

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

1. **Procedure Title:** Physical Capital Equipment Inventory
2. **Procedure Purpose and Effect:** Procedures for any department or organization within the university regarding physical capital equipment inventory requirements. There are minimum requirements for the physical inventory of government owned, university owned, or other owned property. BFS shall take a physical inventory of property and the results reconciled with the Capital Asset Management (CAM) database on a biennial schedule or more often if determined by a contract, grant, agreement, or sponsor request. The federal government's Office of Management and Budget (OMB) and FAR 52.245-1 governs CSU-Pueblo. This procedure provides guidance on the physical inventory process per federal and university guidelines.
3. **Application of Procedure:** This procedure applies to all departments or organizations that maintain and are responsible for moveable capital equipment. Refer to FPI 4-2, Capital Equipment Loan/Renew/Return, for information on loaned-out equipment and equipment located off campus, FPI 4-5, Capital and Non-Capital Equipment Disposal, for information on disposal of equipment, and FPI 4-6, Non-Capital Assets, for information on tracking non-capital assets, including high-theft items and sensitive property.
4. **Exemptions:** Any exemptions to this procedure require approval by BFS, if required per a contract, grant, or agreement. Circumstances that may warrant inventories being performed more frequently include: award closeout or termination, terms and conditions of a sponsored project, results of a prior inventory, changes in level of departmental compliance, large organizational changes, and emergency response or support.
5. **Definitions:**
 - A. **Accountable Property Officer (APO):** Department heads/chairs (or equivalent position titles) and directors (or equivalent position titles) who are entrusted with fiscal responsibility for their assigned organizational units, including the management of property and equipment.
 - B. **Asset Representative:** A person's name entered on the property record who is a current user of an asset and responsible for the equipment location.
 - C. **Asset Status Code:** An asset record field that identifies if an asset is active or retired.
 - D. **Capital Asset Management (CAM):** CAM is a module of the university Kuali Financial System (KFS). This is the system of record for fixed assets within the Kuali Financial System.
 - E. **Capital Asset Management (CAM) Processor:** Any Kuali user can view capital assets. People need to apply for the CAM Processor role. If granted, the CAM Processor Role can edit, loan, transfer, and retire capital assets, as well as enter non-capital assets into Kuali.
 - F. **Capital Equipment:** Capital Equipment, also known as movable 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, have an acquisition cost of \$5,000 or more, or another threshold if set by a contract, grant, or agreement.

- G. 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.
- H. Corrective Action Plan:** Documented actions taken by a department and future actions the department will take to ensure accurate reporting and responsible management of all capital assets assigned to them.
- I. Custodial Department:** The University department or unit having physical control of property.
- J. Custodian:** The individual in physical possession or control of University property located on campus or at an off campus or non-CSU-Pueblo facility.
- K. Custody:** Custody occurs when the University becomes responsible for the safeguarding and maintenance of a capital asset.
- L. Dean:** A person who is in charge of one or the parts of a University (such as a college or school).
- M. Decal (Tag):** Bar code label in the form of a sticker that is affixed to an asset.
- N. Department Head/Chair (or equivalent position titles):** Principal administrators of the school or college's departments and are accountable to the deans.
- O. Department Property Contact (DPC):** A person or persons assigned by the director or department head/chair to coordinate all matters involving property. DPC's carry out the day-to-day responsibilities within their department and provide guidance to department personnel concerning property matters such as acquisitions, coordination of transfers, equipment at sub-recipient locations, maintenance, physical inventories, and disposals.
- P. Director (or equivalent position titles):** Principal administrators of organizational units, such as institutes, centers, and administrative departments and are accountable to an officer of the administration (or other fiscal principal).
- Q. Found Capital Asset:** An asset that has been located for inventory purposes, or an asset that has been retired in error or incorrectly coded as non-capital.
- R. Government Furnished Property/Equipment (GFE):** Property in the possession of, or directly acquired by, the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants. This could include excess government property and/or transferred property.
- S. Government Property:** All property owned or leased by the government. Such property acquired under contracts with the University includes government furnished property and contractor acquired government property.

