

UMBC Policy for Capital Equipment **UMBC#VIII-1.10.01**

Purpose:

- To provide adequate internal control over capital equipment and help ensure the safeguarding of University assets.
- To meet the requirement for USM institutions to document their capital inventory policy in accord with BOR policy 240.0 VIII-1.10 – Policy for capitalization and Inventory Control (issued by the Chancellor, June 19, 1989; revised by the BOR, June 9, 1995).

Definition:

In accord with BOR Policy, the University defines capital equipment as equipment that is not permanently affixed to buildings, has a useful life greater than one year, and a unit cost of \$5,000 or more, except for items predominantly composed of glass, rubber, cloth and equipment being held for resale. This policy is also meant to address any of the minimal requirements addressed by the BOR Policy such as capital items received as gifts and leased equipment items. (Refer to the BOR Policy at <http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110.html>)

Inventory:

The University's Inventory Control Section will maintain central records of all capital equipment assigned to each department. The Inventory Control Section will also be responsible for tagging capital equipment when it is acquired, recording its manufacturer's serial number, and determining its disposition when it becomes obsolete, surplus, or inoperable.

The University System of Maryland's Board of Regents requires that a complete physical inventory of capital equipment be taken every two years. The Inventory Control Section, in conjunction with the responsible campus departments, will be responsible for taking this inventory. Equipment that is located off-campus will be verified, by the department property custodian along with a certification letter signed by the department chair. A list of off-campus equipment can be obtained from Inventory Control.

At the conclusion of the physical inventory, the physical inventory results will be reconciled to perpetual inventory records and, after adequate investigation, a final list of all missing equipment will be reviewed and approved by the President or his designee before any adjustments are made to the Inventory Database.

Property Reporting:

Office of Sponsored Programs will inform Financial Services of the inventory reporting requirements of each grant or contract accounts as the agreements become known.

Inventory Control will retrieve equipment records from the database in order to prepare property reports in the agency-specified format and send the information to the agencies. Copies of the property report submitted will be distributed to the UMBC department and OSPA department.

It is the department's responsibility to verify the report and return it to Inventory Control upon receipt of their copy to state if they agree with the property report that was submitted. If the department does not agree with the report, Inventory Control should be informed immediately. This will allow Inventory Control to submit a timely revised report to the awarding agency.

Sub Recipient Monitoring of Equipment:

Federal Acquisition Regulation (FAR) and OMB Circulars A-110, A-21 and A-133 impose regulatory requirements to the sponsoring agency, prime recipient and subrecipients expending federal awards. In order to abide by federal regulations related to property, the following procedure has been developed:

Plant Funds Department will obtain a copy of the sub-recipient list from general accounting at June 30th of each year to determine which departments and Principal Investigators are affected. This list should agree to the list of subrecipient contracts kept at the Sponsored programs office.

Annually, plant funds will send a notification to those UMBC departments, requesting a list of the property in the possession of the sub-recipient related to the contract.

The UMBC department should forward the property list to Plant Funds upon receipt of the letter. It is the responsibility of the department to obtain the inventory information from the sub-recipient and then forward it to Plant funds by the due date specified in the notification.

Plant funds may need the inventory information more than once per year and may request for the information more frequently to meet the reporting requirements of the contract. Therefore, plant funds may request information several times or at different times of the year.

Departmental Responsibility to Communicate with Inventory Control:

Each department will be responsible for notifying the Inventory Control section of any changes in the physical location of equipment by completing the appropriate form approved by the department chairperson and then forwarding the form to the Inventory Control section. A brief description of each form is listed below:

A. UMBC Equipment Authorization Form

http://www.umbc.edu/accounting/Plant_Funds/Off_Campus_Loan_Form_New

This form must be completed, signed by the department chairperson, and forwarded to the Inventory Control section **before taking equipment off campus.**

The anticipated return date must be stated and can not exceed 24 months. The borrower will be required to bring the item back to campus during the physical inventory for verification.

B. UMBC Inventory Adjustment Form

http://www.umbc.edu/accounting/Plant_Funds/InventoryAdjustment

This form must be used whenever equipment is transferred to another department, is missing, stolen, or if a correction is needed for the account charged. If equipment is transferred, the chairperson for both of the departments transferring the equipment and the department receiving the equipment must sign the form. If equipment is missing or stolen, a copy of the police report must be attached.

C. UMBC Property Disposition Form

http://www.umbc.edu/accounting/Plant_Funds/Disposition_Form_New

This form must be used for disposal, relocation, temporary storage, sale or donation to an approved non-profit organization. **The Inventory Control section coordinates all disposals.** Departments can not dispose or sell any equipment without the approval from the campus Plant Fund Accounting.

D. Inventory Addition Form

http://www.umbc.edu/adminaffairs/procurement/forms/inventory_additions_rev04052004

This form must be used to notify Inventory Control about equipment that is purchased with P-Cards “credit cards” or equipment that is fabricated. Inventory Control will assign UMBC Tags to the equipment. The department should forward a completed Inventory Addition Form, Invoice and a copy of the entry to reallocate the purchase to Inventory Control.

E. Inventory Addition Form for Federal Property (See attached)

This form must be used for reporting to Inventory Control all Federal Government Property in custody of UMBC departments or sub-recipients.

When a department receives property owned by the federal government and the subject property is titled to the federal government, the department must notify Inventory Control Section by forwarding an Inventory Addition Form along with a receiving form or an invoice. The Inventory Control section will affix the equipment with a “Property of US Federal Government” tag.

When a UMBC department subcontracts a federal award and the subcontractor receives property owned by the federal government, the department must notify Inventory Control section by forwarding a Inventory Addition of Federal Government Property Form along with a receiving form or invoice and a copy of the agreement. The Inventory Control section will affix the equipment with “Property of US Federal Government” tag. If the equipment is located off campus, Inventory Control Section will provide tags to the department. The department will certify receipt of the tags, place the tags on the equipment and will respond back to Inventory Control with the location and serial numbers of the equipment.

Inventory Control will use the Federal Government Addition Forms submitted by the department for annual and final property reporting to the federal government.

F. Inventory purchases of Federal Property via purchase orders:

If the department purchases property through a UMBC requisition “purchase order”, but the title to the property rests with the Federal Government, the department should communicate this as a note on the purchase order and also attach a copy of the award or agreement.

Note: Copies of these forms can be obtained from the University’s Inventory Control Section.

Policy Number: VIII-1.10.01

Policy Section: Fiscal and Business Affairs

Responsible Administrator:

Responsible Office:

Approved by President:

Originally Issued:

Revision Date: