

**University Equipment**

The University is responsible for safeguarding all of its equipment. Custody and proper use of equipment is the responsibility of the various colleges and departments where the property is assigned. University employees have stewardship responsibilities for University property assigned to the employee. Employees are required to use good judgment in the use of all university equipment.

For the purpose of this policy, equipment is defined as all capital equipment (cost equal to or greater than \$5,000.00 and useful life greater than one (1) year), Low Value Equipment, Low Value-High Risk Equipment (see Fayetteville Policy and Procedure 313.2 for definitions), furniture, library holdings, livestock, inventory for resale and any item that may be used or sold.

University equipment may only be used in the conduct of official University business. University equipment may not be rented or loaned to any person, group or organization for personal use.

University equipment and other resources may not be used for any purpose that is illegal, unethical, dishonest, damaging to the reputation of the University, likely to subject the University to liability, or otherwise contrary to University policy.

Employees observing or otherwise aware of the abuse, misuse, misappropriation, illegal use, unethical use, dishonest use, or use of University equipment that is damaging to the reputation of the University or in violation of University policy should report such incidents to the custodial Dean, Director or Associate Vice Chancellor and to Financial and Management Analysis.

The University owns and controls all equipment purchased with University funds, unless stipulated otherwise by the funding source. The University owns all equipment purchased with University funds and all equipment received as gifts, regardless of which University unit ordered the item, the source of funds or the particular budget expensed.

The University owns and controls all equipment that is donated, contributed or gifted, whether solicited or not; all property received in this manner must be reported to the appropriate Development Officer in each college, school or unit (Development Staff). Equipment having a useful life greater than one year and an initial value of at least \$2,500 should also be reported to Property Accounting Office in Financial Affairs.

Although title to equipment purchased with grant or contract funds may not be legally vested with the University, the University shall exercise the responsibilities of ownership for such equipment.

Any University equipment that is lost, destroyed, damaged, or the subject of possible theft must be reported to the department head of the custodial department. Equipment that is the subject of possible theft must also be reported to the University Police Department as soon as possible, but no later than three calendar days after the discovery.

The University Police Department will report all incidents to the Property Accounting Office, which will monitor for patterns of inadequate control of equipment. The Property Accounting Office will report apparent patterns of inadequate control of equipment to the department head of the custodial department, along with Vice Chancellors and work with the department to develop and implement adequate controls as needed.

Departments shall develop clear, consistent policies and procedures for management and control of all equipment. Department heads may appoint subordinates to be responsible for equipment; however, the department head is primarily responsible for all equipment assigned to the department.

Departments will keep current records of all property located off-campus by using the location fields within AIMS (Asset Inventory Management System in BASIS).

Employees may be accountable to both civil and criminal authorities and to the University for acts that constitute violations of federal, state or municipal law or University policies. The University may proceed with disciplinary action whether or not civil or criminal proceedings have been instituted against the employee. The University disciplinary proceedings may not be abated or subject to challenge solely on the grounds that the civil or criminal charges have been dismissed or reduced.

Restitution will be required for theft or damage done to University property or for the improper disposal of University equipment.

### **Capital Equipment and Low Value Equipment Inventory**

To ensure adequate control of capital equipment is maintained, annual physical inventories are required. To facilitate the annual physical inventory the following procedures are used.

The Property Accounting Office, a division of Financial Affairs, is responsible for maintaining accurate inventories of Capital Equipment, Low Value Equipment and real property. Legislative Audit tests the process the University of Arkansas has in place to fulfill this responsibility and reports to the General Assembly the degree to which the University accomplishes this responsibility. The University expects each department to actively participate and complete its inventory process in a manner that demonstrates accountability for University property. The following procedures address typical problems encountered during the annual departmental physical inventory. The University of Arkansas has established this policy to ensure that the inventory of equipment does not result in exceptions to an unqualified audit.

