



UNIVERSITY OF CENTRAL FLORIDA

# Property Accountability and Inventory Control

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Procedures to provide accurate records for the acquisition, maintenance, control, and disposition of university property.

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# **Property Accountability and Inventory Control**

## **Definitions**

### **Property**

Property is equipment, fixtures, and other tangible personal property of a non-consumable and non-expendable nature with a value or acquisition cost of \$5,000 or more and a normal expected life of one year or more. (Reference Florida Board of Governors Regulations 9.001, 9.002, and 9.003.)

### **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 an acquisition cost or value of \$250 or more and having a useful life of one year or more.

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

Property items can be classified as either capitalized or non-capitalized. Capitalized property 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 value or cost to acquire the item should be \$5,000 or more (i.e., invoice price plus freight, shipping, handling, and/or installation charges, required warranties, less discounts). Capitalized assets include peripherals or software that are required for the main piece of equipment to operate. For example, modular workstations that are joined by a wall panel with a total cost of \$5,000 or more are considered capitalized property.

The capitalization threshold for intangible assets is \$4 million. This includes the following: software purchased, licensed, or internally generated; easements; land-use rights; patents; copyrights; and trademarks.

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

In contrast, non-capitalized property items (expenses) are those that do not meet the cost or useful life threshold limits mentioned above (e.g., parts, optional extended warranties).

## **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. It maintains the details for an asset such as its cost, acquisition date, category, profile, useful life, photo, etc. The Asset Management System puts information into the General Ledger; therefore, the two must be reconciled against each other.

### **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 the department(s) or project(s) for which he or she is responsible. 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 have access to UCF Financials.

## **Property Codes**

### **Account Code**

The account code identifies the type of asset. This code is added to the university property records and is assigned for the total amount of the asset. Upgrades to existing furniture or equipment already valued at \$5,000 or more should be added to the original cost of the item if the cost of the upgrade is \$5,000 or more and it adds capacity, life, or efficiency. Assets must have an account code that begins 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 Profile ID should correlate with 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. 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 regarding the asset.

# Property Decals

## Marking Property

Tagged assets are marked with a pre-numbered decal assigned by the property assistant for the main campus or the appropriate property personnel at branch campuses.

## Decal Number Assignment

Decal numbers are assigned by asset ownership 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
- LE XXXXXX Leased Assets

## 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 Finance and Accounting's Property and Inventory Control department 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 if tagged, that are too small to receive a decal, or would be impractical to tag for another reason will be assigned a decal number. In these instances, the decal will be affixed to a 3 x 5 inch notecard, which includes a color photo of the asset and adequate detail to locate the item later. The card will be retained by the PCT for the department or project. A copy of the card and a photo of the asset will also be stored in 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 is responsible for maintaining an adequate record of the university's tangible personal property. Beginning in July of each year, the property manager will use optical scanning equipment to conduct an annual inventory of all tagged assets. The inventory process will continue on a departmental basis until all property items on the main campus and all branch/satellite locations have been scanned. A follow-up to the first-

pass of scanning will then be performed to scan any items that were not scanned during the first round.

### **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. To obtain accurate and efficient inventory, the PCT of the department or project should accompany Property staff throughout the scanning process. After each inventory appointment, the Property staff will notify the PCT of any assets that remain unaccounted for. The PCT must locate the remaining items as soon as possible and contact the Finance and Accounting Property and Inventory Control department to schedule an appointment to scan the additional items. After the first-pass scan and follow-up appointments have been completed, the property manager will begin generating missing item lists from the Asset Management system and forward these lists to the respective DDC, RFO, and PCT of the department/project as notification of inventory non-compliance.

PCTs should have all university-owned property, for which they are responsible, 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 before the end of the current fiscal year. A report of any assets not presented for inventory or reconciled with an off-campus or lost form will be delivered to the assistant controller who will contact the DDC or RFO of the non-compliant department for reconciliation.

### **Federally Owned Property**

A separate list that identifies federally owned assets and the location of these items is provided to PCTs, DDCs, and RFOs. Federally owned assets will be included in the annual university inventory. 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 Research and Commercialization. The form will be submitted to the appropriate federal agency along with a request for disposition instructions.

