

UTAH STATE UNIVERSITY

EQUIPMENT INVENTORY OFFICE

PROCEDURE MANUAL

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Equipment Inventory Office

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Equipment Management Procedures

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Equipment Management Procedures

Section A: GENERAL

Purpose

The purpose of the following equipment management procedures is to establish procedures for the management and control of capital and non-capital insurable equipment owned by, or in the custody of, Utah State University (USU). See Utah State University policy 344.2.

These procedures also satisfy the requirements of the federal and state government, and good business practices providing control over government equipment for which USU is responsible.

Equipment Definitions

Capital Equipment - Equipment with an original cost or acquisition value of at least \$5,000 and is depreciated. The title of the equipment is either with USU or will transfer to USU.

Capital Software - Software with an original cost or acquisition value of at least \$100,000. The title of the equipment is either with USU or will transfer to USU.

Departmental Equipment - Equipment with an original cost or acquisition value less than \$5,000.

Government/Contractor Furnished Equipment - Equipment provided to USU by the government or contractor that has an original cost or acquisition value of \$5,000 or more and a normal life expectancy of more than one year. Government equipment does not lose its identity as inventoriable equipment by reason of affixation to real property.

Title

USU has the title (ownership), or will receive the title to all equipment purchased with USU funds and received as gifts or donations. This includes all equipment that is at satellite campuses and locations. USU equipment will be titled and tagged as USU equipment whether in the field or on loan at other institutions.

Title to equipment purchased with funds from a grant or contract will vest according to the terms and conditions of the grant or contract. In most instances title is awarded either immediately or at the end of the contract or grant. Even though title vests with USU, the sponsor may have restrictions on use and disposal of the equipment. Contact the Equipment Management Office for information. USU exercises the responsibilities of ownership for all equipment.

NO department, departmental unit, or member of the staff or faculty may hold proprietary interest in any piece of USU equipment. Regardless of which departmental unit ordered the item, the fund cited, or the budget expensed, the principle of USU ownership prevails.

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Scope

The Equipment Management and Control System applies to the equipment belonging to, or in the custody of, Utah State University. This includes equipment on loan to USU, government/contractor provided equipment, or equipment secured for completion of contracts and grants for research, training and public service.

Related Documents

- i. Federal Acquisition Regulations (FAR) 45
- ii. Office of Management and Budget (OMB) Uniform Guidance A-81
- iii. Government Accounting Standards Board Statements 34 and 35
- iv. Internal Revenue Service (donations)
- v. National Aeronautics and Space Administration (NASA) Grant Handbook
- vi. Department of Defense (DOD) Manual 4161.2-M
- vii. Department of Energy (DOE) – Management of Government Equipment in the Possession of Contractors
- viii. Health and Human Services (HHS) Contractors Guide for Control of Government Equipment
- ix. State of Utah Regulations

Definitions

Accessory Item - An item that facilitates or enhances the operation of equipment, but is not essential for its operation.

Acquisition Value - An assigned value when equipment or other items are donated to USU. It will be provided by University Advancement.

Agency - An entity (e.g. organization, corporation, foundation, or person) from which USU derives external support through contract or grants.

Attachments - Equipment that is originally separate from the equipment item, but becomes a functional part of the equipment. The attachment is dependent on the item to function properly. Costs for attachments are included as part of the equipment at the time of purchase. After the initial purchase is completed, additional attachments must cost at least \$5,000 to be capitalized.

Auxiliary Item - An item without which equipment cannot operate.

Award - A legal document providing external support. Award includes grants as well as contracts.

Capital Or Depreciable Equipment - Equipment that has an acquisition value of \$5,000 or more, is freestanding, and has a normal life expectancy of more than one year.

Components - Equipment that could operate independently, but because it is working interpedently with another equipment item, is considered a component of the equipment.

Equipment Management Procedures

Components that are part of a capitalized equipment item must have a value of at least \$5,000 to be capitalized.

Contract - An agreement with external sponsors for delivery of specific research results or deliverable item.

Contract Administrator - An authorized representative of the Contracting Office assigned to administer the contract requirements and obligations relating to government equipment.

Contractor - Utah State University or Utah State University Research Foundation.

Uniform Guidance OMB A81 - Sets forth standards for obtaining consistency and uniformity among federal agencies in the administration of grants to, and agreements with, institutions of higher education; hospitals; and other non-profit organizations.

Cost – The original cost paid for equipment. The cost of the equipment remains the same during the life of the equipment. It is not adjusted to book value or fair market value.

Custodial Department - Department or unit of USU having physical control of equipment.

Department Property Administrator (DPA) - Person appointed by the dean, department head, or director to be responsible for records, inventory, and other duties pertaining to capital and non-capital equipment belonging to the department or unit.

Departmental Equipment - Equipment with a value of less than \$5,000.

Equipment Manager - Duly authorized representative of USU delegated the responsibility for the Property Control System and the identification and control of all University inventoriable equipment.

Fabricated Equipment - Equipment that is constructed by combining or assembling modular components and/or materials into one identifiable unit. When completed, each component loses its individual identity and the end product becomes an identifiable single unit. Typically, such equipment is made or designed in-house for a specific purpose. In order to be capitalized, the finished product must have a unit cost of \$5,000 or more and a life expectancy of more than one year. Fabricated equipment can also be recorded as departmental equipment if the cost is less than \$5,000.