- T. 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 in possession of a contractor.
- U. 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.
- V. Non-Capital Asset:** An item that costs less than the capitalization threshold and/or has a useful life of less than one year. Consumables or items that lose their identity when incorporated into a more complex unit.
- W. 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. An item is non-expendable if it is characteristically restored to service by replacement of lost, worn, or damaged parts.
- X. Organizational Unit:** A subset of University operations. An organizational unit may be a department or any other distinct operational activity with the following characteristics: organizational permanency, programmatic autonomy, and an annual operating budget that is fiscally independent.
- Y. Ownership:** Ownership of an asset occurs when the University holds legal title of an asset. Most generally, University funds are disbursed to acquire the asset; however, the title may also be transferred to the University by gift or donation. The asset will be presented individually or in a lump sum total on the financial statements of the University as an addition to the respective campus plant fund when the University has acknowledged ownership of the asset.
- Z. Personal Property:** The personal property of University faculty or staff that is located on campus. Personal property should be clearly marked "Personal Property of (name)." Personal property is not subject to an inventory and is not covered by University insurance.
- AA. Physical Inventories:** Physical inventories of capital assets occur when the Property Management Office either visually inspects or uses another approved method of verification to confirm the existence and condition of assets assigned to and in the custody of the organization.
- BB. Property Control:** BFS 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 their department.
- CC. 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.
- DD. Sponsor or Other Owned:** Property owned by a sponsor or other entity.

EE. Title: Title to acquired property can be dependent upon the contractual obligations in predefined agreements. For contract or grant acquisitions, the Office of Sponsored Programs provides title information. Title to property purchased with University funds rests with the University rather than with a department. Departments that are assigned property for custody and use are held accountable for such property.

6. **Procedure Statement:** To ensure a separation of duties, the primary inventory verification is performed by BFS and the reconciliation of exceptions is performed by the department. Any movement, loan, responsibility change, maintenance, and retirement of capital equipment must be recorded. For all tracked assets, the Capital Asset Management (CAM) database asset record provides a place to record this information.

The Quali Capital Asset Management (CAM) database is used as the data source and system of record for tracking all physical inventory activity of equipment. An Organization Code (Org Code) is used to identify departments or organizations in CAM. When an asset is created, it is assigned to the responsible department by using the department's Org Code. Org Codes are divided between the two Inventory Specialists based upon the number of assets in each Org Code, so that each Inventory Specialist has approximately the same amount of assets to locate. Each Inventory Specialist is responsible for conducting the physical inventory for their assigned organization codes. The inventory process is comprised of planning/scheduling, data verification, inventory reconciliation, reporting and property closeout.

In general, inventory results are indicators of the overall effectiveness and level of compliance with property management processes and controls; confirm the accuracy of the property records; are used as the basis for financial, stewardship, and compliance reporting; and confirm what may be considered as a best practice or may be used to identify areas of potential improvements.

- A. Planning/Scheduling:** 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, including the mandate to perform an inventory once every two years or more frequently.
1. BFS is responsible for the development and implementation of the biennial inventory schedule.
 2. Approximately one week prior to when a department's inventory cycle is to be conducted, BFS will contact the organization's Department Property Contact (DPC) and provide them an inventory list and let them know that an Inventory Specialist will be in their area scanning.
 3. For special circumstances or for larger departments with one hundred or more assets, an inventory kick-off meeting may need to be scheduled.
- B. Data Verification:** The inventory is completed by locating and, using a handheld computer with a scanner, scanning CSU-Pueblo tag numbers (decals) 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 (condition) of the equipment.
1. The inventory will begin with BFS initiating a walkthrough in order to locate and scan all visible capital equipment decals.
 2. BFS should verify the location and review the physical condition of the equipment.
 3. Throughout the inventory scanning process, BFS will watch for and compile a list of any untagged equipment that could be considered capital equipment but is not listed on the department's inventory report.
 4. BFS should also look for missing, damaged, or removed CSU-Pueblo decals on active capital assets. If detected, a new decal sticker will need to be printed and affixed to the equipment.

C. Inventory Reconciliation: Once BFS has completed the scanning phase, the DPC will be contacted and provided a report listing all found assets, any unfound assets, and/or any untagged potential capital equipment that was discovered.

