

MEMORANDUM



ASSET MANAGEMENT

Stop 8364

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TO: Department Heads
FROM: Hazel Lehman, Asset Management Accountant
DATE: February 28, 2011
RE: Annual Equipment Inventory Audit

Your department is on the spring schedule to conduct its annual equipment inventory. The purpose of this memo is to provide you and your department with proper instructions for performing your annual equipment inventory audit. **Please forward this information to the individual that completes the annual inventory.** I would also encourage you to distribute a memo or e-mail to all of the faculty and staff in your department asking them to assist the Inventory Coordinator with the inventory audit.

The annual equipment inventory audits are completed for the following reasons:

- The North Dakota State Law (Century Code Chapter 44-04-07) requires each department to perform an annual equipment inventory of all major equipment.
- All major equipment (>\$5,000) is maintained in the fixed asset subsidiary ledger and is reconciled to the general ledger on a monthly basis. Performing an annual inventory ensures that Asset Management's records are accurate.
- All minor equipment (<\$5,000) is updated for insurance purposes via the annual audit. Each department is responsible for maintaining an accurate listing of Minor Equipment. If there is equipment in your department that was not included on the Minor Equipment listing submitted to Asset Management, IT IS NOT INSURED. If items are destroyed that were not on your Minor Equipment listing, you are not insured for any loss on that equipment. Failure to provide a comprehensive Minor Inventory List could result in substantial loss to the department if an insurance claim is filed and the equipment was not properly documented. It is critical that the Inventory Coordinator in the department updates this list on a regular basis.

If you have questions on inventory, see the PowerPoint Presentation and handouts on the Asset Management website: <http://www.und.edu/finance-operations/asset-management/training-resources>

You, as the department head, as well as the individual who performs the inventory must sign one copy of the Inventory Item List and return to Asset Management (AM) by May 20, 2011. It is very important the inventories be returned. Inventories not returned by the deadline will be referred to the appropriate Vice President for further action. Please keep a copy of inventory listing submitted to Asset Management for reference.

Further instructions for performing the annual inventory audit follow. If you have any questions, please do not hesitate to call me at 7-3126.

INSTRUCTIONS FOR COMPLETION OF ANNUAL INVENTORY AUDIT – MAJOR EQUIPMENT (>=/ > \$5,000)

The Inventory Coordinator should run the PeopleSoft query, download it to Excel and review the Inventory Item List. Please use a blue or red pen to make corrections on your inventory list.

- Descriptions, locations and replacement costs of items should be reviewed for accuracy.

OFF-CAMPUS EQUIPMENT - All equipment being used off campus PERMANENTLY or PRIMARILY (more than 50%) for 7 consecutive days or more should be designated as "OFF-CAMPUS." If equipment is used off-campus, it is to be used for University business purposes only.

All items appearing on your Inventory Item list should be physically accounted for. Discrepancies between your Inventory Item List and items in the department's possession may be attributed to:

EQUIPMENT TRANSFERRED TO ANOTHER DEPARTMENT

Items on your Inventory Item List that have been transferred to another department within the University must have an **Equipment Transfer and Status Report** form completed at the time of the transfer. A copy should be attached to the Annual Inventory Item List.

This form is available on the Asset Management website (www.und.edu/finance-operations/asset-management/forms.cfm).

Note: It is the department's responsibility to ensure that the department receiving the equipment completes their portion of the form and returns it to Asset Management. The transfer of equipment will not be processed until AM receives the original transfer form.

DELETIONS

Equipment to be deleted should be marked with a "D" after the item number. Please attach copies of supporting documentation to your annual inventory. **NO ITEM WILL BE DELETED FROM INVENTORY WITHOUT PROPER DOCUMENTATION.**

Examples:

- Trades - Complete and attach an Equipment Transfer and Status Report. Remember trades require the approval of the Purchasing Department.
 - Stolen Property - Attach a copy of the police report.
 - Surplus Property - Attach a copy of the surplus property form. Do not send the original form to AM, this goes directly to Surplus Property. Contact Surplus (7-3125) with questions or obtain *Surplus Property Forms* from the Facilities website. Surplus Property will notify AM when they have either sold or disposed of the equipment. Deletions will not be processed until notification is received from Surplus Property.
 - Lost Equipment - Indicate equipment not found during the current inventory by writing "lost-mo. -yr." in red ink next to the tag number. Please see additional procedures noted below when accounting for lost equipment.
- Additional Procedures when Identifying LOST Equipment: - Due to concerns raised during the state's annual audit at UND, the following procedures have been implemented regarding deletion of lost equipment items. All departments with lost items will be required to conduct a follow-up search for the lost items within 6 months of their regular inventory deadline.
- Asset Management will send a listing of lost items to departments after receipt of their annual inventory.
 - Departments will conduct a second search for lost items.