Federal Acquisition Regulation (FAR) - The primary regulation used by all federal executive agencies in their acquisition of supplies and services with appropriated funds. It is issued within applicable laws under the joint authorities of the Administrator of General Services, the Secretary of Defense, the Administrator of the National Aeronautics and Space Administration (NASA), Office of Federal Procurement Policy, and the Office of Management and Budget. The portion of the FAR that relates to government equipment is FAR Part 45 – Government Property.

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Found Equipment - Equipment with a value of \$5,000 or more the Equipment Management Office found by departments or (EMO) personnel. The equipment is typically found during a physical inventory that does not appear on the inventory list or does not have an inventory number.

Government - United States of America or the federal government, unless otherwise specified as “state government”.

Government Equipment - Special category of equipment defined in FAR Part 45 – government equipment as all equipment owned or leased by the federal government. Such equipment acquired under contracts (federal awards) with USU includes:

Government Furnished Equipment - Equipment in the possession of the government and made available to USU for use under specified contracts and grants.

Contractor Acquired Equipment - Equipment purchased by, or otherwise provided to, USU for the performance of a contract in which the title is vested with the government by virtue of its procurement with government funds.

Excess Government Equipment - Equipment which is no longer required by the current federal contractor(s).

Federal Surplus Equipment - Equipment which has been screened by all federal agencies and generally made available to eligible institutions through the State Educational Agency for Surplus Property.

Grantee - Utah State University.

Insurance - Provides partial funding for the cost of replacing lost, damaged, destroyed, or stolen equipment. Utah State University is self-insured by the State of Utah.

Inventoriable Equipment -

University Equipment - Equipment that has an acquisition value \$5,000 or more, is freestanding, and has a normal life expectancy of more than one year.

Government Inventoriable Equipment - Equipment provided by contract or grant that has an acquisition value of \$5,000 or more and a normal life expectancy of more than one year, or any government property that is required to be tracked by USU. Government equipment does not lose its identity as inventoriable equipment by reason of affixation to real property.

Loaned Equipment - Equipment loaned to USU by an external agency, from one USU department/unit to another, by USU to an external agency or individual, or from one university to another university. If USU is liable for care and custody, loaned equipment will be tagged so that it can be tracked for reporting and audit verification.

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NOTE: Tagging loaned equipment **does not** denote that USU takes possession. Tagging loaned equipment is for information and insurance purposes only.

Motor Vehicle - Any motorized carrier designed primarily for the transportation of persons or property, which is operated on a public road for a distance greater than one-quarter mile.

Departmental Equipment - Equipment Property that has an acquisition value of less than \$5,000. Departments may include items that are targets for theft, such as electronics. The departments will be responsible for conducting the inventory of the departmental equipment.

Inventory Number - A unique number assigned to University equipment. An inventory number is also called an inventory tag, asset tag, or Ptag.

Principal Investigator (PI) - The academic or administrative staff member responsible for initiating and conducting externally funded research, training, or public service project. The individual may also be known as the project director, project administrator, or responsible person.

Special Test Equipment - Either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. Special Test equipment does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

Special Tooling - Jigs, dies, fixtures, molds, patterns, taps, and gauges. Other equipment and manufacturing aids, including all components of this equipment, which are of such a specialized nature that without substantial modification or alteration use is limited to the development or production of particular supplies, parts thereof, or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital equipment.

Sponsoring Departments - The department or unit of USU responsible for the administration of an externally funded project.

State - State of Utah.

University - Utah State University and all affiliates, satellite campuses, distance education centers, and extension facilities.

Equipment Management Procedures

University Equipment - Equipment with a cost equal to or greater than \$5,000 with an expected life greater than one year to which title is vested in USU, whether purchased with University funds or acquired by bequest or gift.

Section B: INSURANCE (See Risk Management for details.)

Policy of Insurance

The State of Utah may provide insurance to cover losses of University equipment. To acquire coverage at reasonable rates certain types of losses may not be insured and a deductible provision will normally be included in the insurance policy terms and be applicable to most losses incurred.

Payment of Deductible Requirement

University departments and operating units have the primary obligation to defray any uninsured losses and to pay the deductible portion of losses of University equipment.

University equipment losses, up to the amount of \$1,000, must be absorbed from the funds available to the department or operating unit which had management responsibility for the missing equipment.

If catastrophic loss is the result of conduct that was not within University guidelines or not in compliance with University policy or procedures an additional \$100,000 deduction may be required.

Exclusions:

USU equipment insurance fund may not cover any part of the loss, damage, destruction, or theft including:

- a. University equipment which was not properly recorded on the records of the Equipment Management Office prior to the loss.
- b. The theft of University equipment was not reported to USU Public Safety Department after discovery of the loss.
- c. Personal equipment owned by University personnel, students, guests, or other individuals, even though said equipment was on University premises at the time of loss.
- d. Equipment used off-campus without the proper approval documentation being on file in the Equipment Management Office.

Procedures for Actions Required In the Event of a Loss

Upon the discovery of a loss of University equipment, the head of the concerned operating unit will:

1. Immediately notify the campus Public Safety Department or equivalent authority in the area and EMO of the loss by telephone, email or in person.

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2. Advise USU Risk Management insurance coordinator of the loss in writing or via the link on Risk Management internet site; with any other relevant circumstances, and send a copy of notification to Public Safety. If the loss does not occur in or near central campus, use the Risk Management internet link as soon as possible to appraise the insurance coordinator.
3. Prepare and supply, upon request, to the responsible University officials a descriptive list of the lost or missing equipment, including USU inventory number(s) and serial number(s) of the equipment in question.
4. Cooperate with investigations by Public Safety or appropriate authority and Risk Management.
5. Prepare and send a completed Request to Retire Asset form to EMO.

