



University of California Business and Finance Bulletin

July 1, 2007

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| Number BUS-29 | Management and Control of University Equipment <i>http://www.ucop.edu/ucophome/policies/bfb/bus29.html</i> | Refer all general questions to: jorge.ohy@ucop.edu Refer all campus questions to: Campus Equipment Management Office |
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I. GENERAL

A. REFERENCES

1. [Bylaw 5.1.f](#) and [Standing Order](#) 100.4 of The Regents of the University of California.
2. Delegation of Authority to Chancellors for implementing the University Materiel Management Policy ([DA 0271](#)), July 2, 1970.
3. [Policy on Support Groups, Campus Foundations, and Alumni Associations](#), September 15, 1995, and [Administrative Guidelines for Campus Foundations](#), February 12, 2004.
4. Administrative Information Systems
 - a. Policy on Administrative Information Systems, October 28, 1983.
 - b. [Corporate Equipment, Facilities and Assets System](#). This document contains detailed specifications for campus reports on equipment data to the Office of the President.
5. [Development Policy Manual](#)
6. Contract and Grant Manual, [Chapter 15, Property](#)
7. Business and Finance Bulletins
 - [A-51](#) Application of Proceeds from the Sale, Trade-In or Transfer of University Property
 - [BUS-4](#) University Commodity Codes for Equipment and Supplies
 - [BUS-19](#) Registration and Licensing of University-Owned Vehicles
 - [BUS-28](#) Property Self-Insurance Program
 - [BUS-38](#) Disposal of Excess Material and Transfer of Federally-Funded University-Owned Material
 - [BUS-43](#) Materiel Management
 - [RMP-5](#) Records Retention Program for Financial Documents Pertaining to Federal Awards to the University
8. [Records Disposition Schedule Manual](#)
9. Applicable Provisions of Regulations and Guidelines, including:
 - [Federal Acquisition Regulations](#) (FAR) Part 45
 - [OMB Circular A-110](#) - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,
 - Federal Property Management Regulations (41CFR Part 101)
 - Department of Defense Manual for the Performance of Contract Property Administration (DOD 4161.2-M)

10. Classification system for coding equipment, including the Equipment Useful Life Schedule. 11. Accounting Manual

[H-576](#), Medical Centers (see section IX)

[L-217-11](#), Accounting and Reporting for Leases and Installment Purchase Contracts

[P-415-2](#), Plant Accounting: Costing and Reconciling Inventorial Equipment Acquisitions

[P-415-32](#), Plant Accounting: Fabricated Property

B. PURPOSE

This document establishes requirements for prudent management and control of materiel defined as inventorial equipment, other government property, and other inventorial items, that are owned by or in the custody of The Regents of the University of California. These requirements are intended to ensure proper protection of and accounting for materiel owned by or in the custody of The Regents.

C. SCOPE

- Materiel in the custody of the Treasurer pursuant to Section 21.4(h) of the Bylaws and Standing Orders of The Regents of the University of California.
- Materiel in the custody of the Department of Energy which is used by the University in conjunction with DOE projects managed by the University.

D. DEFINITIONS

Accessory Item – As defined in FAR 45.501, an item that facilitates or enhances the operation of plant equipment, but which is not essential for its operation. Accessory items necessary to place the plant equipment into its intended location and condition for use should be capitalized and inventoried as part of the basic unit of equipment. Accessory items acquired after the initial acquisition of the basic unit, and with an item cost of \$5,000 or more¹ and with a normal life of greater than one year must be capitalized and inventoried.

Acquisition Code – Codes used by the University to indicate the means by which the University acquired the inventorial item (Sect. VII.E provides codes and definitions).

Agency – The organization, corporation, foundation, or person that provides funding for research project agreements.

Auxiliary Item – As defined in FAR 45.501, an item without which a basic unit of plant equipment cannot operate. Auxiliary items should be capitalized and inventoried with the associated basic unit of equipment.

Award - A legal document that commits parties to a project involving work in exchange for funding. The term award includes grants as well as contracts and cooperative agreements.

¹ Prior to July 1, 2004, the threshold was \$1,500. Items acquired or fabricated prior to July 1, 2004 with an acquisition cost between \$1,500 and \$5,000 will remain in inventory until fully depreciated or disposed.

Borrowed (Loan From) Equipment - Equipment under the control of The Regents for which title vests with a UC campus, a non-university entity, a non-government agency, or a government agency.

CAAN – Capital Asset Account Number. Each separately identifiable asset or asset grouping [i.e., Land, Buildings and Structures, General Improvements, Infrastructure Assets, Intangible Assets, Fixed Equipment, Library Material and Collections, and Software] must be assigned a unique number within the Corporate Equipment and Facilities (EFA) database. CAANs are also entered by the location into the annual asset file of the Corporate Financial System.

Component Parts - Items which are not complete in themselves and thus are not separately inventoried. Component parts are capitalized or expensed according to Section II.A.9.

Contractor – The University, i.e., the Corporation entitled The Regents of the University of California.

Contracting Officer - The duly authorized individual delegated by an appropriate government authority to make an award, and thereafter administer the award, on behalf of the government.

Custodial Department - That department or unit of a University location charged with responsibility over materiel.

Discrepancies Incident to Shipment – As defined in FAR 45.501, all deficiencies incident to shipment of government property to or from a Contractor's facility whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include loss, damage, destruction, improper status and condition coding, errors in identity or classification and improper consignment.

EFA - The Corporate Equipment and Facilities systems (EFA) contains a complete inventory of University buildings, rooms and equipment, across various corporate databases.

Equipment (classifications follow):

University Inventorial Equipment – Equipment for which the University holds title, which is non-expendable, tangible, personal property acquired for \$5,000² or more, and which has a normal life expectancy of more than one year. The capital value of University inventorial equipment is the same as its acquisition value.

Found Equipment – Misplaced equipment subsequently discovered either by the Equipment Management Department or a custodial department and entered into inventory.

Industrial Plant Equipment (IPE) – As defined in DFAR 245.301, "plant equipment in Federal stock group 34 with an acquisition cost of \$15,000 or more used for cutting, abrading, grinding, shaping, forming, joining, heating, treating, or otherwise altering the physical properties of materials, components or end items entailed in

² Prior to July 1, 2004, the threshold was \$1,500. Items acquired or fabricated prior to July 1, 2004 with an acquisition cost between \$1,500 and \$5,000 will remain in inventory until fully depreciated or disposed.

manufacturing, maintenance, supply, processing, assembly, or research and development operations."

Government Inventorial Equipment – Personal property to which the government holds title but which is held in custody by the University, and which (1) has an acquisition cost of \$5,000³ or more and (2) a normal life expectancy of more than one year. Government equipment does not lose its identity as personal property by reason of affixation to any real property. The capital value of government inventorial equipment is the same as its acquisition value.

Equipment Administrator - The individual designated by the Chancellor as authorized to control equipment.

Equipment Classification Code - A five digit code assigned to inventorial equipment, per the EFA system specifications.

Fabrication – A fabrication is an item of non-expendable, tangible personal property that: (1) has been physically constructed by a University activity; (2) that has a total acquisition cost of \$5,000 or more; (3) that has a normal life expectancy of more than one year; and (4) that is expected to be used by the University upon completion. A product resulting from simple assembly or connecting of various parts does not qualify as a fabrication.

The University accounts for and inventories fabrications based on whether the fabrication is intended for university use or for sale and delivery to an external entity under the auspices of a sponsored project. As used in this Bulletin, "fabrication" does not include a piece of equipment fabricated for the sole purpose of sale and delivery to an external entity under an award made specifically for the fabrication of the equipment. (See Accounting Manual [P-415-32](#)).

Fair Market Value - The price at which a willing buyer and a willing seller settle a sale of such equipment. Recent transactions or advertisements can be used as an estimate to establish fair market value.