- Upon completion of the search for the lost items, departments will complete an Equipment Transfer and Status Report for any items they were still unable to locate during the secondary search. **The head of the department must sign this form.**
 - Asset Management will delete lost items from inventory upon receipt of completed Equipment Transfer and Status Form.
 - If an equipment item has been deleted and is later found, the department should notify *Asset Management* in writing to request the equipment tag number be reactivated.
- NEW EQUIPMENT NOT TAGGED AND TAGGED EQUIPMENT IN YOUR POSSESSION BUT NOT ON YOUR INVENTORY LIST
 - List equipment with a cost equal to or greater than \$5,000 that is not tagged at the end of your inventory list. A purchase order number and voucher ID must be provided to identify the item. Tagged items found in your location(s) but not listed on your report should also be added at the end of the report. This is very important as a means for finding equipment that may be listed as lost on another department's inventory.
 - EQUIPMENT MISSING A TAG - Equipment located without a tag should be underlined on the inventory list and designated with an "R" after the tag number. An engraved tag will be sent to replace the missing tag.
 - EQUIPMENT ITEMS – INSURED VALUE ONLY - In some instances UND may be required to insure equipment items that are either being rented or are on loan to the University. If you have such items on your inventory list, please verify that these equipment items are still in your possession and that UND is still required to insure them. If the equipment has been returned, please note this by drawing a line through the line item on your inventory sheet and adding a note in the margin. You will also need to complete an Equipment Status and Transfer Form to have the items deleted from your inventory list. **If your department has possession of loaned or rental equipment that UND is required to insure, please contact Asset Management @7-3126 or the Insurance Office @ 7-3341, to initiate the process of getting it on your onto inventory.**

The final copy of the Major Inventory Item List must be signed by the department head and the person or person(s) conducting the inventory.

- **RETURN TO ASSET MANAGEMENT AT STOP 8364 BY: May 20, 2011**

INSTRUCTIONS FOR COMPLETION OF ANNUAL INVENTORY AUDIT MINOR ITEMS < \$5,000

Please follow the instructions below to complete the Annual Inventory Audit for Minor Items.

- Please keep an accurate and comprehensive Minor Equipment Inventory List to be submitted with the annual inventory reports. These lists are updated annually for insurance purposes. **If you do not have a Minor Inventory List, you are not insured for any loss on that equipment.** Failure to provide a comprehensive Minor Inventory List could result in substantial loss to the department if an insurance claim is filed and the equipment was not properly documented.
- Each department is required to use the MINOR INVENTORY TEMPLATE available on the Asset Management website at <http://und.edu/finance-operations/asset-management/forms.cfm> Departments may use their own Excel spreadsheet provided the information includes the same information on the template.
- According to ND State Fire & Tornado Insurance, certain items can be lumped together for inventory purposes, such as miscellaneous office supplies. If numerous offices are outfitted in the same amount of furniture and equipment, you can itemize one office and multiply that dollar amount by the number of offices.
- Your Minor Inventory List should include a separate list for all **Off Campus Equipment**, providing the total on last page of that list. (See page 3 for explanation of “Off Campus Equipment”).
- If a department uses a bar coding system, that system is independent of the current Inventory System. It is the department’s responsibility to purchase and maintain the system. Bar coding may be a useful tool for your department, but it is not a substitute for current Asset Management requirements.
- If substantial minor equipment is received during the year (10% increase or decrease over the prior year inventory), please provide Asset Management with an updated Minor Inventory List with the new dollar value at that time.

The final copy of the Minor Inventory Item List must be signed by the department head and the person or person(s) conducting the inventory.

- **RETURN TO ASSET MANAGEMENT AT STOP 8364 BY: May 20, 2011**
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