Section C: PERSONAL USE OF UNIVERSITY EQUIPMENT

Use of University equipment by employees for personal purposes is not allowed. University owned equipment is not, under any circumstances, to be used for private business or personal profit.

Section D: RESPONSIBILITIES OF DEPARTMENTS AND EQUIPMENT MANAGEMENT OFFICE

Department/Departmental Unit Responsibility

Departments and the EMO have the joint responsibility to track and control all capital equipment. Departments will assist the EMO in the annual physical inventory of capital equipment by informing the entire department of the upcoming inventory, verifying the location of the capital equipment before the actual physical inventory and providing an escort to accompany the EMO personnel during the inventory. An escort who is knowledgeable about the location of the equipment is necessary in order to provide accesses to equipment that may be in locked or sensitive areas. This escort is to accompany the EMO in case access to private offices and laboratories is required. Departments can elect whether or not to track and control their non-capital equipment.

If the departments elect to continue tracking non-capital equipment or selected non-capital items, the EMO can assist them by providing access to Asset View where they can track any non-capital item and run reports.

Maintaining a record of the non-capital items give departments quick information about equipment items in case of theft, changes in responsible person or purchase of similar equipment.

The head of the custodial department and the principle investigator have the primary responsibility for the care, maintenance, records, and control of equipment in custody; whether University owned, owned by a sponsoring agency or on loan to USU. If special contract/grant restrictions or conditions are involved, departments or DPAs initiate the forms or letters

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necessary to inform EMO of all provisions respecting the care, custody, maintenance, records, control, and all transactions involving said equipment. After receiving the forms or letters, EMO will carry out the functions respecting inventoriable equipment. The department head or principal investigator may delegate the responsibilities outlined above to the "Department Property Administrator".

Deans/department heads/directors are responsible for assigning DPA the responsibility as a primary contact for EMO. DPAs will be responsible for all records of University equipment within the department or unit and for all capital and non-capital equipment. A change of DPA should be recorded on a Department Property Administrator Change form and sent to EMO.

DPA Responsibilities

- A. Maintaining all records for capital and departmental equipment.
- B. Initiating reports to EMO regarding all changes to capital equipment.
- C. Updating EMO on the location and responsible persons for all capital equipment.
- D. Support EMO in the annual physical inventory of capital equipment assigned to that department/unit. (See Inventory Guidelines).

Location of Equipment

The location of each item of capital equipment will be noted in the departmental records and in Asset View. Current records, including movement of capital equipment, will be maintained in such a manner that any item of capital equipment can be located for inspection or inventory purposes within a reasonable time. The custodial department or DPA will notify EMO of any changes in the department regarding responsibility of equipment by submitting the Equipment Record Change form. Location codes have been or can be assigned to all areas that pertain to Utah State University.

Physical Security

The head of the custodial department, the DPA and the principal investigator, if a contract/grant is involved, will make adequate provisions for the physical security of the equipment in their custody. Areas containing equipment will be kept locked after business hours or when not in use. Special precautions need to be taken in the case of high-value portable equipment that is a target for theft. A responsible person should be assigned to all equipment items for the physical security and responsibility of equipment.

Utilization of Equipment

Annually, the head of the custodial department and the DPA will review the use of capital equipment in the custody of the department. Any unneeded equipment should be reported to Surplus Sales for resale or reuse.

Storage and Movement

When capital equipment is temporarily idle, but required for authorized future use, it must be stored in accordance with sound business practices and adequate protection

Equipment Management Procedures

from corrosion, contamination, and damage to sensitive parts. Sludge, chips, and cutting oils will be removed from capital equipment.

Departments or DPAs must document what capital equipment is in storage. The capital equipment needs to be easily located upon request. This information can be recorded on the Storage form. This form needs to be sent to Equipment Management Office for update of the storage location on the equipment records. The equipment must be adequately protected while being moved. This entails proper packing, covering, skidding, equipment handling techniques, and safety precautions.

Government equipment may be moved to an off-campus site only with the prior approval of the Contract Administrator. A shipping document, transfer document or similar instrument must be obtained and filed in EMO.

Segregation and Commingling

Usually, government equipment is physically separated from University equipment. However, when it is consistent with the best use of said equipment in carrying out the terms of the contract/grant, the property may be commingled. This provision does not modify the requirement for identification and recording of the government equipment.

University equipment used in the field, common areas of satellite campuses, distance education sites, and extension facilities will be identified as Utah State University equipment with the required entries made for location in the Equipment Management fixed asset system. At no time is Utah State University equipment to be gifted or loaned without proper paperwork. Commingling of equipment is allowed with proper documentation of title and when proper inventories are maintained.

Care and Maintenance

The custodial department will provide the necessary care to maintain the equipment in the condition received or better, normal wear expected, in order that the most useful life is secured. The maintenance program will be preventive in nature, providing lubrication, cleaning, calibration, and inspection on a regular schedule. Per Uniform Guidance OMB A-81 maintenance records need to provide the description, date of maintenance, actions performed, details of inspection, and deficiencies discovered or corrected. With respect to government equipment, such records are made available to the Contract Administrator.

Maintenance records shall be kept in a secure location by the custodial department. The DPA should keep these records, or be granted access to them, as needed.

Equipment Management Office Responsibility

USU is responsible for all of the equipment to which it holds title. Custodial responsibility for other equipment rests with USU to the extent that it has explicitly agreed to accept responsibility therefore.