Furniture – Any item used to furnish a room including, but not limited to, chairs, desks, credenzas, tables, bookcases, and shelving units that meet the definition of equipment. Systems furniture (office systems furniture) is separately identified, such as:

1. Panel/screen, non-load-bearing: All freestanding screens that provide visual and/or acoustical separations, and are intended to be used to divide space but not used to physically support furniture items.
2. Panel supported systems: Individually connected panels and work surfaces, filing, storage and shelving components and accessories which receive their primary support from the panels and which, when combined, form complete workstations.
3. Modular systems furniture: Modular furniture made up of independent work surfaces and storage units with panels used as end panels or space dividers. This

³ Prior to July 1, 2004, the threshold was \$1,500. Items acquired or fabricated prior to July 1, 2004 with an acquisition cost between \$1,500 and \$5,000 will remain in inventory until fully depreciated or disposed.

category includes all modular furniture components that collectively are required to complete a workstation.

Items of furniture with a unit cost of \$5,000 or more and with a normal lifespan of greater than one year must be identified as capital equipment and so inventoried.

Government – Federal government of the United States of America, unless otherwise specified (e.g., "state government").

Government Property – As defined in FAR 45.101, all government-titled property owned by or leased to the government or acquired by the government under the terms of the award and in the custody of the University, both government-furnished property and University-acquired property. The University classifies government property into one of two categories: 1) Government Inventorial Equipment, and 2) Other Government Property. The acquisition value of Government Inventorial Equipment is always capitalized; the value of Other Government property is not capitalized.

Loan from Equipment (Borrowed Equipment) - Equipment controlled by The Regents whose title is vested with another University campus, a non-university entity, a non-governmental agency, or a government agency.

Loan to Equipment (Loaned Equipment) - Equipment loaned by a University department to another department on the same or a different campus, or to an external agency or individual.

Material – As defined in FAR 45.301, property that may be incorporated into or attached to a deliverable end product or that may be consumed or expended in performing an award. The term “material” includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing an award.

Materiel - Equipment, tools, apparatus, material and supplies necessary for the operation of the University.

Motor Vehicle - Any motorized carrier designed primarily for the transportation of persons or property which is operated on a public road for a distance greater than one-quarter mile. Excluded are any implements used for agricultural operations and only incidentally operated or moved over a public road.

Other Government Property – An item to which the government holds title that was purchased for less than \$5,000 or that has a normal life expectancy of one year or less. See also Government Property.

Other Inventorial Items – Items purchased for less than \$5,000 or that have an expected normal life of one year or less, which are not inventoried as equipment or governmental property, but which are nevertheless subject to safeguards provided by the inventorial process. This category includes theft sensitive items and items specifically identified for inclusion as inventorial items by the sponsor of an extramural award. Such items are expensed (vs. capitalized), are subject to local campus inventory control procedures, and need not be reported in the EFA database.

Personal Property – (As opposed to real property; see below.) Any movable item subject to ownership.

Plant Equipment – As defined in FAR 45.101, personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. This category excludes special tooling or special test equipment.

Principal Investigator-- An academic or administrative employee of the University who is responsible for initiating, conducting and managing an extramurally-funded award. The individual may also be known as the Project Director or Project Administrator.

Property Administrator - The duly authorized representative of the government contracting officer delegated the authority to administer the award requirements and obligations relative to government property.

Special Test Equipment – As defined in FAR 45.101, a single or multipurpose integrated test unit engineered, designed, fabricated, or modified to accomplish special-purpose testing in performing a contract. This category includes items or assemblies of equipment that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It excludes material special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

Special Tooling – As defined in FAR 45.101, jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. This category excludes material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

Sponsoring Department - That department or unit of a University campus responsible for the administration of an extramurally funded award.

State – The State of California.

Title – Title to an item is the same as legal ownership of the item. University property is owned by the corporation entitled The Regents of the University of California.

University - The corporation entitled The Regents of the University of California.

University Property - That property to which title is vested in the University regardless of the types of funds used to purchase the property and whether it was obtained by gift or transfer from another entity.

Useful Life Schedule - A system by which inventorial equipment is assigned a life expectancy value. The Equipment Classification Code system is maintained by the Office of the President, Financial Management.

E. DETERMINATION OF INVENTORIAL EQUIPMENT, OTHER GOVERNMENT PROPERTY, AND OTHER INVENTORIAL ITEMS

The population of materiel subject to this policy includes:

1. University or Government Inventorial Equipment (items with a unit acquisition value of \$5,000 or more and an expected useful life of more than one year)
2. Other Government Property
Government-titled items with a unit acquisition value of less than \$5,000 or with expected normal life of one year or less are not capitalized; are included in the local campus inventory; but are excluded from the data provided to the Office of the President.
3. Other Inventorial Items
“Other Inventorial Items” are those with a unit acquisition value of less than \$5,000 or with an expected normal life of one year or less, that are otherwise not categorized as inventorial equipment or other government property, but that may require the safeguards provided by the inventorial process. Items in this category are not listed as capital assets but are included in the local campus inventory. This category of items need not be entered into the EFA system. The category includes:
 - a. Firearms
 - b. Items acquired under extramural awards that set a dollar limit of less than \$5,000 for inventorial items⁴
 - c. Campuses may establish guidelines governing the control of theft-sensitive items valued at less than \$5,000. These items should be expensed; not capitalized. Examples of theft-sensitive items include:
 - i. cameras and projectors
 - ii. binoculars, telescopes, periscopes, microscopes and microscope assemblies, optical elements and assemblies
 - iii. parts, attachments, and accessories for optical apparatus
 - iv. recorders and playback units, audio- or video
 - v. wheeled stretchers
 - vi. powered hand tools
 - vii. stereo and video components, and
 - viii. laptop computers and PDAs
4. Excluded Items
The following categories of items are not included as Inventorial Equipment, Other Governmental Property, or Other Inventorial Items, and are not subject to the requirements of this Bulletin. However, they may be subject to group capitalization for bundled purchases or capitalization as part of an existing unit of equipment. In such cases, the capitalized values must be included in the equipment account of the general ledger and in the inventory records.

⁴ Consult the awarding agency’s guidelines regarding item cost and associated inventory requirements.

- a. In accordance with the provisions of Accounting Manual Chapter [P-415-2](#) (section IV), hospitals may utilize group capitalization for standard office furniture and other group of goods of like nature (e.g., bed frames, mattresses). These grouped items are not required to be individually tagged or inventoried; however, the total value of the grouping must be included in the campus inventory records as Non-Inventorial Equipment
- b. Parts of buildings and structures normally classified as inventorial which are permanently built in or installed, the removal of which would impair the building or structure or substantially reduced its value should not be classified as inventorial equipment, and should not be included in the equipment register. These items are classified and reported as Buildings and Structures, General Improvements, or Fixed Equipment assets (CAAN assets).
- c. Software
 Software costs included with the purchase cost of hardware (not separately identified on the vendor's invoice) shall be capitalized and included as part of the value of inventorial equipment. All separately invoiced software purchases, development costs, license fees, and maintenance costs, should be expensed (not capitalized) if the value is less than \$5,000, or should be capitalized and reported as a CAAN asset (not as inventorial equipment) if the value is \$5,000 or more.

F. RESPONSIBILITIES

- 1. The Regents is responsible for all materiel to which it holds title. Custodial responsibility for other materiel rests with The Regents to the extent that it has explicitly agreed to accept responsibility therefore.
- 2. Under Standing Order 100.4, the Regents have granted authority to the President for developing policy for the care and custody of materiel belonging to or in the care and custody of The Regents.
 The Vice President--Financial Management is responsible for developing policy with respect to management and control of inventorial equipment.
- 3. Each Chancellor is responsible for implementing and administering property under his or her jurisdiction. The Chancellor shall:
 - a. Inform all campus constituencies of their obligations for proper use, care, maintenance, and safekeeping of all materiel under the control of their respective departments or units.
 - b. Provide for maximum use of all materiel.
 - c. Issue written instructions relating to acquisition, use, and disposition of inventorial equipment and government property for which The Regents are responsible.
 - d. Designate the campus officer responsible for the control of inventorial equipment on the campus and other areas under the Chancellor's jurisdiction.

- e. Provide the data specified to support the Corporate Equipment and Facilities (EFA) System according to the schedule specified by Information Resources and Communications.

II. ACQUISITION

The University may acquire materiel in various ways. A series of Acquisition Codes⁵ is used by the University to identify the method of acquisition.

