



## Property Accountability and Inventory Control

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Finance and Accounting

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**List of Asset Disbursement Account Codes, Categories, and Profiles**Error! Bookmark not defined.

# **Property Accountability and Inventory Control**

## **Definitions**

### ***Definition of Property***

Chapter 80-380, Laws of Florida, amended Section 273.02 Florida Statutes defines property as "... equipment, fixtures, and other tangible personal property of a non-consumable and non-expendable nature, the value or cost of which is \$1,000 or more and the normal expected life of which is beyond one year, and hardback covered bound books, the value or cost of which is \$250 or more."

### ***Library Resources***

Property also includes library resources that are circulated to students or the general public, such as books, journals, periodicals, audio/visual media, computer-based information, manuscripts, maps, documents and similar items, which provide information essential to the learning process or that enhance the quality of academic, professional, or research libraries. The threshold for library resources is \$25.

### ***Capitalized Property (Assets)***

Property items can be classified as either capitalized or non-capitalized. Capitalized property (assets) is any tangible, non-consumable/non-expendable item with a life expectancy of one year or more. For property to be considered a capitalized asset, the cost to acquire the item should be \$1,000 or more, i.e. invoice price, plus freight, shipping, handling, and/or installation charges, less discounts. Capitalized assets include peripherals that are required for the main piece to operate. For example, modular workstations that are joined by a wall panel with a total cost of \$1,000 or more are considered capitalized property. Software licenses that cost \$1,000 or more and are valid for more than a year per authorized user also fall within this classification.

### ***Non-capitalized Property (Expenses)***

In contrast, non-capitalized property items (expenses) are those less than the \$1,000 threshold limit and those that are not required for an asset to operate (e.g. optional extended warranties).

### ***Additional Information***

For additional information about what constitutes a capitalized asset, please see the *ePro Requisition Requirements for Acquiring an Asset – Training Guide Supplement*, available on the Financials Support Services Web site (<http://www.financials.ucf.edu/>) > Helpful Resources page > Purchasing category.

## **Structure**

### ***Asset Management System***

The Asset Management module is used to manage all of the university's assets. This module is a subsystem of the UCF Financials system, which keeps track of all the details about an asset, such as its cost, acquisition date, category, profile, useful life, etc. The system feeds information into the General Ledger, so the two must be in balance.

### ***Property Custodians***

The Dean, Director, or Chair (DDC) or the Responsible Fiscal Officer (RFO) will designate one employee to be a Property Custodian (PCT) for each department or project for which the DDC or RFO holds responsibility. Each PCT is responsible for identifying university property and maintaining the property records for a department or project. However, assigning this responsibility to a PCT does not relieve the DDC or RFO from accountability for the property assigned to his or her area. The PCT must be added to the Departmental Authorization List (DAL) and also have access to UCF financials.

### ***Property Codes***

**Account Code.** The account code identifies the asset. This code is added to the property records of the university and is assigned for the total amount of the asset. Upgrades to existing furniture or equipment already valued at \$1,000 or more should be added to the original cost of the item, if the cost of the upgrade is \$1,000 or more. Assets must have an account code that starts with 75, such as 75XXXX, and an alternate account code of 721000 (see list of accounts at the end of this document).

**Profile ID.** The Profile ID determines the useful life of the asset. The ID should match the description of the asset.

### ***Asset Information on Requisitions and Purchase Orders***

Requisitions and purchase orders (POs) should include an asset's account code and Profile ID as well as the asset's identification number and decal number. When a requisition is created, it is important to select the proper asset category, as the account code and Profile ID will be linked to the category when the requisition is processed. In addition, a requisition should include the asset's correct location and the name of the person to contact about the asset.

### ***Property Decals***

**Marking Property.** When it is practical to identify property, it will be marked with a pre-numbered decal assigned by the Property Manager for the main campus or by the appropriate property personnel at the branch campuses.

**Decal Number Assignment.** Decal numbers are assigned by location (with the exception of federal assets) as follows:

- CF XXXXXX Main and Area Campuses
- US XXXXXX Federal Assets
- CG XXXXXX Contracts and Grants
- UL XXXXXX Assets Loaned from Federal Government
- CL XXXXXX Assets Loaned from Private Grantors

**Assets Acquired from Contract or Grant.** Assets acquired from a contract or grant should use a specific decal depending on the vesting rights of the agreement/contract (i.e. prefix 4940CF for university owned, 4940US for federal government owned, and 4940CG for private). The Office of Research and Commercialization should provide the Finance and Accounting's Property and Inventory Control department (Property) with a comment on the requisition /PO that specifies the type of decal to use.