## **Property Delivered to Central Receiving**

### **Delivery**

When a delivery is made to Central Receiving, Central Receiving retrieves the PO that corresponds to the information shown on the outside of the package. The package's contents are then carefully verified and checked for damage. Then the receiving report is completed and dated. In the event of a partial order, only the items received are dated, and the remaining items are 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. If so, the tagging property accountant is notified. The appropriate information is then 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 Finance and Accounting property accountant 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 which have special equipment needs for items that are not produced commercially. All equipment assembled and/or produced with an expected useful life of a year or more and a total component cost of \$5,000 or more should be capitalized and have a university decal assigned and affixed to the item within 20 days after the item has been completed. 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 description of the asset (to assist in identifying the item during future inventories) as well as the asset's location and the department/project number to which the item belongs should be included.

A spreadsheet detailing all components included in construction of the asset along with their cost, voucher numbers, and PO numbers should be provided to the Property and Inventory Control department upon completion of the asset. An Asset Build Template is available for use at the [Guidelines](#) section of the Property website. Include the asset name on all invoices in order to assist Finance and Accounting staff with tracking the asset build. Once construction is complete, the Finance and Accounting office will reconcile the information provided by the department with expenses that have been recorded in the asset account.

Constructed assets that are not tagged within twenty (20) business days after the item has been completed will be subject to the \$50 fee discussed in the Property Decals section of this document.

## **Costs**

The cost of all items used in the assembly should be included when determining a constructed item's value. When available, copies of invoices should be forwarded to the Property office 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.

## **Capitalization of Leased Equipment**

### **Requirements**

Equipment leases of \$5,000 or more must be sent to the asset management accounting coordinator in Finance and Accounting who will determine whether the lease is a capital or operating lease. Examples of leased equipment that should be evaluated include but are not limited to vehicles, copy machines, servers, etc. The accounting coordinator should be provided with the lease agreement and any other supporting documentation that contains the value of the asset, the payment amounts and how often they will be made, the length of the lease, and the interest rate.

The accounting coordinator will evaluate the lease for the following criteria. If any one of the following criteria is met, the lease will be deemed a capital lease.

- The lease transfers ownership at the end of the lease.
- The lease contains a bargain purchase option.
- The lease term equals 75 percent or more of the estimated useful life of the leased asset.
- The present value of the minimum lease payments equals 90 percent or more of the fair value of the leased asset.

If a lease is determined to be a capital lease, the accounting coordinator will provide the department with an amortization schedule, if one was not provided by the vendor. The value of the asset will match the total principal payments on the schedule. Once the leased asset is received, the department will contact the Property department to have the asset tagged.

## **Donated Property**

The Property and Inventory Control department should be notified immediately when an item that meets the criteria necessary to be considered a capitalized asset is donated to the university. 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 accounting coordinator record an adjusting entry as a



donation in the General Ledger.

## **Property Reported Lost or Stolen**

### **Lost/Stolen**

If state-owned property is known to be lost or stolen or has not been located after the inventory has been completed, it should be reported as lost using the online system for lost property, or the stolen property form should be completed. A copy of the police report is required for items reported as stolen.

For more information please review the [Addy Note “Creating a Request to Declare an Asset Lost”](#) on the Property and Inventory Control website.

### **Police Department Notification**

As based on the property manager’s judgment, a copy of the lost property report should be sent to the university’s Police Department for any attractive item or item with a high cost that is reported as lost.

### **Removal from Inventory**

Property that is identified as lost will stay on the university’s books for two fiscal years. If the property has not been located after this period, the property will be included in 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 two fiscal years after reporting an item lost if the asset was less than ten years old at the time it was reported lost. A list of lost property for the previous two fiscal years will be prepared annually by the property accountant and reviewed by the assistant controller, or the controller’s designee, and sent to the associate vice president for finance and the controller. After the controller reviews the list, 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(s) will be removed from the university’s books.

### **Property Transfers**

To transfer property from one department to another, use the online system. For instructions, please see the [Addy Note “Creating an Asset Transfer Request”](#) on the Property and Inventory Control website.

Transfers between departments and projects must use [form #41-811](#). After the appropriate authorized signatures (which include DDCs, RFOs, 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, the Office of Research and Commercialization will send an email to the Property office requesting the transfer. The email should include the asset decal number, the description of the asset from PeopleSoft, the project number from which the asset is being transferred, and the department/project number to which the asset is being transferred. The PCTs of the transferring and receiving departments/projects should be included on this email and should provide the Property office with the asset's new location.