A. ACQUISITION - UNIVERSITY INVENTORIAL EQUIPMENT

Described below are examples of common acquisition transactions.

1. By Purchase Order

The equipment is recorded by receipt date as Code 30 (Purchased, Government Retains Title) or Code 31 (Purchase Order). The Equipment Management Department assigns a property number and the designated campus office enters the data elements required by the Office of the President into the appropriate electronic database. Accessories/components purchased in conjunction with that equipment shall be recorded with that equipment. Accessories and/or components purchased separately shall be added to the existing equipment inventory entry as a price adjustment.

2. By Gift to the University

The equipment is recorded by date gifted as Code 34(Gift) and is assigned a property number by the Equipment Management Department. Equipment Management should not inventory gifts until the location has processed a "Gift/Private Grant Acceptance Report" (Form UDEV100 or campus equivalent). Gifts of art and scientific collections may be inventoried as a multiple-piece item or group. Gifts of bound volumes, pamphlets, documents, and other library collections are separately recorded by the location Library at fair market value; they are not included in the location's general equipment inventory.

3. Fabricated Equipment

University-fabricated inventorial equipment must be reported to the Equipment Management Department by an Equipment Inventory Modification Request (or equivalent document) while in progress or upon completion. Required

5

| <u>Acquisition Code</u> | <u>Description</u> |
|-------------------------|--|
| <u>30</u> | <u>Purchased, government retains title</u> |
| <u>31</u> | <u>Purchase order</u> |
| <u>32</u> | <u>Fabrication</u> |
| <u>33</u> | <u>Purchased by Regents' Contracts</u> |
| <u>34</u> | <u>Gift</u> |
| <u>35</u> | <u>Found equipment</u> |
| <u>36</u> | <u>Intercampus Transfer (between UC campuses)</u> |
| <u>37</u> | <u>Borrowed from another UC campus</u> |
| <u>38</u> | <u>Borrowed from a non-UC, non-governmental agency</u> |
| <u>39</u> | <u>Borrowed from a governmental agency</u> |
| <u>41</u> | <u>Miscellaneous</u> |
| <u>42</u> | <u>Government-furnished equipment</u> |
| <u>44</u> | <u>Non-inventorial equipment</u> |
| <u>45</u> | <u>Recovered equipment</u> |

information includes a complete description of the item, the location, name, or account number of the custodial department, and the cost of the equipment.

If the fabricated equipment consists of components which have been acquired by purchase order using corporate object code 9600, or 9610 (or campus equivalents) on award-funded equipment (or campus equivalents), the Equipment Management Department retains copies of the purchase orders until the fabrication report is received. Ordinarily, equipment under fabrication is recorded and tracked separately from the equipment records, then recorded on the inventory when the fabrication is substantially complete. However, if the completion date of an item of fabricated equipment is problematic or indefinite, inventorial acquisitions may be coded using (as appropriate) corporate object code 9000 or 9900 (or campus equivalents) and recorded on the equipment records at the time of the purchase. In any case, the equipment under fabrication should be identified and tracked throughout the fabrication cycle. Fabrication progress should be recorded periodically, either as it occurs or on a predetermined cycle not less than once per year.

The cost assigned to the equipment is the total of all materials, supplies, and services, from outside vendors or authorized recharge activities. For capitalization purposes, departmental labor, travel, payroll expenses and overhead must not be considered part of the cost of acquiring a fabricated asset. (See Accounting Manual Chapter [P-415-32](#).)

Fabricated equipment is recorded using acquisition code 32 (Fabrication).

4. Purchase by Construction Contracts

The location construction contract administrator is responsible for reporting equipment acquired under construction contracts to the Equipment Management Department. Equipment will be categorized by Equipment Management in collaboration with the construction contract administrator and entered into inventory using acquisition code 33 (Regents' Contracts).

5. Found Equipment

Found equipment is recorded using acquisition code 35 (Found). Custody is assigned to the using or custodial department. The value is estimated by the user or custodial department. The date found is used as the date received.

6. Construction and Repair Requisitions

Construction and repair requisitions cover fabrication of inventorial and non-inventorial equipment and maintenance and repair work. If the requisition includes inventorial items, the Equipment Management Department retains a copy. The purchase of any items to be used in fabrication, maintenance, or repair work is covered by a purchase requisition, which should be cross-referenced to the construction and repair requisition. When the service department reports the date of completion, the equipment is recorded using acquisition code 31 (Purchase Order).

7. Acquisition of State Surplus Property

Equipment secured through the State Surplus Property Program is recorded at the fair market value as of the date of transfer of title to the University. The equipment is recorded using acquisition code 31 (Purchase Order).

If initial repairs are necessary to put the equipment into operating condition, the cost is added to the value of the equipment.

These procedures are used regardless of fund source, including extramural funds if the particular award permits the acquisition of surplus property.

8. Equipment Sold by the University to a Service or Auxiliary Organization (approved recharge center)

Inventorial equipment sold to a department by a University service or auxiliary organization approved as a recharge center should be recorded on the inventory records at the time of the sale. The cost is the price charged to the department by the service or auxiliary organization and the receipt date is the date of delivery to the department. It is recorded using acquisition code 31 (Purchase Order).

9. Component Parts and Equipment Enhancements

a. General Provisions - Component parts with a cost of \$5,000 or greater which permanently increase the value or useful life of a specific (as identified by the property number) University-owned unit of inventorial equipment shall be added to the value of that unit of equipment as capital transactions. The description of upgraded equipment items should be revised to reflect any material enhancements. Equipment upgrades valued at less than \$5,000 are to be expensed as non-capital transactions. Repair components, regardless of cost, shall also be expensed.

b. Fund Sources

i. The purchasing entity should identify whether the fund source shall be federal or non-federal when purchasing component parts and enhancements for equipment.

ii. Split-funded Items (using federal and non-federal funds) - When component parts and enhancements are acquired for existing equipment using federal funds, the entire piece of equipment will be coded as federally-funded for purposes of reporting to Office of the President (EFA 100), regardless of the funding source for the initial item.

Split-funded components will be tracked separately (federal vs. non-federal) for the purposes of transfer under the provisions of [BUS-38](#), Disposal of Excess Material and Transfer of Federally-Funded University-Owned Material.

c. Prohibited Transactions - Under no circumstances whatsoever shall University funds be used to purchase employee-owned property with University resources, including purchase of component parts, or assemblies for installation in employee-owned equipment.

B. ACQUISITION UNDER AWARDS WITH EXTRAMURAL SPONSORS

1. Records

The University records agency-furnished and University property acquired under an award in the proper category of the equipment inventory records during the life of the award. This facilitates a listing of equipment by fund number for fiscal and inventorial reports to the agency. Until completion or termination of the award, all such property, whether agency property or University property, is identified in the records by the award fund number. Upon completion or termination of the award, records for property to which the University has acquired title are updated to reflect the change in title, but the fund number and fund source code remain unchanged.

2. Responsibility of Campus Offices

- a. Upon receipt of an award, the Contract and Grant Office notifies the Equipment Management Department of the award provisions regarding reporting and vesting of title.
- b. At the end of each fiscal year, the Accounting Office furnishes to the Contract and Grant Office a list of all awards completed/terminated and for which final settlement has been made during the year. The Contract and Grant Office in coordination with the Principal Investigator and sponsoring department ascertains the status of title to equipment procured under each award and notifies the Equipment Management Department accordingly. The Equipment Management Department institutes any actions that may be necessary to adjust the records to show current status of title.

3. Acquisition – Government Property

a. Government-Furnished Property

Government property may be shipped to the University from government installations, or plants of government departments, or other government agency contractors. The University becomes responsible for such property upon delivery of the property into its custody or control. The shipping activity shall furnish the University with copies of documents necessary for University records to accurately reflect the transaction. When government-furnished property is transferred from one award to another within the University, it remains government-furnished property.

b. University Acquired Property

Direct purchases by the University of property for the performance of an award, title to which vests in the Government, are subject to a determination by the contracting officer of the government agency involved that the property is allocable to the award and is reasonably necessary therefore. Such property becomes government property upon its receipt by the University. Property withdrawn from University stores for direct charge to an award is considered government property at the time of approval of the claim for reimbursement or at the time of issuance

for use of such property for the performance of the award, whichever is earlier.

c. Excess Government Property

Excess government property is materiel, used or new, which is owned by the government, and is no longer needed by the holding federal agency, but has additional useful life. Items are usually allocated on a first-come, first-served basis. The University may be authorized to receive such excess government property by a contracting agency when the property directly furthers an active award. Such authorization is dependent upon the terms of the award and the regulations of the specific agency involved. The Materiel Manager determines the appropriate procedure in each case.