**Items that Cannot be Marked.** Items that would be defaced or are too small to receive a decal or another reason exists that would make marking the item impractical will be assigned a decal number. In these cases, the decal number will be affixed to a sheet of paper or a 3- x 5-inch card, which includes adequate detail to locate the item later, and retained by the PCT for the department or project. A picture of the item will also be taken and scanned into the Asset Management system.

**Fee.** A fee of \$50 per month will be charged to departments that have not tagged their property within twenty (20) business days after receiving the property.

## **Inventory**

### ***Process***

The Property Manager in the Finance and Accounting department (Property Manager) is responsible for maintaining an adequate record of all the university's tangible personal property. At the beginning of July each year the manager will use optical scanning equipment to conduct a routine annual inventory of the property items. The inventory process will continue on a building-by-building basis until all property items on the main campus and all branch/satellite locations have been scanned. A follow-up to the first-pass scanning will then be performed to determine if any locations with property were not accessed and to scan any property items in those locations.

### ***Department's Responsibilities in the Inventory Process***

A department's responsibilities in the inventory process are established with Property personnel before the inventory process begins. Some departments do their own scanning; some accompany the Property staff throughout the scanning process; and in other cases, the Property staff handles the entire scanning process. Whatever the extent of a department's involvement in the inventory process, the main goal is to have all departmental university-owned property made available for scanning at the designated time(s). Departments are responsible for any items not located and for completing the appropriate forms to reconcile the item(s) for the annual inventory process. After the first-pass scanning and follow-up portions of the inventory process have been

completed, the Property Manager will begin running missing item lists from the Asset Management system.

### ***Federally Owned Property***

A separate list will identify federally owned assets, and determining the location of these items should be completed first. If an item cannot be located and is determined to be lost/stolen, the federal government should be notified **immediately**. To accomplish this task, a form titled, Request for Relief of Responsibility for Property Lost or Stolen will be prepared by the Office of Commercialization and Research. The form will be submitted to the appropriate federal agency and request disposition instructions.

### ***Property Delivered to Central Receiving***

**Delivery.** When a delivery is made to Central Receiving, it retrieves the PO that corresponds to the information shown on the outside of the delivered package. The package contents are then carefully verified and checked for damage, and the receiving report is completed and dated. In the event of a partial order, only the item(s) received is dated and the remainder of the item(s) is back ordered and thus marked B/O.

**Matching Process.** The account code column on the PO is checked to determine if the item requires a property decal assignment and if so, the Property Manager is notified. In addition, the appropriate information is recorded in the Asset Management system.

**Unmarked Items.** If the item cannot be matched with a requisition, PO, or voucher, the department acquiring the asset should be contacted.

### ***Property Delivered Directly to a Department***

If university-owned property is delivered directly to a department instead of Central Receiving, the Property office (407-823-2457) should be notified immediately so the item(s) can be decalated and added to the university's Asset Management system.

### ***Capitalization of Constructed Equipment***

**Requirements.** Equipment is assembled and/or produced at the university as the need arises, particularly in research areas with special equipment needs for items that are not produced commercially. All equipment assembled and/or produced with a total component cost of \$1,000 or more should be capitalized and have a university decal assigned and affixed to the item within 30 days after the item has been assembled and/or produced. The individual in charge of the construction/assembly process is responsible for notifying Property and supplying all pertinent information so the item can be properly capitalized. A generic description (to assist in identifying the item during future inventories) as well as the asset's location and the department number to which the item belongs should be included.

**Costs.** The cost of all items used in the assembly should be included. When available, copies of invoices should be forwarded to Property with the component prices highlighted. Since actual prices frequently vary, PO prices should only be used **when invoices are unavailable**. When

both invoices and POs are unavailable, a written estimate of the cost of the item should be provided, along with a grand total summary of all components by item.

### ***Donated Property***

The Property department should be notified immediately when an item is donated to the university that meets the criteria necessary to be considered a capitalized asset. The item's description, condition, and cost should be provided. If the cost is not available, the item's estimated market value should be supplied. The Property staff will record the item in the Asset Management system and request the Associate Controller or the controller's assistant record an adjusting entry as a donation in the General Ledger.

### ***Property Reported Lost/Missing or Stolen***

**Lost/Missing/Stolen Form.** If state-owned property is known to be lost/missing or stolen or has not been located after the inventory has been completed, Form #41-812A, *Lost/Missing/Stolen State-Owned Property Report*, available on the Forms section of the Property Web site ([http://www.fa.ucf.edu/Property/Forms/PI\\_Forms.cfm](http://www.fa.ucf.edu/Property/Forms/PI_Forms.cfm)), should be completed with information about the asset, such as its decal number, description, serial number, and cost. After obtaining the appropriate signature, the completed form should be forwarded to Property. The Property Manager will then mark the property as lost/missing or stolen in Asset Management. If a department does not submit the form, the property will be marked *Missing Property* in Asset Management by the Property Manager.