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Equipment Management Office Responsibilities

- A.** Responsible for the Banner Database and Asset View database which lists all equipment. All changes to the database regarding capital equipment will be directed to the EMO for update. This will include any transfers between departments, colleges, and changes indicated on all departmental equipment inventories.
- B.** Generate inventory tags and affix tags on all capital equipment as well as titled and licensed vehicles, off-road all-terrain vehicles and trailers regardless of cost. Satellite, distance education, or extension offices will receive tags from the EMO and will affix the tags to the equipment. EMO will issue USU inventory number tags, send tags to the department DPAs for identification (tagging).
- C.** Conduct or oversee all annual inventories of capital equipment, government/contractor furnished equipment, loaned equipment, titled and licensed vehicles, off-road all-terrain vehicles and trailers regardless of cost.
- D.** Advise all members of the faculty and administrative officers of their obligations for the use, care, maintenance, and safekeeping of all equipment under the control of their respective department or units.
- E.** Provide written instructions relating to the control of capital equipment for USU is responsible.

Section E: EQUIPMENT COST

EMO records the cost of equipment acquired through purchase orders, on campus expenditures, P-Cards, and check requests. It is important to use the correct account codes when purchasing equipment.

The cost of a piece of equipment is the actual “out of pocket expense” and includes the following: attachments, trade-ins (see below Section F), custom duty charges, freight charges, installation, and training costs.

Equipment accessories purchased for existing equipment may, depending on their nature, be entered on the records as separate items of equipment (component) or added to the value of the original equipment (attachments). In most cases, it will be added to the value of the original equipment.

If the equipment is purchased using purchase orders, the Banner Fixed Asset and Asset View will record the invoice number(s), cost(s), index(s) and account(s) used on the purchase order. The financial purchase information must be recorded in the document text field of the asset record, when it is not automatically recorded in the Banner Fixed Asset or Asset View, such as when equipment was purchased using a P-Card or the PTAG record was created manually.

If a spreadsheet is required to allocate all costs across multiple invoices and P-Card charges, a copy of the spreadsheet should be made available and attached to the inventory record in the Banner Fixed Asset system or Asset View.

Equipment Management Procedures

When USU purchases equipment from another institution, the costs of dismantling for shipment and storage are generally not included in the cost of the unit unless included in the negotiated price.

Section F: ACQUISITION OF EQUIPMENT (Capital and Non-Capital)

Acquisition Date

The invoice date will usually be the date the equipment was acquired. This is usually the capitalization date and the date that depreciation starts. However, if the equipment is placed in service before or after its cost is fully paid, the capitalization and depreciation start date will be the date the equipment is placed in service. Departments must notify the EMO if the invoice date is different from the date the equipment is placed into service.

If an item of equipment was purchased using an incorrect account code, the EMO will not know to tag the equipment because the EMO would not have known about the item. If equipment is found at a later time without a tag, such as during an annual physical inventory, the original purchase order should be located to determine the date the equipment was purchased and placed into service. If no documentation can be located, then the acquisition date will be the date the equipment was located or the date the equipment users declare the equipment was actually placed into service.

Acquisitions of University Inventoried and Non-Inventoried Equipment

Purchase Orders

Capital equipment purchased on a purchase order using the correct account codes will provide the information that EMO requires to maintain the financial history of that item of equipment.

Equipment Account Codes To Be Used With Purchases

713200 – Small Tools and Equipment Less Than \$1,000

These items are not capitalized, but may be entered into the Banner Fixed Asset system at the request of the department making the purchase. Examples of equipment that may fall under this are computer related equipment, cameras, microscopes, telescopes, firearms, art and scientific objects, projectors, and scales.

713250 – Pass through Equipment

Equipment, regardless of value, purchased with special funds provided by other entities, usually a foreign government, to conduct research. This equipment is never intended to return to USU. Departments are responsible for making sure that all expenses posted to this account are offset by funds provided and that the account has a zero balance at the end of the fiscal year.

713260 – Equipment Purchased on Campus

Equipment that is purchased from one department to another department on campus. Items will be transferred with the original cost intact.

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713300 – Tools and Equipment Other Than Computers between \$1,000 and \$4,999

These items are not capitalized, but will have an inventory number assigned and entered into Asset View by the department for tracking and insurance purposes, if desired.

713350 – Art and Collections Less Than \$5,000

Used for purchasing art and/or collections, other than Library acquisitions, that has an acquisition value of less than \$5,000. These items are not capitalized, but will have an inventory number assigned and entered into Asset View by EMO for tracking and insurance purposes.

713500 – Computer Purchases Less Than \$5,000

These items are not capitalized, but can have an inventory number assigned and entered in to Asset View by the department for tracking and insurance purposes, if desired.

713525 – Software Less Than \$100,000

772300 – Equipment Other Than Computers \$5,000 and Over

This equipment will be capitalized, have an inventory number assigned and entered into the Equipment Inventory System for tracking and insurance purposes.

772325 –Software \$100,000 and Over

Maintenance and licensing is only included if it is part of the original cost. Costs for annual maintenance or licensing are not included. This software will be capitalized and will have an inventory number assigned and entered into the Equipment Inventory System for tracking and insurance purposes.

772700 – Art and Scientific Collections \$5,000 and Over

Items of art, scientific, or historical collections; other than Library Special Collections; that are valued at \$5,000 or more. These items are capitalized and will have an inventory number assigned and entered into the Equipment Inventory System for tracking and insurance purposes.