- 1) Cost - Excess government property is usually obtained without cost. However, the University specifies the method of shipment and pays all expenses of packing, transportation and subsequent installation, rehabilitation, and maintenance. Award funds may be used for these expenses.
- 2) Records - The University maintains suitable records showing the location, description, and value of the property, i.e., the amount set forth on SF 122 or DOD Form 1342, as applicable. Items are recorded at the original acquisition cost as indicated on the transfer document. If the value is not indicated on the transfer document, it is the responsibility of the Property Administrator to obtain the value. Expendable or consumable items are not subject to specific record keeping requirements, except for information supporting utilization. Information must be available to allow annual reporting of the balance of government-owned material by award.

4. Title to Equipment Acquired Under Awards with Extramural Sponsors

The specific provisions of the applicable award govern in each instance.

- a. The government may acquire title to equipment as a result of specific award provisions, issuance of change orders, or award termination. Such property, unless otherwise provided by the award, is considered government property on acceptance of title by the government.
- b. The contracting officer may transfer title to the University at the beginning, during, or at the end of an award. Transfer of title is subject to the condition that no charge may be made by the University for depreciation, amortization, or use of the equipment under any existing or future government awards. When title is thus transferred, the University is without further obligation to the government with respect to the equipment unless specific provisions to the contrary are stated in the award or transfer document.
- c. Title may pass to the University at the beginning, during, or at the end of an award but with recovery rights retained by the funding agency.

- d. Title to excess government property remains with the government. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University with the understanding that the property will be used for the award activity for which it was obtained and, upon termination of the award, for comparable purposes as long as the property has a useful life. When no longer required, it may be sold and the proceeds applied by the University to furtherance of like purposes.

III. RESPONSIBILITY OF THE HEAD OF THE CUSTODIAL DEPARTMENT AND THE PRINCIPAL INVESTIGATOR

A. RESPONSIBILITY

The head of the custodial department and the Principal Investigator have primary responsibility for the care, maintenance, physical inventory, control, and disposition of inventorial equipment and other University or extramurally-funded property. They must maintain up-to-date departmental records that reconcile to the official records maintained by the Equipment Management Office, and if an award is involved, fully inform the Equipment Management Department as to all provisions of each award document regarding the care, custody, maintenance, records, control, and all transactions involving said property so that the Equipment Management Department may properly carry out its functions regarding inventorial equipment.

B. LOCATION OF EQUIPMENT

The location of each item of inventorial equipment shall be noted in the departmental records. Current records as to movement of equipment shall be maintained in such a manner that any item of equipment can be located for inspection or inventorial purposes within a reasonable time. The custodial department is responsible for insuring that the Equipment Management records reflect the current building location and room number of inventorial equipment.

C. PHYSICAL SECURITY

The head of the custodial department and the Principal Investigator shall make adequate provision for the physical security of the materiel in their custody. Areas containing equipment shall be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment.

D. DOD and NASA EQUIPMENT SCREENING

These provisions apply only to DOD and NASA contracts.

1. Department of Defense Industrial Plant Equipment (IPE) With a Cost of \$15,000 or More

Prior to acquiring IPE having an item acquisition cost of \$15,000 or more, the DOD IPE Requisition (DD Form 1419) shall be submitted via the Property Administrator to the Defense IPE Center to ascertain whether existing re-allocable government-owned equipment can be utilized. If the requested equipment is numerically controlled, DD Form 1342, Section VI (page 2), shall be prepared and submitted with the DD Form 1419. No acquisition of any listed item shall be made until a Certificate of Non-Availability is received from the Defense General Supply Center (DGSC).

When warranted by the urgency of the situation, requests for screening may be submitted to the Property Administrator by whatever means determined expedient.

If DGSC does not have the item available, or cannot furnish the item within the time specified by the requester, DGSC will furnish a statement of non-availability including a certificate number. This statement will be the official Certificate of

Non-Availability and will confirm that the plant equipment item has been screened against the idle inventory.

2. DOD Automatic Data Processing Equipment with a Cost of \$25,000 or More

A proposed acquisition of Automatic Data Processing Equipment (ADPE) costing \$25,000 or more shall be submitted on Form DD 1851 via the Property Administrator to the Director, Defense Automation Resources Management Program Center.

3. NASA Equipment Screening

NASA contracts may require submission of DD Form 1419, DOD Industrial Plant Equipment Requisition. This is generally required when the project needs to obtain commercially available equipment capable of stand-alone use that will be government titled but is not listed as a specific deliverable in the contract.

E. UTILIZATION OF PROPERTY

1. When Title Vests in the University

Any property identified as not needed should be processed for disposal. In addition, every two years, the head of the custodial department shall review the use of University property in the custody of that department. Any equipment with a fair market value greater than \$10,000 which is available for shared use or is temporarily or permanently not needed shall be reported to the Equipment Management Department for inclusion in a list of excess material. This list shall be screened by the Equipment Management Department and the Materiel Management Department against local campus needs prior to being circulated to all campuses for the purpose of utilizing University property to the fullest extent (Reference [BUS-38](#)).

2. When Title Vests in the Government

The head of the custodial department and the Principal Investigator shall restrict the utilization of property acquired for use under a specific award to the purposes of the award. Precise current records of the authorized and current use of property shall be maintained. Current property needs shall be periodically reviewed so that excess items may be identified. The Principal Investigator shall report immediately to the Contract and Grant Officer, or other Chancellor's designee, who will then report to the contracting officer property for which retention is not justified. When it is desirable to use the property on another award, the Principal Investigator shall secure prior written approval from the contracting officer for such use.

3. Recording Equipment Utilization

Inventory records are to include equipment utilization and the date reported. (Utilization calculations may include the custodial department's requirements for immediate availability for use as a factor in the utilization figures indicated.) It is a campus option to record this information in the database. However, the custodial department shall indicate utilization on the Annual Register of

Inventorial Equipment or equivalent document, when the listing is reported to the Equipment Management Department.

F. STORAGE AND MOVING

When inventorial equipment is temporarily idle but required for authorized future use, it must be stored in accordance with sound business practices with adequate protection from corrosion, contamination, and damage to sensitive parts. Sludge, chips, and cutting oils shall be removed from equipment. Notation of the storage location shall be made on the records. The equipment must be adequately protected while being moved. This entails proper packing, covering, skidding, handling equipment techniques, and safety precautions. Government equipment may be moved to off-campus sites only with the prior approval of the Property Administrator. A shipping document, transfer document, or instrument must be obtained.

G. SEGREGATION AND COMMINGLING

The physical separation of government property from University property is strongly encouraged. However, when it is consistent with the best use of said property in carrying out the terms of the award, the property may be commingled but approval must be secured from the Property Administrator prior to commingling. This provision does not modify the requirement for identification and recording of the government equipment.

H. CARE AND MAINTENANCE

1. Inventorial Equipment When Title Vests in the University

The custodial department shall provide the care necessary to maintain the equipment in the condition received or better, normal wear excepted, in order that the expected useful life is met or exceeded.

Equipment records are to show equipment condition and the date reported based on the condition codes defined in section C. below. The custodial department shall indicate the condition code and date recorded on the Annual Register of Inventorial Equipment or equivalent document, when the listing is returned to the Equipment Management Department.