**Police Department Notification.** A copy of the lost/missing/stolen property form should be sent to the university's Police Department for any item reported to be stolen (theft) or for any lost/missing item with a high cost, new, and/or attractive, as based on the Property Manager's judgment.

**Removal from Inventory.** Property that is identified as lost/missing will stay in the university's books for two fiscal years. If the property has not been located after this period, the property will be included on a list of property items to be written off and sent to the President's Office for approval. A fee will be charged to departments that fail to account for their inventory (i.e. lost or missing) two fiscal years after reporting an item lost/missing. A list of missing property for the previous two fiscal years will be prepared annually by the Associate Controller or the controller's designee and sent to the Controller. After the Controller reviews the list, then it will be sent to the Associate Vice President of Administration and Finance to obtain the appropriate signatures from the President's office. After the President's office has approved the disposal request, the item will be removed from the university's books.

### ***Property Transfers***

**Property Transfer Form.** To transfer property from one department to another, Form #41-811, *Request for Transfer and Receipt of State-Owned Property*, should be completed. This form is available on the Forms section of the Property Web site. After the appropriate authorized signatures (which include Deans, Directors, and Chairs; Responsible Fiscal Officers; or PCTs

from both the transferring and the receiving department or project) have been obtained, the completed form should be sent to the Property Office.

**Contracts and Grants.** If the transfer involves a contract or grant, Form #41-958, *Request for Transfer and Receipt of Contract and Grant Property*, which can be accessed on the Forms section of the Property Web site, should be completed and the approval of the Office of Research and Commercialization obtained.

**Relocated Property.** If the received property will be located in an area other than the one listed on the PO, then the department head should provide this information on the appropriate Property transfer form and send the completed form to Property with the authorized signatures.

**New Construction.** When a property item used for new construction, such as equipment, has been purchased from a construction account, the Facilities and Safety Office does not need receiver approval if the property is transferred.

## **University Property Board**

### ***Purpose and Composition***

The University Property Board (Property Board) meets as needed or at the call of its chairperson to make recommendations on reports of damage, loss, etc. The Vice President of Administration and Finance appoints the members of the board. These members consist of:

- A chairperson - Director of Purchasing,
- Three faculty and/or staff members, and
- The Finance and Accounting Property Manager (this position is a non-voting advisory position).

### ***Actions by Property Manager***

The Property Manager will present the following actions to the Property Board:

- Property damaged, scrapped, waste, etc.
- Disposition of certified surplus property
- Other property matters



## Property Dispositions

### ***Surplus (Managed by the Surplus Section in Physical Plant)***

**Surplus Property Web Site.** Surplus, damaged, and unusable property should be reported through the UCF Surplus Property Web site ([http://www.pp.ucf.edu/administrativeservices/centralstoreswebsite/surplus\\_home.htm](http://www.pp.ucf.edu/administrativeservices/centralstoreswebsite/surplus_home.htm)). For information about surplus property, see the *Surplus Procedures* page, which can be accessed by clicking the **New Procedures** link on the site. This page contains procedural information and the *Surplus Data Entry* form, which is discussed later in this document.

**Disposition Actions.** All property surplus dispositions need Property Board approval before the property can be deleted from the Property records. The following disposition actions can be taken:

- **Scrap or cannibalization of equipment** – Property that is requested to be cannibalized and its component parts used for the repair of property. The Property Manager, with the appropriate documentation approved by the department head, may delete items from the property records that have a value of less than \$2,000 without the approval of the Property Board.
- **Disposal as waste** – Property that has a repair cost exceeding the value of the property and the item(s) has no salable value.
- **Surplus** – Property slated to be disposed after the list of surplus property items provided by the Surplus Property Manager has been approved by the Property Board.

**Surplus Data Entry Form.** If the respective authorized staff in each department decides any of the department's property needs to be classified as surplus, the department's PCT will enter the pertinent information about the property on the *Surplus Data Entry* form, which is available on the UCF Surplus Property Web site. This form accesses the Finance and Accounting department's warehouse database. Each week the Surplus Manager will print a report of the surplus property and compare the items on the list with each department's property. During that week, the surplus property will be available for other departments to acquire.

**Acquisition of Surplus Property.** If a department wants to acquire a surplus property item, the department should request a property transfer with the department that has custody of the item. In this event, the appropriate transfer form on the Property Web site can be used to transfer the property, and then the property can be removed from the surplus inventory.

**Unclaimed Surplus Property.** If no one has requested the surplus property item by the end of the week, the item will be listed on a disposal report that is presented to the Property Board for approval. The board will review the request for disposition of the certified surplus property by the department's authorized approvers. The action taken by the Property Board in cases up to \$5,000 is final. When the amount of any one certificate exceeds \$5,000, the board will request approval from the Vice President for Administration and Finance before ordering the disposition.