1. The DPC should verify the current utilization and continued need for the equipment and, if needed, update the asset location, condition, and/or responsible person in the CAM database.
2. The DPC should make every attempt to locate all unfound equipment or provide information as to what happened or may have happened to the equipment. When needed, the DPC should contact the responsible party listed on the report or any other pertinent party for assistance.
3. For any untagged equipment discovered that may have a value of \$5,000 or more and not listed on the department's inventory, the DPC will need to research how the equipment was obtained (i.e. Donation/Gift, Transferred-In, Loaned, or Purchased).

Donations/Gifts of capital assets occur either by a gift-in-kind reported through the Advancement Office or by a direct donation to a department or an organization. All gift-in-kinds need to be reported to the CSU-Pueblo Foundation. Facilities Management will receive a monthly report from the CSU-Pueblo Foundation and will use the report to create capital assets.

Transferred-in capital assets are those assets received from an external organization (usually another university) or government surplus. All equipment transferred-in on an award needs to be reported to the BFS. BFS should report any award related transferred-in equipment to Facilities Management.

Purchased through the CSU-Pueblo 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. If so, a General Error Correction (GEC) document will need to be created to capitalize the asset. Another possibility is that the asset was retired in error. If so, the retired asset will be added to the reinstate list for a manual upload into CAM.

4. Once the DPC has either located or exhausted all efforts to locate any unfound assets and/or has fully researched reasons for any untagged equipment, they should contact the Inventory Specialist.
5. BFS will return to verify *and* scan each piece of equipment found, determine what equipment should be recorded as unfound until the next inventory cycle or retired as a write-off (either lost or improperly disposed of), and review the supporting information on the other equipment until all items are accounted for.

D. Reporting: BFS will provide reports and information from equipment inventory records including government property inventory reports. Customized reports may be generated once the completed inventory report has been uploaded into KFS.

E. Property Closeout: Asset accountability is at the department level, with additional stewardship responsibilities at the asset representative and custodian level. Departments are required to meet an inventory performance goal of 98% or higher (100% for federal, sponsor, or other owned) which conforms to the current property management industry standard for the percentage of assets located during an inventory cycle.

1. If a department successfully meets the performance goal, BFS will deliver a Certificate of Completion (Inventory Certificate) to be signed, by the dean, director, department chair, or department head, and returned to BFS within two weeks.
2. Departments that do not meet the inventory performance goal due to write-offs or unfound equipment will be required to attend a formal Inventory Closeout meeting and submit a Corrective Action Plan detailing the steps the department will take to improve performance in subsequent cycles. During the closeout meeting, recommendations will be suggested, the corrective action

plan will be discussed, a timetable established for the department to correct any deficiencies, and the Certificate of Completion is signed. The dean or department head and the DPC must attend the inventory closeout meeting. If deemed necessary, the department will be put on a probationary annual inventory cycle.

3. All closeout meetings and signed Certificate of Completions need to be concluded by the end of the university fiscal year.
4. The results of all physical inventories will be sent to the Office of the Vice President of Finance and Administration (VPFA) and University Controller of Business and Financial Services at the end of each fiscal year for distribution as they see fit.

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

OMB 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>

OMB Circulars A110 and A-21 relocated to 2 CFR Part 220 of the Uniform Guidance are located at: <https://www.whitehouse.gov/omb/information-for-agencies/circulars/> (a) Recipients and sub-recipients that are institutions of higher education or other non-profit organizations (including hospitals) shall be subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507).

OMB Circular A–133: <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/a133.pdf> “Audits of States, Local Governments, and Non-Profit Organizations.” 215.30 Purpose of property standards. Sections 215.31 through 215.37 set forth uniform standards governing management and disposition of property furnished by the Federal Government whose cost was charged to a project supported by a Federal award. Federal awarding agencies shall require recipients to observe these standards under awards and shall not impose additional requirements, unless specifically required by Federal statute. The recipient may use its own property management standards and procedures provided it observes the provisions of § 215.31 through § 215.37.

CFR 220: <http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>

Federal Acquisition Regulation (FAR) part 52.245-1 is located at: http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_237.htm

8. **Forms and Tools:** None.