2. Inventorial Equipment When Title Vests in the Government

The custodial department shall provide the care necessary to maintain the equipment in the condition received or better, normal wear excepted, in order that the expected useful life is met or exceeded. The maintenance program shall be preventive in nature, providing lubrication, cleaning, calibration, and inspection on a regular schedule. Records of the maintenance program shall provide the description and date of maintenance actions performed, and details of inspection and deficiencies discovered or corrected, as well as equipment condition recorded based on the condition codes defined in section C. below. It is a campus option to record this information in the database. However, the custodial department shall indicate the condition code and date recorded on the Annual Register of Inventorial Equipment, when the listing is returned to the Equipment Management Department. With respect to government property such records are made available to the Property Administrator. Prior to effecting any major repair

or rehabilitation at cost to the government, the written approval of the Property Administrator must be obtained.

As stated in Contract and Grant Manual, [Part 15-310](#):

The head of the custodial department [i.e. the department that has custody of the equipment] and the principal investigator have the primary responsibility for the care, maintenance, records, physical inventory, and control of inventorial equipment and other University or extramurally-funded property. They must maintain up-to-date departmental records and, if an award is involved, initiate such forms as are necessary to fully inform the Equipment Management Department as to all provisions of each award document respecting the care, custody, maintenance, records, control, and all transactions involving said property so that the Equipment Management Department may properly carry out its functions respecting inventorial equipment.

3. Condition Code

A two-character alphanumeric code is to be used for recording equipment condition, e.g., E1 = used, reconditioned, excellent.

| First Character | Second Character |
|----------------------------------|------------------|
| N – new | 1 - excellent |
| E - used, reconditioned | 2 - good |
| O - used, without reconditioning | 3 - fair |
| R - repairs needed | 4 - poor |

I. REPORTS

When special reports covering equipment are required by the extramural sponsor, and/or requested by the Equipment Management Department, the Principal Investigator or head of the custodial department shall furnish whatever descriptive and operating technical data may be necessary to enable the Equipment Management Department and other departments involved to meet the reporting requirements.

IV. EQUIPMENT REQUIRING SPECIAL HANDLING

A. PROPERTY SUBJECT TO REGISTRATION

1. Motor Vehicles

All information necessary to record a University-owned motor vehicle is supplied to the Equipment Management Department by the campus representative assigned the responsibility and authority to secure registration. This information includes a description of the vehicle, license number, a University vehicle number and the 17-digit vehicle identification number (VIN).

Government-owned vehicles carry government registration plates and/or identification as a government vehicle for official use.

2. Aircraft and Watercraft

All information necessary to record aircraft or watercraft is supplied to the Equipment Management Department by the campus representative assigned the responsibility and authority to secure required federal and state registration. This information includes a description of the craft and registration number. Aircraft and watercraft are recorded in the same manner as any other item of inventorial equipment. Government-owned craft bear government identification numbers.

B. ART AND SCIENTIFIC OBJECTS

1. Complete records of art and scientific objects shall be maintained by the custodial department.
2. Recording of items or collections of art and scientific objects in the equipment database is optional and may be accomplished in the following manner:
 - a. Collections may be recorded as a group, e.g., *Collection- Oil Paintings*, and assigned one property number. The custodial department shall maintain detailed records for each item included in an art or scientific collection.
 - b. Acquisitions of single art or scientific objects which are not added to collections are recorded in the usual manner.

C. ACQUISITIONS VIA INSTALLMENT PURCHASE OR LEASE

Detailed rules and procedures for accounting and reporting for leases and installment purchase contracts are specified in Accounting Manual Chapter [L-217-11](#), Accounting and Reporting for Leases and Installment Purchase Contracts, herein incorporated by reference. Equipment purchased under installment purchases and capital leases must be capitalized and recorded in the inventory. The capitalized value should be the equivalent of the cash purchase price of the equipment as of the inception date of the lease; interest or other financing cost must not be included.

D. PERSONALLY-OWNED EQUIPMENT

If a University employee keeps personally-owned equipment on campus, it should be reported to the Equipment Management Department and identified as the property of the

owner, but will not be recorded on the inventory. The University is not responsible for loss of or damage to personal equipment.

E. BORROWED (LOAN FROM) EQUIPMENT

Loan of Equipment to which University Does Not Have Title: When the University does not hold title to equipment but the equipment is in the care and custody of the University, the equipment cannot be loaned without the specific written approval of the title holder.

F. LOANED (LOAN TO) EQUIPMENT

1. Intramural Loan of University Equipment

If inventorial equipment is loaned to another department for less than one year, a memorandum of the transaction should be filed in the lending department. If the period of the loan exceeds one year, it should be reported to the Equipment Management Department on an Equipment Inventory Modification Request (or equivalent form) by the lending department and by the receiving department, giving the name of the borrowing department, the property number, and the new location of the equipment. The loan is then recorded in the database.

When the loan is terminated, the Equipment Management Department should be advised by the lending department. The loan is then terminated in the database.

2. Extramural Loan of University Equipment

The Chancellor or designee must pre-approve any loan of inventorial equipment to an external organization or to an individual. All equipment being loaned should be listed by property number and description. When the equipment is returned, the Equipment Management Department shall be notified by the lending department.

3. Loan of Equipment to the University from a Non-Government External Organization

Loan agreements between departments of the University and external agencies or individuals (other than governmental agencies) are reported on an Equipment Loan Agreement form (or equivalent document). The Equipment Management Department is notified and the equipment is recorded in the database as loaned. The loan of equipment for demonstration or approval purposes is not recorded by the Equipment Management Department. However, any such loan should have the prior approval of the Materiel Manager as well as the campus administrative officer delegated authority by the Chancellor to control equipment.

4. Intercampus Loan of Equipment

An intercampus loan of inventorial equipment requires the prior approval of the campus officer delegated authority by the Chancellor to control equipment and should be reported to the Equipment Management Department. A loan of one year or more is recorded on the inventory records. An intercampus loan is recorded by the borrowing campus using acquisition code 37 and by the lending campus with the appropriate loan code. An intercampus loan is reported by the borrowing campus in the same manner that an intercampus transfer is reported.

V. RECEIPT OF MATERIEL

When delivery is made through a campus Receiving Department, the Receiving Department determines that the number of packages corresponds to the bill of lading and that there is no visible damage. The custodial department, upon receipt of the materiel, makes a thorough inspection to determine that it is as ordered and that there is no concealed damage. If the shipment is complete and in good order, the delivery report is signed, noting equipment serial numbers when available. The shipping document may be used as a delivery report. If the shipment is not in order, discrepancies are noted and the Receiving Department and the Purchasing Department promptly informed.

When the quantity or description of materiel received differs from the quantity or description noted as shipped on the shipping document, only that quantity and nature of the materiel actually received is recorded on the official receiving and inventory records.

If damaged shipments are received on government bills of lading, the section "Report of Loss, Damage, Shrinkage" is completed on the back of the government bill of lading. A statement of the condition and the apparent causes is furnished to the government.

Notice of receipt of government-furnished property is provided to the government immediately upon receipt of the property. In the instance of University-acquired government property, notice of receipt must be provided to the government no later than the time the University submits application for payment of the property.

When a misdirected shipment of government property is received, a record is made of the identity (shipping document, bill of lading, etc.), origin and content (items in the shipment) per shipping documents, if available, and location and disposition.

VI. IDENTIFICATION OF EQUIPMENT

A. IDENTIFICATION OF UNIVERSITY INVENTORIAL EQUIPMENT

All inventorial equipment is identified, marked with the property number, and recorded promptly upon receipt. It shall remain so identified as long as it is in the custody, possession, or control of the University. Assigned property numbers are recorded on all applicable receiving, shipping, and disposal documents, and any other records that may be a part of the Equipment Management system. Such markings and identification are removed or obliterated from the equipment only when it is sold, scrapped, or otherwise disposed. Once a property number has been assigned, no change is made during the life of the item regardless of interdepartmental or intercampus transfers. Property number data are maintained by each campus Equipment Management Department. The following convention enables campuses to assign discrete property numbers over time:

1. The first pair of digits indicates the calendar year of acquisition.
2. The second pair of digits indicates the campus which originally acquired the item. The digits are reversed: e.g., 10 for Berkeley instead of 01, etc.
3. The last five digits are assigned by the originally acquiring campus serially from 00001.

Campuses are required to comply with Items 1 and 2.