Purchase Cards (P-Cards)

Purchase Cards, or P-Cards, may be used to purchase equipment on a limited scope. If a P-Card is used to purchase equipment, the DPA must notify EMO of the equipment purchase and provide EMO with a copy of the invoice for proper documentation.

Gifts/Donations

Capital equipment, acquired by gift/donation meeting equipment asset criteria is assigned an inventory number, recorded by EMO, and entered with an acquisition code of "Gift/Donation". The date the gift is accepted and recorded with USU Advancement Office is considered the date of acquisition. EMO will not record a gift until a Gift in Kind Report has been processed. Gifts of scientific collections and art may be recorded on a multiple item or group basis. Gifts of bound volumes, pamphlets, documents, and other library collections are recorded by the Library and do not become part of the equipment inventory records.

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Fabricated Equipment

Fabricated equipment must be reported to EMO on the Intent to Fabricate Equipment form in order to properly insure the equipment. Supporting documentation for fabricated equipment should include:

- A. Description
- B. Costs to fabricate equipment (labor and materials – provide copies of timecards, invoices, or a spreadsheet with the costs detailed)
- C. Equipment location
- D. Responsible person

Once the fabrication is complete, provide EMO with the final costs and indexes that paid for the fabricated equipment.

If the equipment was fabricated with contract funds, title may vest with the funding agency depending on the contractual agreements.

Found Equipment

Found equipment is recorded with an acquisition code of “Found”. The custody is assigned to the using or custodial department. Every effort should be made to find the original acquisition documentation. If documentation cannot be found, the custodial department estimates the value and the date the equipment was put into use.

Acquisition of Surplus Equipment

Equipment that is sold to departments from USU Surplus sales will be treated as a transfer. Any remaining book value will be transferred to the purchasing department. No additional value will be added to the item, regardless of the purchase price from surplus sales.

Trade-Ins

The inventory number of any equipment being traded in should be listed on the purchase order and on the invoice so that the equipment being traded in can be removed from the inventory listing.

To be considered a trade-in, the old equipment must be traded for a similar type of equipment.

The capitalized cost of the new equipment will be the actual expense paid for the equipment, (out of pocket expense) and the remaining book value of the trade-in.

For example, a truck was acquired four years ago at a cost of \$10,000 and depreciated on a straight-line basis over an estimated useful life of five years. Now the old truck is traded in for a new model that has a list price of \$12,000, but the dealer allows a trade-in value of \$2,400 for the old truck. The cost of the new truck would be computed as follows:

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cost of old truck	\$10,000
- less acc. dep. (\$2,000 x 4)	<u>- \$8,000</u>
= remaining book value	\$2,000
+ cost of new truck (\$12,000 - \$2,400)	<u>+ \$9,600</u>
= recorded book value of new truck	\$11,600

The cost and accumulated depreciation of an equipment item traded in will be removed from the accounts in conjunction with recording the acquisition cost of the new asset by EMO.

Transfers from Other Institutions

Occasionally, new faculty will bring equipment with them from a former position. A list of the equipment along with the following documentation must be sent to EMO to properly document the equipment and, if applicable, the funding sources for government contract/grant:

- Release of equipment from previous institution and contact information
- Original acquisition value and documentation from previous institution
- Title information or special titling restrictions
- Description
- Funding source (contract/grant information)
- Responsible P.I. and department

Acquisition under Contracts with External Sponsors

Records

USU records agency furnished and USU purchased equipment acquired under a contract/grant in the proper category of the equipment inventory records during the life of the contract/grant. This facilitates a listing of equipment by category for fiscal and inventory reports to the agency.

Upon completion or termination of the contract/grant, the equipment to which USU has acquired title is recorded by changing the title field of the Banner Fixed Asset System and Asset View record and documenting the date in the document text.

If several contract/grants combine to purchase one item of equipment, the contract/grant with the greatest amount of funds paid will be accountable for the equipment. All contract/grant numbers and funds that contribute to the equipment will be documented in the equipment record.

Responsibility of USU-Personnel

When an agency transfers title of equipment to USU or transfers accountability for equipment from one contract to another, the Sponsored Programs Office notifies the EMO of the transfer and conditions. EMO institutes all actions necessary to ensure that the records reflect the transfer of title or accountability.

Equipment Management Procedures

Acquisition of Government Equipment

Government Furnished Equipment

Government equipment may be shipped to USU from government installations or other government agency contractors. USU becomes responsible for such equipment upon delivery of the equipment into its custody or control. The department receiving the equipment shall furnish the EMO with copies of documents necessary to allow USU records to accurately reflect the transaction. When contractor acquired equipment is transferred from one contract to another within USU, it remains government furnished equipment. The Sponsored Programs Office should draw particular attention to transfers from one contract/grant to another contract/grant or to a similar contract/grant for those departments receiving government furnished equipment. The EMO is required to inventory all government furnished, contractor furnished, and loaned equipment.

Contractor Acquired Equipment

Direct purchases of equipment whose title vests with the government, for the performance of a contract/grant are subject to approval by the Contracting Officer of the government agency involved. Equipment purchased by USU for which reimbursement is to be requested becomes government equipment upon its receipt by USU.

Excess Government Equipment

Excess government equipment is equipment, used or new, owned by the federal government and no longer needed by the current federal agency, but has additional useful life. Items are allocated on a first come, first serve basis.

USU may be authorized to receive such excess government equipment by a contracting agency when the equipment directly furthers an active award. Such authorization is dependent upon the terms of the award and the regulations of the specific agency involved.