**Surplus Property Removal.** If the Property Board gives its permission to dispose of the surplus property listed on the disposal report, a vendor will go to each department and remove the property. The approved report will then be sent to the Property Office to delete the items from the university's books.

**Disposition Proceeds for Property Acquired through Non-federal Contract or Grant.**

Disposition proceeds for assets acquired through a non-federal contract or grant source will be governed by the applicable rules and regulations of the funding authority. If no rules or regulations are available for the authority, the property will be managed according to the rules for state-owned property.

**Exchange or Sale of Surplus Property.** Property may be exchanged (traded in) to purchase new property or be sold outright when it is deemed financially advantageous to the state. Other disposal of surplus property will proceed according to Florida Statutes 273.05, 273.055.

***Cannibalized Property***

Property Board approval is required **in advance** before cannibalizing any decaled equipment (for example, removing parts from older computers and/or pieces of machinery). Once approval has been obtained and the cannibalization has been completed, the responsible individual should contact Property and supply the decal numbers of all the property items cannibalized. An estimate of the current market value of the newly assembled item, its description, the department number to which the item will be assigned, and the asset's location should be provided. A new decal number will then be assigned and affixed to the newly assembled unit.

***Accidentally Destroyed Property***

If an item is accidentally destroyed, the Vice President, Dean, or Director who has been assigned responsibility for the item should immediately send a memo (which can be sent through GroupWise, the university's e-mail system) reporting the incident to the Property office. The Property office will then forward the memo to the Property Board for its approval. After receiving the board's approved, the Property Manager will remove the item from the department's inventory.

## Glossary

**AM** – Asset Management system used by UCF Financials.

**BO** – A back-ordered item.

**Cannibalization** – Use of a property item's components to repair or use in another piece of university property. The parts may be removed and used for legitimate university purposes only (not given to students, faculty, or staff for personal use).

**Corrections of Account Codes** – A transaction definition for any correction to asset charges with accounts beginning with 75XXXX and alternate account 721000. This type of correction should not be processed using a journal transfer (i.e. ID Transfer). Instead, the correction should be processed either by Accounts Payable or by PCard Administration to make sure the charges link properly to the specific asset ID and that the correction updates the Asset Management module. This procedure also provides a better audit trail. Accounts Payable or PCard Administration should be contacted for assistance.

**First-Pass Scanning** – The process of scanning property items, building by building, with the goal of locating as many items as possible for the annual inventory.

**First-Pass Scanning Follow-Up** – The process of reviewing the unscanned items list after first-pass scanning has been completed to determine if a large number of items in a given area/room/building were missed. The purpose of follow-up is to locate and scan areas previously missed during first-pass scanning.

**Lost/Missing/Stolen** – A transaction definition for an item determined to be lost/missing or stolen from its assigned location after a diligent search has been made to locate the item. The item should then be reported using the appropriate Lost/Missing/Stolen form on the Property Web site ([http://www.fa.ucf.edu/Property/Forms/PI\\_Forms.cfm](http://www.fa.ucf.edu/Property/Forms/PI_Forms.cfm)).

**Manufactured Items** – A transaction definition; see *Capitalization of Constructed Equipment* section of this document.

**OCO** – Operating Capital Outlay.

**Off-Campus Item** – A transaction definition for an item removed from an official university location. Prior to removing the item, an *Authorization for Off-Campus Use of State Owned Property* form ([http://www.fa.ucf.edu/Property/Forms/PI\\_Forms.cfm](http://www.fa.ucf.edu/Property/Forms/PI_Forms.cfm)) should be completed and an authorized person must approve the removal. A copy of the approved form must accompany the removed property at all times until it is officially returned to the university.

**PO** – Purchase Order.

**Receipt of Gifts** – A transaction definition for property donated to the university by other entities; primarily used by the UCF Foundation for donated items.

**Scanning** – A system using optical scanners and bar code technology to locate and identify inventory items for the annual inventory.

**Scrap** – Sale of equipment for the value of its component parts.

**Surplus** - A transaction definition for items deemed to be unusable/excess in a given area.

**Traded or Cannibalized** – A transaction definition for an item used as a trade-in on new equipment or an item whose parts are used to repair other property.

**Transfer or Receipt** – A transaction definition for an item transferred from its original location for more than 30 days and/or having a transfer of ownership to another department; either of these transfers must be reported using the appropriate *Request for Transfer and Receipt* form.

**University Property Board** – A board establish by the Florida Administrative Code, appointed by the Vice President of Administration and Finance, and given the authority to approve disposition of university property.