Equipment Management is responsible for affixing a property number to the equipment. However, this function may be delegated to the Receiving Department or the custodial department when deemed appropriate. When practical, the property number is affixed to the actual item of property. Items that are not physically freestanding or that lose their identification when affixed or installed should not be separately marked or assigned property numbers; their values should be added to the item to which they are affixed or installed. The property number should be affixed to the equipment so that is easily sighted, for example, adjacent to the manufacturer's nameplate. Identification may be effected by affixing a decal or metal, fiber, plastic, or other plate directly to the equipment, or by using indelible ink, acid, or electric etch, steel dies, or any other legible, permanent, conspicuous, and tamper-proof method. If additional identification is considered necessary, it shall be applied in a manner that will avoid confusion with the property number.

Equipment acquired with award funds for which title vests immediately in the University shall also be identified with the award number only when the specific provisions of an award require such markings.

Should the identification number be accidentally obliterated, defaced, or removed, the equipment shall be marked again with the original number.

B. IDENTIFICATION OF GOVERNMENT INVENTORIAL EQUIPMENT

The University identifies, marks, and records government inventorial equipment promptly upon receipt. For purposes of identification the Property Administrator may furnish decals, plates, or tags for attachment to the equipment in addition to the University tag. Other methods of marking are used to identify government equipment with the Property Administrator's approval. The property remains so identified as long as

it remains in the custody, possession, or control of the University.

If the University acquires title to the property, the government identification marking is removed and the inventory record updated to reflect the change in title.

C. IDENTIFICATION OF GOVERNMENT PROPERTY OTHER THAN GOVERNMENT INVENTORIAL EQUIPMENT

Identification, marking, and recording of government property, other than that designated as government inventorial equipment, is the responsibility of the custodial department and Principal Investigator.

VII. DEFINITION OF DATA CATEGORIES AND CODES

The Office of the President requires that the following coding be used to identify and record equipment transactions. Campuses are required to submit equipment information to the Office of the President annually, using the following codes and categories. Details for providing this data are specified in the [Corporate Equipment, Facilities and Assets \(EFA\) System Data Requirements](#).

A. OBJECT CODES

Purchases of materiel or services for which payment is made by the Accounting Office are object coded by the requisitioning department and reviewed by the Equipment Management department to indicate whether the acquisition should be classified as supplies, general expense, non-inventorial or inventorial equipment, etc. Corporate Accounting codes are listed in Accounting Manual Chapter [A-115-2](#), Accounting Codes: General Ledger, and are incorporated herein by reference.

B. CUSTODY CODES

Equipment Management assigns and maintains Custody Codes (0001-9995) for the respective location. In general, custody codes are assigned based on account number and may reflect the location's assignment of various functional responsibilities. Specific custody codes may be assigned to individual accounts or to individual approved recharge centers.

At the close of each fiscal year, locations are required to submit a report to the Office of President with data on facilities and equipment. For purposes of this report, custody codes must be mapped to valid program codes used in the campus facilities inventory database. The file which contains this mapping is called the Conversion file (EFA200) and is due at the OP at the end of each fiscal year along with the Equipment Inventory file (EFA100). Responsibility for producing this file is shared between the location Equipment Management Department and Facilities Inventory staff and requires the cooperation of both offices to ensure the accuracy of the data. (See the [Corporate Equipment and Facilities Data Requirements](#) for detailed specifications.)

C. BUILDING AND STRUCTURE IDENTIFICATION NUMBERS

The identification numbers for off-campus and on-campus buildings and structures are assigned at the campus level using the same coding scheme as the financial system for recording capitalized plant assets, referred to as the Capital Asset Account Number (CAAN).

Each inventorial equipment item should be assigned to a valid CAAN when reporting to the OP. The OP merges equipment data with plant asset (values) and facilities (space) data based on CAAN. Equipment Management should coordinate and consult with both the Plant Accounting and Facilities Inventory departments for the assignment of equipment items to buildings and structures which are valid across the three campus data systems.

D. EQUIPMENT CLASSIFICATION CODES

Each item of inventorial equipment is to be assigned a five-character Equipment Classification Code. These classifications are found in the Equipment Useful Life

Schedule, and its indexed version, the Classification Index. UCOP Financial Management maintains these documents and should be consulted if there are questions concerning the proper classification of equipment. In addition, campuses should advise UCOP Financial Management of equipment categories that appears to be missing from the Useful Life Schedule. UCOP Financial Management shall create new Equipment Classification Codes when appropriate.

E. ACQUISITION CODES

Acquisition codes 30 through 45 designate various means by which the University may acquire equipment or assume custodial responsibility for equipment.

| CODES | TRANSACTIONS |
|-------|--|
| 30 | <u>Purchased, Government Retains Title</u> - applies to all inventorial equipment acquired by the University for which the Government retains title. The means of acquisition may be by purchase orders, construction and repair requisitions, or other internal requisitions, which result in formal billings for inventorial equipment (object-coded 9000, 9900 or campus equivalents) through the Accounting Office. Government-owned fabricated equipment may be recorded under this acquisition code. |
| 31 | <u>Purchase Order</u> - applies to all inventorial equipment acquired as the result of purchase orders, construction and repair requisitions, or other internal requisitions, which result in formal billings for inventorial equipment (object-coded 9000, 9900 or campus equivalents) through the Accounting Office, except for equipment acquired under conditions for codes 30 or 33. |
| 32 | <u>Fabrication</u> - applies to permanent inventorial equipment acquired as the result of fabrication by University departments for their own use and reported to Equipment Management on an Equipment Inventory Modification Request (or equivalent document). |
| 33 | <u>Purchased by Regents' Contracts</u> - applies to equipment acquired as the result of contracts issued by the University for the construction of buildings and structures, for which no purchase orders will have been issued. |
| 34 | <u>Gift</u> - applies to equipment acquired by gifts to the University and to equipment for which the vendor refuses to bill the University. |
| 35 | <u>Found</u> - applies to equipment found during a physical inventory for which there appears not to have been any previous record. |
| 36 | <u>Intercampus Transfer</u> - used by the acquiring campus to designate equipment permanently transferred to that campus from another UC campus including equipment transferred in which the Government retains title. Transfers should be recorded to the nearest dollar based on the carrying value of the campus from which the transfer is made. |
| 37 | <u>Borrowed From Another University Campus</u> - the Equipment Management Department on the borrowing campus records the acquisition |

of equipment with this code; the custodial responsibility is retained by the loaning department located on the originating campus. (Note: in order to avoid double counting, equipment recorded under this code should NOT be included in reports or electronic data submittals to the Office of the President by the borrowing department.)

- 38 Borrowed from Non-University, Non-Government Agency – applies to all inventorial equipment borrowed by the University from external sources excluding agencies of the government.
- 39 Borrowed From Government Agency - applies to excess government property borrowed from government agencies by the University on a contract or grant.
- 41 Miscellaneous - used for equipment acquisitions or adjustments not identified by any other acquisition code.
- 42 Government-Furnished Equipment - used for equipment originally borrowed from or funded by the government and recorded as Code 30 or 39, the title to which is subsequently transferred to the University.
- 44 Non-Inventorial Equipment - used to indicate equipment of less than \$5,000 in value, which a campus chooses to record and control. (Equipment with this acquisition code is not to be included in reports or electronic data submitted to the Office of the President.)
- 45 Recovered - applies to found equipment which had previously been reported as lost or stolen.

VIII. ITEM COST OR VALUE

A. RECORDING VALUE

The Accounting Office or other responsible entity records the cost of inventorial equipment acquired through purchase orders, construction and repair requisitions, or formal billings. The Equipment Management Department records the value of equipment acquired through sources other than purchase orders, construction and repair requisitions, or formal billings. The UC Accounting Manual, Chapter [P-415-2](#), *Plant Accounting: Costing and Reconciling Inventorial Equipment Acquisitions*, establishes the policy and procedures for recording acquisition costs and reconciling such costs to inventorial equipment purchased from vendors, acquired from storehouses, or constructed by physical plant departments.