USU may also acquire excess government equipment through the Stevenson Wydler Act. Title to equipment acquired by this act transfers immediately to USU.

The acquiring department shall notify the EMO by memo of acquired federal excess equipment. This equipment must be properly accounted for and insured in case of loss, damage, destruction, or theft.

Cost – Excess Government equipment is usually obtained without cost. However, USU specifies the method of shipment and pays all packing, transportation, subsequent installation, rehabilitation, and maintenance expenses.

Records –USU maintains suitable records showing the location, description and value of the equipment. Items of equipment are recorded at the original acquisition cost as indicated on the transfer document. If the value is not indicated on the transfer document, it is the responsibility of the EMO to obtain the value. If the title to the

Equipment Management Procedures

equipment passes to USU, the recorded value should be the costs incurred by USU to acquire the excess equipment. The fair market value will be recorded on Asset View and the fixed asset record in Banner. Expendable or consumable items are not subject to specific record keeping requirements.

Title to Equipment Acquired Under Contract or Grant

The specific provisions of the applicable contract/grant govern each instance.

USU may acquire the title to equipment as a result of specific contract/grant provisions, issuance of change orders, or contract/grant termination. Such equipment, unless otherwise provided by the contract/grant, is considered USU property.

The Contracting Officer may transfer the title of equipment to USU at the beginning, during, or end of a contract/grant. When the title is transferred, USU has no further obligation to the government regarding the equipment unless specific provisions to the contrary are stated in the contract or transfer document.

Section G: Identification of Equipment

Identification of USU Equipment

When capital equipment is purchased using a purchase order on the correct equipment account code an inventory number will be created by the EMO. EMO personnel will locate the capital equipment and affix the inventory number tag to the equipment.

All capital equipment is identified promptly upon payment of invoice and assigned an inventory number. It will be identified by the inventory number as long as it is in the custody, possession, or control of USU. Assigned inventory numbers and all pertinent information are recorded in the Banner Fixed Asset and Asset View database.

The EMO will affix the inventory number tag to all capital equipment, unless in a satellite campus, distance education facility, or extension office. The department and DPA are responsible for control of all department equipment.

If capital equipment is located at a satellite campus, distance education facility, or extension office, the tag will be sent directly to the person listed as responsible. The responsible person is thereby notified to tag the equipment with the proper tag(s), fill in the needed information on the equipment form, and send information to the EMO.

The inventory number tag is applied to the equipment unless its size or nature makes it impractical. The inventory number tag should be affixed to the equipment adjacent to the manufacturer's nameplate or in a position for easy sighting. If an inventory number tag will not remain visible during a short period (e.g. the weather wears away the tag) the number may be painted or etched on the equipment.

Equipment Management Procedures

Equipment Pre-Tagging

Occasionally, equipment must be taken to another location that prohibits EMO personnel or DPA from locating and tagging the equipment. In this case, the DPA or principle investigator shall request that EMO personnel come to the department to tag USU equipment before the documentation or invoice has been received by the EMO and the equipment is moved to an inaccessible location.

Identification of Government Inventoriable Equipment

The department will notify the EMO promptly upon acquisition of the government inventoriable equipment. For purposes of identification, the EMO will assign the inventory number and a government tag for attachment to the equipment. The property remains identified as long as it remains in the custody, possession, or control of USU. All government-owned equipment will be marked "Property of the U.S. Government" unless the size or nature of the equipment makes it impractical; or the equipment is an accessory, an auxiliary, attachment, or otherwise a part of an item of equipment that is required for its normal operation. In the latter case, such equipment items are entered and described on the record of the equipment which it is attached, or of which it is otherwise a part.

If USU acquires title to the equipment, the EMO will remove the government identification tag.

In the event that an inventory tag is removed, intentionally or unintentionally, the EMO shall be notified so that a new tag can be affixed to the equipment.

Section H: EQUIPMENT REQUIRING SPECIAL HANDLING

Equipment Subject to Registration

Motor Vehicles Regardless of Price or Acquisition Method

Information necessary to record a motor vehicle is acquired from the purchasing document. If acquired in other ways, a representative of the custodial department supplies the information necessary to record the motor vehicle. The EMO then assigns an inventory tag number. All titles are required to be sent to the EMO for custody and filing. When a vehicle is sold by Surplus Sales, the title can be obtained by contacting the EMO.

All other Titled Equipment

All information necessary to record all other titled equipment is acquired from the purchasing document. An inventory tag number is assigned in the same manner as other items of equipment. All titles are also sent to the EMO for filing.

Collections, Art and Scientific Objects (Other Than Library Acquisitions)

Collections may be recorded as a group and assigned one inventory number. The custodial department shall maintain detailed records for each equipment item included in an art or scientific collection.

Equipment Management Procedures

Acquisitions of a single work of art or a single scientific object, not added to collections, are recorded in the same manner as other equipment.

Equipment Rented or Leased With Option to Purchase

Equipment acquired by lease with an option to purchase or other types of installment purchases are capitalized and recorded at total cost. (Interest expenses are not included in the value of the equipment.)

If the option to purchase is not exercised and the equipment is returned to the vendor, the equipment is retired from the records by submitting a Request to Retire Asset form.

Personally Owned Equipment

If a USU employee keeps personally owned property or equipment on campus, it should be reported to the custodial department and should be identified as the property of the owner. USU is **NOT** responsible for the loss of or damage to personal property or equipment. This will include any property or equipment that accompanies a new faculty member if property or equipment was not reimbursed or a letter of gift obtained from the originating institution.

