Guidance for Department Heads in Successfully Managing Equipment Inventory

REFERENCES

- University Policy 3950 Fixed Asset Accounting
- University Policy 3951 Transfer of Equipment from the University to Other Domestic Institutions
- University Procedures 3950 Fixed Asset Accounting (See the Procedures section on the Controller's Office website for Fixed Assets www.controller.vt.edu)
- Department Business Management Guide (See the Quick Link on the Controller's office website www.controller.vt.edu)

REQUIREMENTS

GENERAL

- Deans, vice presidents, department heads, department chairs, and directors are ultimately responsible and held accountable for assuming proprietary control of all equipment and other assets in their care, custody, control or assigned to their department.

- Appoint an equipment coordinator and ensure they attend Banner Fixed Asset training. Trained coordinators can run reports and enter changes in the system thereby keeping information current. Promptly notify Fixed Assets and Equipment Inventory Services (FAEIS) of changes in coordinators.

- Banner Fixed Assets is the university's official equipment record. If departments use a subsidiary "in house" system to assist in tracking equipment, a periodic reconciliation to Banner Fixed Assets must be performed. FAEIS must be notified of all changes needed to update Banner.

- All donations of equipment not received/processed through the Virginia Tech Foundation must be reported to FAEIS.

- Internally fabricated or constructed assets with accumulated costs of $2,000 or more and an estimated useful life greater than one year must be reported to FAEIS. Accurate records must be maintained to support the cost of internally fabricated or constructed assets.

- Departments are expected to find at a minimum, 95% of their equipment (both dollars and items). **Department heads should ensure adequate follow up is performed timely so inventories can generally be completed within 60 days.** The department head should approve Moveable Equipment Summary Report noting agreement with the results of the inventory and acceptance of responsibility for the equipment in accordance with university policy.

- The Banner report FZRFCHG (change) should be reviewed and maintained in accordance with record retention policies as part of the monthly reconciliation process. Problems or errors should be reported to FAEIS promptly.

DISPOSALS/SURPLUS

- Under NO circumstances should university equipment be sold, loaned, given away (outside the university), scrapped/cannibalized or disposed of by any department without prior written approval of the University Surplus Officer in coordination with the Manager of FAEIS. Disposals of equipment must follow surplus property procedures.

- Casualty losses or thefts of equipment must be reported to FAEIS, Risk Management and the Police Department.

- Only university owned equipment can be surplused, these are designated with a VT in the first column (ownership) of the Banner report FZRFORG.

- Special procedures are required for disposal of equipment not owned by the university (purchased with federal funds, SCHEV funds, leased, etc.).

- Departments are responsible for ensuring hard drives are erased and free of all data and software prior to surplussing. The Surplus department (in cooperation with AIS) will also verify the content or 'clean' the hard drives in accordance with the Information Technology Resource Management Standards (COV ITRM SEC2003-02.1)

- Sections 3 and 4 of the monthly Banner FZRFCHG report should be carefully reviewed. Section 3 contains all items picked up by Surplus from your department and transferred into the Surplus Property department (097200). Section 4 includes all equipment traded-in, returned to the vendor, casualty losses, thefts, etc. Discrepancies must be investigated and resolved, reports should be maintained in accordance with the university's record retention policy.

HOME USE

- Department heads may authorize employees to take university equipment to their personal residences to facilitate the completion of university business activities. Departments must have procedures to account for the equipment, at a minimum, written authorization from the department head, documentation of the university business purpose, signed consent by the employee to return the equipment upon request or upon termination of employment, specific details about the equipment, and a process to track all equipment ensuring location information is updated in the Banner Fixed Assets system in a timely basis. A sample form to document the equipment loan is in the forms section on the Controller's Office website for Fixed Assets www.controller.vt.edu. Information for equipment at faculty and staff's homes must be maintained and kept current (at least annually).

TRANSFERS

- The Banner report FZRFCHG should be reviewed monthly for transfers into and out of the department. Section 1 lists equipment transferred into the department and Section 2 lists equipment transferred out of the department. Discrepancies should be investigated and resolved. FAEIS must be notified of any problems.

- In limited circumstances equipment maybe transferred or sold to other institutions and must follow University policy 3951.

- For internal transfers of computers and electronic equipment, the department is responsible for cleaning hard drives and removing sensitive data. See the university security policies (www.security.vt.edu) and the Information Technology Resource Management Standards (COV ITRM SEC2003-02.1) for further guidance.

SUGGESTIONS

GENERAL, whenever possible,

- All new equipment should be delivered to a central location in your department and held until physically barcoded by FAEIS. Equipment can be physically tagged before an invoice is paid if notified in advance ('pre-tag'), copies of supporting purchase documentation should be provided.

- A custodian should generally be assigned for each piece of equipment. A trained coordinator can make custodian changes on Banner screen FZATRAN. Otherwise FAEIS should be notified of all changes.

DISPOSALS/SURPLUS

- The Equipment Coordinator or a fiscal officer should complete Surplus Property Report Forms and the Department Head must authorize the disposal. Forms must be completed accurately including barcode, description, manufacturer, model and serial number.   This will ensure the accuracy of items transferred to surplus.

- A copy of the signed Surplus Property Report Form should be maintained in accordance with the University's record retention policy.

- SCHEV equipment cannot be altered, surplused, destroyed or cannibalized for seven (7) years after the date of purchase (personal computers can be surplused after 3 years).

- Maintain copies of Purchase Orders, Requisitions or other supporting documentation for equipment traded in or returned to vendor for repair. Complete the Inventory Update Form (www.controller.vt.edu) attaching supporting documentation and forward to FAEIS. Notify FAEIS of replacements so equipment can be tagged and records updated accordingly.

- Maintain documentation of casualty losses, risk management claims, theft claims, police reports, etc.

TRANSFERS

- After completing training and obtaining access the equipment coordinator can make transfers into their department using the Banner screen FZATRAN. Transfers out of their department can be made by the receiving department if trained, if not, an Inventory Update Form should be completed. If the transfer doesn't occur electronically Department heads of both the giving and receiving

departments must sign the Inventory Update Form indicating approval of the transfer before the transfer will be performed by FAEIS. It is the responsibility of both the giving and receiving departments to ensure all transfers are performed.

Helpful Reports:

Change Report (**FZRFCHG**) – Emailed to Equipment Coordinator monthly

Reports Trained Equipment Coordinator can access:
- Organization Report (**FZRFORG**) – Produces both a printable report and a download (excel) file
- Single Asset Report (**FZRFSAR**) – Produces a printable report
- Missing Report (**FZRFIMS**) – Produces various printable and download (excel) files of missing assets during the departmental inventory

Forms:
- Inventory Update Form
- Equipment Inventory Certification form
- Home Certification Form example
- Surplus Property Report Form (available from the Procurement website, www.procurement.vt.edu)