B. UNIT AND GROUP PRICING

A unit price is shown for each item except for those fabricated by the University for research and development purposes. Separate unit prices are applied to items of special tooling and to special test equipment fabricated or acquired by the University. Group pricing is used for special tooling and special test equipment only when the maintenance of detailed cost records results in excessive accounting costs or is otherwise impracticable, considering all circumstances. Group pricing may also be used for work in process. Processed material, fabricated parts, components, assemblies, and other items, charged to the University's work in process inventory, including items in temporary storage while awaiting processing, may be considered as work in process for the purpose of this requirement. Quantitative property control is maintained for special tooling, special test equipment, and work in process.

C. UNIT PRICE, GOVERNMENT-FURNISHED PROPERTY

The unit price of government-furnished property is determined by the government and provided to the University. Transportation and installation costs are not considered part of the unit price.

Normally, the unit price of government-furnished property is provided in the document covering shipment of the property to the University. In the event the unit price is not provided in the document, it must be obtained from the Property Administrator by the Principal Investigator.

D. EXCESS GOVERNMENT PROPERTY

Excess government property furnished to the University is recorded at the value indicated by the government agency.

IX. RECORD KEEPING

A. INVENTORIAL EQUIPMENT - GENERAL

The official records of inventorial equipment are maintained by the Equipment Management Department. All property in the care and custody of the University which meets the definition of inventorial equipment is recorded in the same manner and under the same rules as those used for recording University-owned inventorial equipment. The University's management and control system for inventorial equipment, at a minimum, should provide the following information:

- description and equipment classification code
- manufacturer's name
- manufacturer's number
- serial number (if available)
- property number
- cost
- acquisition code
- CAAN/building and room number
- reference Number (typically the purchase order number)
- custody code
- receipt date
- fund number
- original fund source code
- UC location 2 indicator

B. ART AND SCIENTIFIC OBJECTS

Records of art and scientific objects may be entered in the equipment database either as multiple items or as a group by the Equipment Management Department.

C. CAPITALIZED GROUPED (BUNDLED) PURCHASES BY MEDICAL CENTERS

The medical centers are authorized by the Accounting Manual ([P-415-2](#)) to capitalize grouped purchases of like nature. The records for such grouped purchases entered as a group by the Equipment Management Department.

D. GOVERNMENT PROPERTY

All government-furnished property or University-acquired property purchased by direct charge to a government award is recorded as follows:

1. Consumable Material and Special Tooling
Government invoices, the University's purchase documents, or other documentary evidence of acquisition and issue are accepted as adequate property records for directly issued consumable material and special tooling.
2. Material Maintained in Stock

For material maintained by the University in stock or stores, the University provides the following information: award number or equivalent code designation, nomenclature or description of item, quantity received, quantity issued, balance on hand, posting reference, date received or issued, price, and disposition.

3. Consolidated Stock Records

When more than one government award is involved, a consolidated record for material may be authorized by the Property Administrator, provided the total quantity of any item is allocated to each award by award number, and each requisition of material from the University-owned stores is charged to the award under which the material is to be used. The supporting document or issue slip shows the award number or equivalent code designation to which the issue is charged.

4. Custodial Records

Custodial records are maintained for tool crib items, guard force items, protective clothing, and other items for the use of individuals in the performance of their work under the award.

5. Records of Special Test Equipment

The University's management and control system provides the following minimum information regarding each item of government-owned special test equipment: Award number or equivalent code designation, nomenclature or description of item (including identification number and item on which used), identity of any general purpose test equipment incorporated as components in such a manner that removal and re-utilization may be feasible and economical, quantity received or fabricated, posting reference and date of transaction, location, disposition, and unit or group price. If group pricing of special test equipment is utilized by the University, unit prices may be computed as and when required.

6. Plant Equipment

The forms referred to in this sub-paragraph are required by the Department of Defense. Other agencies prescribe comparable forms; specific agency guidelines and award provisions should be consulted as to exceptions.

a. Plant Equipment Costing \$1,000 or More

The University maintains individual item records of each item of government-owned plant equipment with a unit cost of \$1,000 or more which provides the following minimum information:

The name and address (optional) of the equipment manufacturer, manufacturer's model/part number, serial number and year built, government identification/tag number, noun name of the item, acquisition document reference and date, location, disposition document reference and date, award number or equivalent code designation, and unit price when equipment is government-furnished. Unit price will be reduced when

accessory and auxiliary items are permanently separated from the basic item of plant equipment.

DD (Defense Department) Form 1342 may be used as a source document for setting up accounting records as prescribed.

b. Plant Equipment Costing More than \$500 and Less than \$1,000

Except when individual item records are necessary for effective control, summary stock records are sufficient for recording plant equipment costing between \$500 and \$1,000 per unit. The University's records provide the following minimum information:

Award number or equivalent code designation, noun name, Federal Supply Classification, Cataloging Handbooks H2-1, H2-2, and H2-3, manufacturer or Federal Supply Code for the manufacturer, model/part number, quantity received, balance on hand, posting reference and date of transaction, unit price, location and disposition. Where appropriate as determined by the Property Administrator, the serial number and/or government identification number for each item shall be recorded in a permanent manner in the property records, and upon disposition deleted from the records.

DD Form 1342 may be used for individual record cards for items costing between \$500 and \$ 1,000.

c. Record of Accessory and Auxiliary Equipment

Accessory and auxiliary equipment, which is attached to or otherwise a part of an item of plant equipment or has been acquired for use in connection with a specific item, is recorded on the record of the item of plant equipment. In the event the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it is recorded in the same manner as plant equipment costing more than \$500 and less than \$1,000 as indicated above.

d. Industrial Plant Equipment

For industrial plant equipment, the Equipment Management Department prepares a DD Form 1342 at the time of acquisition or receipt to be forwarded to the Defense General Supply Center (DGSC) through the Property Administrator. If changes occur in the data as originally recorded, a new DD Form 1342 is prepared, marked Change, and submitted to DGSC via the Property Administrator. Prior to the disposition of industrial plant equipment, the University fills out Section II of DD Form 1342 and sends this via the Property Administrator to DGSC. Standard Form 120 is prepared for equipment other than industrial plant equipment. The procedures are the same for CRE using DD Form 1342 to report to NASA via the Property Administrator.

7. Scrap and Salvage

When requested by the Property Administrator, a record shall be maintained of all scrap and salvage generated containing the following minimum information: award number if available or equivalent code designation; nomenclature classification or description of item; quantity on hand; unit of measure; posting reference; and date of transaction and disposition.

8. End Items

The University maintains a record of all completed products produced under a government award as follows:

- a. When shipment immediately follows government inspection and acceptance of the completed product, the records consist of a summarization of quantities accepted or shipped. When end items are accepted by the government and stored with the University awaiting shipment, the records identify quantities stored, location, and disposition action.
- b. When awards which provide the completed products are to be retained by the University for further use under the award or other awards, such items are considered government-furnished property upon acceptance and are recorded as previously described.

9. Records of Related Data and Information

Manufacturing or assembly drawings, installations, operation, repair or maintenance instructions, or other similar data and information furnished to the University by the government are listed and filed in accordance with good industrial practices.

10. Financial Control Accounts and Reports

a. Accounts

The University's records provide annually the dollar amount of government-owned property of each agency to which the University is accountable in the following classifications:

- i. land and rights therein
- ii. utility distribution systems
- iii. buildings, structures and improvements thereto, including plant equipment
- iv. plant equipment excluding industrial plant equipment, and
- v. industrial plant equipment

The University's accounts set forth totals and subtotals on University acquired or government-furnished property.

b. Reports

The University annually provides the DOD Property Administrator a separate report for each agency, listing by award the dollar amount of government-owned property in the University's possession in each of the above classifications. Reports to other agencies are made as provided in the specific award with the agency.

In addition to individual award requirements, the following reports are required:

[Defense Federal Acquisition Regulations](#) (contracts) as of 30 September, due date 31 October, DD Form 1662 (Report on DOD Property in the Custody of Contractors)

NASA Procurement Regulations (contracts) as of 30 September, due date 15 October, NASA Form 1018 (Report of Government-Owned / Contractor Held Property)

Annual Inventory Listing of Government Property (NASA grants) as of 30 September, due date 15 October

Department of Energy Regulations, DOE form 4300.3 (Semi-Annual Summary Report of DOE-Owned Plant and Capital Equipment) as of 28 February and 31 August, due dates 15 April and 15 October, respectively.