Loaned Equipment

Loan or use of equipment to other universities, organizations, or individuals not affiliated with Utah State University will not be allowed unless there is a contractual relationship with the organization or individual. Individuals without a contractual relationship must have at least an adjunct status to retain University equipment in their possession.

Loan of Equipment to Which USU Does Not Have Title

Equipment that is not owned by USU cannot be loaned to other organizations or individuals without the specific written approval of the title holder.

On-Campus Loan of USU Equipment

If equipment is loaned to another department for a short period, a memorandum of the transaction should be filed in the lending and receiving department. If the period of the loan exceeds one year, it should be reported to the EMO on an Equipment Record Change form by the lending department, giving the name of the borrowing department, the inventory number(s), and the new location of the equipment.

Off-Campus Use of USU Equipment by University Employees

Off-campus use of equipment by a faculty, staff member, or a student must have prior approval from the principal investigator and the department head of the department appointed to control the equipment. A copy of the Off-Campus Authorization form shall be submitted and filed with the EMO. This will include satellite campuses, distance education centers, and extension offices. If equipment is taken from USU premises, even if returned daily, a form will be on file with the parent department and the EMO. Persons with equipment located off-campus are **responsible for the safety and security** of the equipment and for any personal or proprietary information that may be contained on/with the equipment.

When off-campus use is terminated, the department or DPA should advise the EMO within three days.

Equipment Management Procedures

Sub-Contractor Acquired Equipment

If a sub-contract has a budget for equipment, the Sponsored Programs Office will notify the EMO with the sub-contractor property contact information.

Section I: PHYSICAL INVENTORIES

Physical Inventory of Capital Equipment

Physical inventory of all capital; government, contractor furnished, and loaned equipment; will be performed by the EMO. This inventory will be completed on an annual basis for all departments, according to state and federal law to verify the existence, location, and current utilization of equipment for the Facilities and Administrative Rate study.

Approximately two months prior to the physical inventory date, the EMO will send an email to the DPA to review the requirements of the pending inventory. Shortly thereafter, the DPA should contact all persons within the department to whom equipment is assigned, notifying them of the date and approximate time when the physical inventory will be performed in their area.

After the inventory is complete, a memo will be sent to the dean, director, or department head that summarizes the results of the physical inventory. Attached to the memo will be an updated inventory list and a list regarding any missing items of equipment. The dean, director, or department head should then review the results of the physical inventory, sign, and return the memo to the EMO where the memo will be filed in the permanent records.

When an employee who is responsible for capital equipment leaves USU, a physical inventory of that capital equipment will be conducted by the EMO.

Contracts

In accordance with Federal Acquisition Regulation (FAR) Part 45.508 physical inventories are required on the completion of any federal contract. An exception to this requirement is when the equipment will be used for another approved government contract.

Grants

Any equipment purchased on a grant must be administered and controlled according to the Code of Federal Regulations 220.

Section J: REPORTS AVAILABLE FROM EQUIPMENT MANAGEMENT OFFICE

Governmental – Contracts or Grants

The EMO shall report the total acquisition cost of federally owned and funded equipment for which USU is accountable under each contract, including federally owned equipment in the possession of sub-contractors, to the cognizant federal agency.

Equipment Management Procedures

When special reports covering equipment are required by the agency, and/or requested by the Sponsored Programs Office, the EMO shall furnish whatever data is available from Banner Fixed Asset or Asset View.

The EMO shall provide a list of equipment currently on USU's inventory pertaining to individual contracts or grants, as required.

Additionally, the EMO shall furnish to the appropriate agency annual, ~~semi-annual~~, and periodic reports of capital equipment contracts on the required forms. Other required forms referenced in the contract will be submitted upon request of the cognizant agency.

Section K. DISPOSAL OR TRANSFER

USU Equipment

Excess or Surplus Equipment

When equipment is deemed to be no longer needed or useful to a university department or unit then it is declared "excess" by submitting a disposal request to Surplus Sales.

(<http://www.usu.edu/surplus/docs/editableDR.pdf>) This includes all USU property both inventoried and non-inventoried items regardless of acquisition cost. Once the disposal request has been approved and submitted, Surplus Sales will pick up the equipment and process it for sale to other departments, government entities, or the general public. In the case of large or complicated equipment items, Surplus Sales may elect to leave the equipment on site and invite bidders to inspect the equipment in place. Special arrangements for disposal of equipment from satellite or off-campus areas can be made by directly contacting Surplus Sales. A copy of the Disposal request is kept by department for future audit verification.

State of Utah Code prohibits donation of any public property except for computer equipment to public and/or charter schools. If a department elects to donate computers to public and/or charter schools then it will be handled by Surplus Sales and all local schools in the area will be given equal opportunity to the equipment. All other equipment items will be processed as per Utah State University Policy Number 503 for the disposal of University equipment.

State Code requires all equipment to be offered first to public schools and/or other government units for the minimum bid amount. In light of this regulation, departments are not authorized to offer surplus equipment for sale on auction websites. In the case of computers, departments are urged to dispose of old computers and other electronic equipment as soon as possible before the existing technology becomes too old to be of any salvageable value.

Departments are also urged to leave as much of the computer intact as possible and not remove parts that will make it unusable. Please send any applicable license or software along with the computer as well to enhance resale value. All hard drives will be wiped clean and data destroyed before the unit is resold.

