancement Office or by a direct donation to an organization. The Property Management Office creates gift assets from reports received from the Advancement Office. If a gift asset is not currently on the departmental inventory it must be determined whether the gift has been reported to Advancement.
  - c) Transferred-in capital assets are those assets received from an external organization (usually another university) or government surplus. The following information is required by Property Management to create the assets:
    - i. Account Number (owner account)
    - ii. Source of Acquisition
    - iii. Manufacturer
    - iv. Description
    - v. Location (campus, building, room)
    - vi. Fair Market Value
    - vii. Payment Account Number ( this account will have income/expense posted to it)

- d) If the equipment was purchased through the CSU procurement system the purchase order number must be provided in order to research the item. It is possible that the equipment was expensed incorrectly when purchased. Another possibility is that the asset was retired in error. If this is the case, the retired asset will be added to the reinstate list for manual upload into CAM.
3. If an asset is missing the CSU decal number, a new decal sticker will need to be printed and affixed to the equipment.

**4. PRECIOUS METALS, SENSITIVE PROPERTY, and HIGH-THEFT ITEMS**

Every precaution must be taken to assure the safekeeping of precious metals and sensitive items.

- a) Precious metals must be locked in a safe when not in use. Changes in configuration must be in accordance with contractual provisions including extraction from the original product. Disposal instructions must come from the contracting officer.
- b) Whenever removed from a secure area, the individual removing them must sign for them and indicate the expected time or date when they will again be secured. Any transport off campus of weapons, ammunition, explosives, radioactive materials, or hazardous materials or wastes must be conducted in a manner prescribed or approved by Environmental Health Services.
- c) When in use off campus for an extended period of time or periodic use, a check in-check out procedure must be established.

**5. PROPERTY IDENTIFICATION NUMBER**

The Property Management Office is responsible for tagging all equipment for which the University is accountable. This tag consists of six digits. Ownership can be identified by the first digit of the number:

<u>Tag Number</u>	<u>Title/Owner</u>	<u>Other characteristic</u>
2xxxxx-3xxxxx	University	
5xxxxx	Sponsor or Other	On loan to University
6xxxxx	Federal Government	
7xxxxx	University	Non-depreciable
8xxxxx	Lessor	Leased Item
9xxxxx	N/A	Non-Capital

**C. SECTION 3: Inventory Reconciliation:**

- 1. Once the Inventory Specialist has completed the scanning phase, the DPC will be contacted and provided a report listing the asset(s) that the Specialist was unable to find while scanning.
- 2. The DPC will contact the responsible party listed on the report or any other pertinent party to find out the location of the equipment. Once the location is determined and verified by the department the DPC will contact the Specialist.

3. The Specialist will verify each piece of equipment until all items are accounted for.

**D. SECTION 4: Inventory Close-Out:**

1. If a department successfully accounts for 100% of their assets, the Specialist will deliver an inventory certificate to be signed by the Dean or Department Head and returned to the Property Management Office within two weeks.
2. If a department has any write-offs or assets that are determined to be left as unfound until the next inventory cycle, the Specialist will schedule an Inventory Close-Out meeting where the results of the inventory will be discussed. The Dean or Department Head and DPC must attend the close out meeting. The Campus Services Representative and Department Business Officer will be invited to the meeting.

**7. Reference and Cross-References:**

Property Management website: <http://busfin.colostate.edu/Depts/PropMgt.aspx>

Uniform Guidance 2 CFR 200 is located at: <https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/content-detail.html>

**8. Forms and Tools:**

To apply for the CAM Processor Role please fill out the Application for Quali Financial System located at [http://busfin.colostate.edu/Forms/General\\_Forms/fmkualiapp.pdf#zoom=100](http://busfin.colostate.edu/Forms/General_Forms/fmkualiapp.pdf#zoom=100)

Risk Management Property Insurance Topics and Insurance Forms are located at <http://www.ehs.colostate.edu/WInsurance/home.aspx>

Capital Equipment Inventory Reports and Report instructions are located at <http://busfin.colostate.edu/Depts/PropMgt.aspx> (Under the Reports Heading)