



CAPITAL ASSET INVENTORY PROCEDURE

August 2009

OVERVIEW

In order to ensure that equipment records are properly maintained and updated in conformance with University of Maine System Administrative Practice Letter I-G.2 and federal reporting regulations, this procedure outlines the responsibilities for tagging and conducting inventories of capital assets.

A capital asset is defined as real or personal property that has a value equal to or greater than the capitalization threshold of \$5000.00. It is an item that is permanent in nature, having a useful life of greater than one year, and is held for purposes other than investment or resale.

RELATED DOCUMENTS

- University of Maine System Administrative Practice Letter I-G.2
- OMB Circular A-21 Cost Principles for Educational Institutions
- OMB Circular A-110 Attachment N, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations

PURCHASING DEPARTMENT RESPONSIBILITIES

Tagging

A numbered bar code tag identifies items recorded in the equipment inventory. The primary purposes of tagging are to provide an accurate method of identifying assets as University property, to control the location of all physical assets, and to provide a link to asset records for physical inventories. The purchasing agent responsible for asset management shall tag all equipment acquired through purchases or donations. A University of Maine tag number and bar code label is assigned and affixed to the equipment upon receipt or in the case of fabricated equipment, upon completion. It may not be possible to tag some items because of their size, location or use. These items shall be identified by unique tag numbers denoting off campus locations or special use.

Asset Records

Asset records shall be created for all newly acquired capital asset items. The Purchasing Department will create and maintain asset records to include the following information:

- Tag number;
- Description of the item;
- Acquisition cost of the item, including additional charges such as freight and installation;
- Purchase order number;
- Copy of the purchase order if one was issued;
- Copy of the invoice or other documentation confirming the value of the asset;
- Funding source;
- Chartfield combination;
- Department;

- Location of the asset (building and room number);
- In service date;
- Manufacturer, serial number, model number;
- Asset condition;
- Gift (Y) (N);
- Lease (Y – Expiration date) (N);
- Digital photo of the asset when possible;
- Trade in value.

Account Information Changes

The Purchasing Department will be responsible for updating asset records with corrected or new account numbers entered by journal vouchers with information received from system reports.

DEPARTMENT RESPONSIBILITIES

Each department head or delegated administrator is responsible for:

- All equipment purchased for and assigned to the department;
- Verifying inventory records;
- Reporting changes to inventoried property or equipment to the Purchasing Department;
- Ensuring that all equipment is charged to the appropriate chartfield/account number;
- The physical inventory and certification of inventory of capital assets at least once every two years.

Reporting Changes for Previously Inventoried Capital Assets

The appropriate change forms (attached) must be submitted to the Purchasing Department when any of the following changes have occurred to inventoried capital assets.

- Lost
- Stolen
- Destroyed
- Relocated to another building/room
- Transferred to another department on campus
- Sold
- Other (trade-in etc)

Physical Inventory

Conducting physical inventories is vital in monitoring and updating the status of the University's capital assets for federal and financial audits. Capital assets shall be inventoried at least once every two years as required by federal regulations and as specified in APL I-G.2:

“To initiate this process, each University Inventory contact person (the Purchasing Agent responsible for asset management) will produce and distribute to each department its listing (Excel spreadsheet) of inventory. The department is to verify the existence of all items, ensure the listing is complete, and update related information for all items as appropriate. Any additions, deletions or corrections are to be noted on the listing.”

The Department shall make appropriate changes to the spreadsheet listing and return it to the Purchasing Department by the required date.

Certification of Inventory

A signed and dated inventory spreadsheet is certification that the inventory has been completed. Returning this inventory list to the Purchasing Department certifies that list has been reviewed, and that all required deletions and corrections have been reported. In addition, it certifies that at least one individual representing the department has physically inspected each of the items listed and has completed and sent all required change forms to the Purchasing Department.

Instructions for Performing an Accurate Physical Inventory

- 1. Locate all capital equipment in your department.**
Match the barcode tag on the equipment to the tag number on the list.
- 2. Update the data in the appropriate fields on the paper copy of the Excel spreadsheet.**
These changes will be entered into the system to update the official University record. When a fixed assets software is implemented in the future, changes will be made to electronic lists and uploaded into the master records.
- 3. For all assets reported as disposed or transferred, please complete the Capital Equipment Disposal Form or Equipment Location Form.**
Note: While updating the capital equipment list to indicate disposals or transfers is acceptable during the inventory, policy requires that these changes be coordinated with the Purchasing Department and reported throughout the year as the changes occur.
- 4. Sign and date the spreadsheet.**
- 5. Contacts**
If you have questions or concerns about the physical inventory list, please contact Mike Talon, Capital Asset Administrator, at 581-2687 or Michael.talon@maine.edu

For questions about the policy, please contact June Baldacci, Director of Purchasing & Resource Efficiency at 581-2689 or baldacci@maine.edu.