Equipment Management Procedures

Surplus Sales will determine the final selling price based on “blue book” or recent historical value of like equipment. Departments may request or suggest a minimum salvage amount in coordination with Surplus Sales staff. All equipment, whether in usable condition or not, is sent to Surplus Sales to be sold or recycled in event of salvage only items. Surplus Sales may retain a percentage of the sale price in order to cover their overhead costs as per USU Policy.

Destroyed or Cannibalized Equipment

On written notification from a dean, director, or department head that an item of equipment has been damaged or destroyed beyond repair, or is no longer useful, and/or is being cannibalized, it may be removed from the inventory records. Written approval from who has authority to control equipment must be secured prior to cannibalizing or abandoning equipment. Authorization is made on the Request to Retire Asset form. Remaining parts must be sent to Surplus Sales/Recycling for proper disposal.

Lost or Stolen Equipment

Lost or stolen equipment must be reported with 24 hours to the Department of Public Safety or the equivalent in the area or premise and to the EMO. After a copy or notification of the police report is received by the EMO, the lost equipment will be removed from the Banner Fixed Asset and Asset View system. Notification of lost/stolen equipment is required to be submitted on a request to retire asset form with the appropriate signatures. If equipment is subsequently recovered, notify the EMO and the records will be reentered in the Banner Fixed Asset and Asset View system.

Missing Equipment Discovered During an Inventory

Capital equipment missing after a physical inventory will be removed from the Banner Fixed Asset and Asset View system with the written approval of the dean, director, or department head. Removal is authorized on the Request to Retire Asset form.

Transfer of Surplus or Excess Equipment

When equipment is transferred between departments, no change is made in the recorded value of the equipment. It is reported to the EMO by completing the Intent to Transfer/Sell Equipment form or the Equipment Change form prepared by the transferring department. The information provided must include the inventory number, a description of the equipment item, the name of the department receiving the equipment and the new location.

When faculty members transfer between campus departments, equipment can be transferred with the faculty member after the former department head, the new department head, and the Equipment Manager have authorized the transfer. Approval is made by signing the Intent to Transfer/Sell Equipment form or Equipment Change form. All copies of paperwork is to be kept by departments for future audit verification.

Transferring Equipment to another University

If a faculty member accepts employment at another University, equipment **may** be authorized to transfer with the departing faculty member if the equipment is part of an active award and

Equipment Management Procedures

the sponsoring agency gives approval. If the title to the equipment has passed to USU, the department head must declare the equipment surplus and the equipment must then be sent to Surplus Sales. The departing faculty member and/or USU that the professor is transferring to will be required to follow all rules and procedures of Surplus Sales.

Removal from Inventory Records

Equipment is removed from the Banner Fixed Asset and Asset View system after the EMO receives a Disposal Record from Surplus Sales, the proper forms for a Request to retire, or the proper forms and documentation for transferring to another institution from the retiring department as well as the acceptance documentation of equipment at the receiving institution. These forms will be scanned into the appropriate system and attached to the asset number for future audit verification information.

Government Provided Equipment

Excess Government Equipment

When government equipment becomes excess to the contract for which it was provided, it is screened against the needs of other contracts prior to being declared excess. If there is a need for the equipment, the Contract Administrator is asked for authority to use or transfer the equipment to other awards, requests title to the equipment, or disposes of the equipment according to the direction of the cognizant government agency.

Loss, Damage, Destruction, or Theft

All cases of loss, damage, destruction, or theft are reported to EMO as soon as such loss becomes known. The report includes all factual data as to the circumstances surrounding the loss, damage, destruction, or theft. The extent of USU's liability, if any, is subject to a written determination by the Contract Administrator. The determination and disposition of any equipment rendered unserviceable may relieve USU of liability. Shipping documents or other instruments evidencing disposal should be appropriately cross-referenced on the determination document. It is the Contract Administrator's responsibility to notify the Government Property Administrator.

Transfer to another Institution

If USU holds title to equipment acquired under a contract/grant with an external sponsor that includes recovery rights, and the funding agency requests transfer of such equipment to another institution, such equipment may be transferred to the designated institution. Before the transfer is initiated, a determination must be made as to who will be responsible for dismantling and shipping costs.

Contract Close-Out

When advised by the Sponsored Programs Office that a contact/grant has been completed or when an impending closing date is reached, the EMO will take the following action:

Equipment Management Procedures

- A. Check the contract/grant to make sure exactly what type of report is required. Complete any required reports.
- B. Check to see if USU has title. If not, request title.
- C. After completion of the required reports and request for title, a suspense file is setup to make sure the EMO hears from the agency in a timely manner. If the EMO has not heard from the agency in 120 days, FAR 45 and Uniform Guidance A-81 are referred to, the contract is assumed closed, and USU has been granted title.
- D. Once USU is awarded title, the title field is updated in the database. The EMO will advise the department and remove the US Government asset tag from the asset.
- E. If USU is not given title and it is requested that the property be shipped back to the government, the Sponsored Programs Office will be contacted and advised of the disposition.

Release from Responsibility

USU is relieved of responsibility for government equipment, with the concurrence of the Contract Administrator or the duly authorized representative, by the following:

- A. Consumption of equipment in performance of the contract/grant
- B. Retention of USU for consideration given to the government
- C. Sale of equipment, the proceeds of the sales being received or credited to the government
- D. Shipment from USU premises or that of a sub-contractor
- E. Transfer of title to USU
- F. Abandonment in place by the government
- G. Loss, damage, destruction, or theft