### **Scheduling Inventory**

By mid-May, the inventory scanning schedule is posted to the Property Accounting web page, and also posted in AIMS. The department will need to confirm the scan dates with Property Accounting by mid-June. If the proposed scan date is unacceptable, the department will need to indicate alternative dates for consideration.

If the department becomes aware of a schedule conflict after the confirmation, the Property Accounting Office must be notified to reschedule at the time the conflict arises.

Once the schedule is confirmed, any change made by the department without prior notice will result in a rescheduling fee of \$50.

Monthly, beginning in August, reminders are e-mailed to departments that are scheduled for inventory during that month.

### **Scanning Inventory**

A Property Accounting Office representative distributes scanners on Monday mornings with instructions of when to return the scanner to the Property Accounting Office (Thursday of the same week for most departments). The Property Accounting Office is available to answer any questions. The department scans all Capital Equipment and Low Value Equipment associated with the department, and then returns the scanner to Property Accounting.

**NOTE:** Off campus units, outside the Fayetteville area, are generally allowed three (3) weeks to complete the scanning process; this time frame allows for mailing the scanners to and from the location.

If the scanner is not returned by the due date, a reminder call is made the following morning to return the scanner by that afternoon.

If the scanner is not returned by that afternoon, a Property Accounting representative will be sent to the department to retrieve the scanner. The department will be charged for one (1) hour of salary and fringe benefits of the Property Accounting representative.

### **Rescheduling Inventory**

When circumstances arise that make it unfeasible for a department to perform its inventory at the scheduled time, the department should contact the Property Accounting Office to reschedule as soon as possible.

If the inventory scan is not completed by the rescheduled date, a Property Accounting Office representative will be sent to the department to scan the inventory. The department will be charged based on the hourly pay rate (of the Property Accounting Office representative) plus fringe benefits multiplied by the number of hours spent scanning the inventory.

If a department has not attempted to reschedule and/or has not completed the inventory scan by the due date, they will be given one (1) opportunity to reschedule. If the inventory is not scanned by the rescheduled due date, then a Property Accounting Office representative will be sent to the department to perform the inventory scan. The department will be charged based on the hourly pay rate (of the Property Accounting Office representative) plus fringe benefits multiplied by the number of hours spent scanning the inventory.

## **Non-Scanned Equipment**

After the department has returned its scanner, Property Accounting will upload the file into AIMS. An email is sent to the designated departmental inventory contact. The e-mail states that the file has been uploaded and they can now run the JOB in AIMS to obtain their list of non-scanned equipment (i.e., Capital Equipment and Low Value Equipment assigned to the department but missing from the list of items identified and scanned by the department). (The name of the JOB is “*Missing Assets for a Budgetary Unit*”). The department then has two (2) weeks to research and justify the items on the list. If the department has not resolved its non-scanned equipment within those two weeks, and has not made any contact with Property Accounting for assistance with the process, the department may face a penalty of \$500.00. This penalty may be paid from departmental funds.

When the non-scanned equipment items are located, departmental personnel can update the records in AIMS through the ABRL (Asset Building, Room, Location) function.

When property on record cannot be located, the departmental inventory contact shall update the property record to indicate that the items have been determined to be missing, cannibalized without permission or discarded without permission using the PAID (Primary capital Asset Identifiers) function in AIMS.

After all records have been updated, Property Accounting will send a final confirmation letter to each department head with the department’s final list of improperly disposed equipment. The department chair shall sign and return the letter to Property Accounting. The signed letter certifies that the department has investigated the case and is presenting the facts to Property Accounting. The letter states that in accordance with the Arkansas Financial Management Guide, Title 19 – *Public Finance Chapter 4 – State Accounting and Budgetary Procedures Subchapter 15*, the appointed individual has proceeded in the following manner:

1. Obtain the full identification of the missing property and last recorded location from Property Accounting, (which is provided on the Non-Scanned Equipment List).
2. Check the last recorded location and adjacent areas. An interview should be conducted with all individuals assigned to the area where the missing property was last located according to the property records.
3. Conduct a search of property disposal and transfer documents to see if the property could have been turned in to the Surplus Warehouse, Marketing and Redistribution or transferred to another agency.
4. Establish whether the property involved may have been temporarily loaned to other activities. If so, the activities identified should be searched in an attempt to locate the missing property.
5. If the above actions fail to locate the missing property, all areas occupied by the department should be searched beginning with the activities most likely to have a use for the property.
6. If at any time during the investigation it is suspected that a theft has occurred, the matter should immediately be brought to the attention of the department head. If after notification the department head also suspects theft, the appropriate law enforcement official(s) should be

contacted for investigation and further action as warranted. (See the section below captioned “Stolen Equipment”)

7. If at any time during the investigation process the missing property is located, the proper location shall be recorded in AIMS through the use of ABRL.
8. At the conclusion of the investigation the appointed investigator shall re-run the *Missing Assets for a Budgetary Unit* JOB in AIMS. Notations should be made on all of the remaining items on the list and sent to Property Accounting.

If the Vice Chancellor for Finance and Administration is satisfied that the remaining missing property cannot be located after the investigation report, a “Credit for State Property” Form (P3-19-4-1503) along with copies of the investigation report and the police report in the case of stolen property shall be prepared and submitted to the Department of Finance and Administration-Office of Accounting, Administrator as the DFA Director’s designee for approval. Upon receipt of an approved “Credit for State Property” Form, P3-19-4-1503, the University may remove the missing property from the capital asset records. This approval becomes part of the documentation to be used on the audit of the University’s property records by the Division of Legislative Audit. The Vice Chancellor for Finance and Administration shall take any action he/she considers appropriate to prevent recurrence. (ACA 19-4-1501)

#### **Stolen Equipment:**

The department must notify the University of Arkansas Police Department (UAPD), (or appropriate law enforcement agency in the case of off campus departments) of all items reported as stolen at the time the theft is discovered. In order to be treated as a possible theft, there must be evidence of theft other than equipment that simply cannot be located. The UAPD will investigate and file an official report with the Property Accounting Office. The Property Accounting Office will notify the department and UAPD if there is a significant number or pattern of stolen items. In those cases, the department will need to schedule a security review to be performed by UAPD. Off campus departments will need to file copies of police reports obtained from police agencies other than UAPD with Property Accounting.

Once the review has been performed, the department must submit a plan of action to UAPD and the Vice Chancellor for Finance and Administration (VCFA) to address any problems found. New equipment will NOT be approved for purchase by the department until the action plan has been filed and approved by the VCFA.

#### **Discarded or Cannibalized Equipment:**

In all cases, specific written permission MUST be obtained from the appropriate office within Business Affairs prior to any discarding, cannibalizing or trading-in of equipment. Approval to cannibalize should be obtained from Surplus Property. Approval for trade-ins should be obtained from and coordinated through the Purchasing Office.

Departments will be subject to a penalty imposed by Fayetteville Policy and Procedure 313.4 for inappropriately disposed equipment. All penalty payments to the University will come from unrestricted gift funds.

Items reported as stolen, discarded or cannibalized will be deleted from the department's inventory by Property Accounting at the end of the fiscal year based upon approval from the Department of Finance and Administration (DF&A).

Any items that require equipment tags are to be reported to the Property Accounting Office who will re-tag the equipment (if located on campus). Any items whose tags are not appropriately fixed to equipment should be reported to the Property Accounting Office.

**Estimated Useful Life of Equipment**

The following are the recommended guidelines that were adopted by the University of Arkansas upon implementation of GASB34/35 for determining the useful lives of various classifications of equipment.

Type of Equipment	Useful Life (in Years)
Computer Equipment	3-5
Motor Vehicles	5-6
Other Office Equipment	5-7
Buses	5-10
Equipment (non-office)	7-10
Office Furnishings	7-10
Archives & Collections	10-15
Aircraft	10-15
Watercraft	10-15

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