## **Relocated Property**

If the received property will be located in an area other than the one listed on the PO, 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 for the property to be 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 damaged property, lost property, surplus property, property for trade-in purposes, donations, etc. The vice president of Administration and Finance appoints the members of the board. These members consist of the following:

- A faculty or staff member as chairperson
- Three faculty or staff members as voting members
- One faculty or staff member as a non-voting member

## **Actions by Property Accountant**

The property accountant will attend Property Board meetings in order to remain knowledgeable about ongoing disposal issues. Additionally, the property accountant will seek feedback, as needed, from the Property Board regarding the improper disposal of university property.

## Property Dispositions

### Surplus (Managed by the Surplus Section of Resource Management)

#### Surplus Property Website

Surplus, damaged, and unusable property should be reported through the [UCF Surplus Property website](#). For information on how to surplus property, see the *Surplus Property Program Online Database: Property Custodian User's Manual* at the following link: [Surplus Property Program Online Database Property Custodian User's Manual](#).

#### Disposition Actions

All property dispositions need Property Board approval before the property can be removed from the Property records. The following disposition actions can be taken:

- **Scrap or cannibalize** – Property for which cannibalization has been requested and its component parts that are to be used for the repair of property.
- **Dispose as waste** – Property that has a repair cost exceeding the value of the property and has no resale value.
- **Surplus** – Property slated to be disposed after the items, submitted through the surplus system by the PCT, have been approved by the Property Board.

#### 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. Property that is traded-in for new property must be submitted to the Property Board for approval via [form 41-812B](#). Other methods of 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 (e.g., removing parts from older computers and/or pieces of machinery). Requests for cannibalization must be submitted to the Property Board via [form 41-812B](#). Once approval has been obtained and the cannibalization has been completed, the responsible individual should contact the Property office and supply the decal numbers of all the property items cannibalized and a copy of the

Property Board approval. 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 via email, 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 Property Board's approval, 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 an asset’s components for 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).

**Cannibalized** – An item whose parts were used to repair another piece of property.

**Corrections of Account Codes** – 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 ensure the charges are properly linked to the specific asset ID and that the correction updates the Asset Management module. Additionally, this procedure provides a better audit trail. Accounts Payable or PCard administration should be contacted for assistance.

**First-pass Scanning** – The process of scanning property items, on a departmental basis, 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 department were missed. The purpose of follow-up is to locate and scan assets previously missed during first-pass scanning.

**Lost** – An item determined to be lost from its assigned location after a diligent search has been made to locate the item.

**Manufactured Items** – An asset that is assembled or produced at the university; see Capitalization of Constructed Equipment section of this document.

**Off-campus Item** – An item removed from an official university location. Prior to removing the item, an Authorization for Off-campus Use of State Owned Property, [form 41-814](#), 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** – 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 record inventory items for the annual inventory.

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

**Surplus** – Items deemed to be unusable/excess in a given area.

**Trade-in** – An item used as a trade-in on new equipment.

**Transfer** – 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* method.

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

### List of Tagable Asset Accounts

Account	Alternate Account	Account Description
751101	721000	BOOKS & LIBRARY RES TAGABLE
751109	721000	ELECTRONIC LIBRARY RES TAGABLE
752101	721000	FURNITURE AND EQUIP TAGABLE
752105	721000	JANITORIAL EQ TAGABLE
752205	721000	FURN & FIXTURES TAGABLE
752206	721000	EQUIP & MACHINERY TAGABLE
752207	721000	COMPUTER SERVERS TAGABLE
753103	721000	SCIENTIFIC EQ TAGABLE
753105	721000	MEDICAL/DENTAL EQUIP TAGABLE
753111	721000	DATA PROCESSING EQPT TAGABLE
754201	721000	CMP MAIN FR ASOC EQ TAGABLE
754203	721000	CMP MINI ASSOC EQPT TAGABLE
754205	721000	PC ASSOCIATED EQUIP TAGABLE
754207	721000	COMPUTER SOFTWARE TAGABLE
754209	721000	DATA COMM DEVICES TAGABLE
754301	721000	MOTOR VEHICLES TAGABLE
754901	721000	ARTWORK TAGABLE DEPRECIABLE
754902	721000	ARTWORK TAG NONDEPRECIABLE
755101	721000	MODULAR BUILDING STRUCTURES
756299	721000	MISC EXPENDITURES