These reports are submitted to the Government Property Administrator identified in the contract.

c. Responsibility

- 1). Reports of inventorial equipment are the responsibility of the Equipment Management Department.
- 2). All reports made pursuant to contract provisions shall be coordinated by the campus Contract and Grant Office.

11. Retention of Records

University records pertinent to a award are subject to audit at any reasonable time during the performance of that award, at termination or completion, or at any time thereafter during the period the University is required to keep such records.

Records for equipment acquired with federal funds shall be retained for 3 years after final disposition ([A-110](#), __.53 (b)(2)).

X. PHYSICAL INVENTORIES

A. BIENNIAL INVENTORY

1. Responsibilities of the Custodial Department

- a. At least every two years, the custodial department must make a physical inventory of all University Inventorial Equipment, Government Inventorial Equipment, Other Government Property, and Other Inventorial Items.

Except in those units with few employees, the individual who performs the inventory may not also be responsible for ordering or purchasing of the property, maintaining the property records for that unit, or maintaining direct custody of the property. Small units may be granted an exception to this requirement if compensating control mechanisms are in place.

- b. The primary department personnel with assigned equipment custody responsibilities and duties in conjunction with the Principal Investigator shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment. If there is a change in the primary department personnel with assigned equipment custody responsibilities and duties or the Principal Investigator, the custodial department should take a physical inventory at that time.

2. Responsibilities of the Equipment Management Department

- a. The Equipment Management Department shall make reasonable efforts to ensure that departments comply with the physical inventory requirements above. When such efforts are unsuccessful, the cognizant Vice Chancellor shall be informed of all departments that are over 90 days delinquent in completing their physical inventories. Such information shall include the department name, the name of the department head and the count and dollar value of the items involved.

- b. The Equipment Management Department (or designee) should establish local procedures to promote and ensure the proper safeguarding and timely and accurate verification of inventorial property by the Custodial Departments. Specific procedures necessary to ensure appropriate controls may vary from campus to campus, and from year to year. Campus management should evaluate the local conditions and develop and execute specific procedures that will ensure compliance with policy and regulations, and enhance the protection of assets of the University. Local procedures may include, but are not limited to:

- 1) **Training of Custodial Department personnel:** The Equipment Management Department may provide training of custodial department personnel to enhance their understanding and awareness of University policy, campus procedures, and federal regulatory requirements regarding the safeguarding and verification of inventorial property. They may also provide training or

guidance on best practices for the safeguarding and management of equipment and other inventorial assets.

- 2) Verification of physical inventory: The Equipment Management Department may conduct verification of physical inventory to test the accuracy of inventory taken by the Custodial Departments. Campuses may incorporate various sampling techniques as part of the verification process, including statistical, stratified, judgmental, purposeful or other sampling or testing methods.

B. RECONCILING AN INVENTORY UPON TERMINATION OR COMPLETION OF A GOVERNMENT AWARD

Immediately upon termination or completion of a government award, in coordination with the custodial department and the Principal Investigator, a physical inventory is performed, adequate for disposal purposes, of all government property applicable to the terminated or completed award. Disposition instructions are requested from the agency. In submitting a terminal inventory to the agency, the University certifies that all materials, supplies, and equipment which were furnished to the University by the government for use on the award, or for which the University has been or will be reimbursed by the government under the terms of the award, if not specifically included in the inventory, were expended in performance of the work called for by the award.

1. Waiver of Inventory

The requirement for physical inventory of government property at the completion of an award may be waived by the Property Administrator when the property applicable to the completed award is authorized for use on a follow-on award. In those instances the University provides a statement indicating that a transfer of record balances has been made in lieu of preparing formal inventorial lists and that the University accepts responsibility and accountability for those balances under the terms of the follow-on award.

2. Listing for Disposal Purposes

Standard items that have been modified may be described on listings for disposal purposes as standard items with a general description of the modification. Fabricated items such as test equipment must be described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

C. RESULTS OF INVENTORIES

1. Discrepancies

Discrepancies discovered during the physical inventory process must be properly documented and reported to the Custody Department to the Equipment Management Office. The Equipment Management Office must update the official records accordingly, and may conduct additional investigations, and make recommendations to prevent future discrepancies.

2. Government Inventorial Equipment and Other Government Property

The University submits to the Government Property Administrator a listing which properly identifies all discrepancies disclosed by physical inventory and a signed statement that physical inventory of all or certain classes of government property was completed on a given date and that the property records were found to be in agreement with the physical inventory, except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay at the completion of the physical inventory.

D. QUANTITATIVE AND MONETARY CONTROL

As directed or required by proper authority, University reports of results of physical inventory action are prepared on both a quantitative and monetary basis and segregated by categories of property such as material, special tooling, special test equipment, and plant equipment.

XI. DISPOSAL OR TRANSFER

A. UNIVERSITY EQUIPMENT

1. Sold or Traded-in Equipment

Excess University-owned material may be offered for sale or trade-in in accordance with Business and Finance Bulletin [BUS-38](#), Disposal of Excess Material and Transfer of Federally-Funded University-Owned Material. Equipment transferred to another department or campus is not considered “sold equipment.” Traded-in equipment is that which has been surrendered upon the purchase of new equipment.

2. Destroyed or Discarded Equipment

The Equipment Manager must be consulted before equipment is destroyed or “cannibalized.” A request by the Department Head to the Equipment Manager will initiate the process to remove the item from the equipment inventory and appropriately dispose of it.

3. Lost or Stolen Equipment

When the loss or theft of equipment is detected, the matter must be reported immediately by the department head to campus police and risk management as required by Business and Finance Bulletin [BUS-28](#), Property Self-Insurance Program. Notice should also be sent to the Equipment Administrator and the equipment shall be removed from the inventory records. Equipment missing after a physical inventory check conducted either by the custodial department or the Equipment Management Department must be reported to the appropriate department head, who then reports it to the Equipment Administrator. It will then be removed from the inventory records with the written approval of this officer.

4. Transfer of Equipment

Inventorial or non-inventorial materiel which is declared surplus or excess by a department may be sold, traded-in, or transferred to another department on campus or to another University campus in accordance with Business and Finance Bulletin [BUS-38](#).

If the University holds title to property acquired under an award which includes recovery rights, and the funding agency requests transfer of such property to another institution, such property may be transferred to the designated institution. Before transfer is initiated, it is necessary to determine who will be responsible for dismantling and shipping costs.

All transfers of equipment must have prior written approval of the Equipment Administrator.

a. Interdepartmental Transfer

When equipment is transferred between departments on the same campus, no change is made in the recorded value of the equipment. It is reported to the Equipment Management Department by the transferring department on an Equipment Inventory Modification Request (or equivalent document).

The information provided should include the property number, description of the item, name or account number of the department receiving the equipment, and the new location and room number.

Custody of the equipment is transferred by the Equipment Management Department.

b. Intercampus Transfers

Equipment which is permanently transferred from one UC campus to another is reported to the Equipment Management Department by the transferring department. The equipment is disposed of by the Equipment Department of the transferring campus. The transfer is reported by the Equipment Management Department of the donor campus to the Equipment Management Department of the receiving campus on an Equipment Inventory Modification Request Form (or equivalent document). The information entered on the form should include a list of the items being transferred by property number, description, value, and the name of the department receiving the equipment. The transaction should include all the required information except the custodial code and the building code. This information is furnished by the Equipment Management Department of the receiving campus.

B. GOVERNMENT PROPERTY

1. Excess Property

When government property is no longer needed for the award for which it was provided, it is screened against needs of other awards prior to being declared excess. If there is a need for the property, the Contracting Officer is asked for authority to use or transfer. If there is no need, the property is reported as excess in the manner prescribed by the Property Administrator. For industrial plant equipment under DOD and NASA contracts, DD Form 1342 is prepared.

2. Loss, Damage, or Destruction

All cases of loss, damage, or destruction are reported to the Property Administrator as soon as the fact of such loss, damage, or destruction becomes known or when requested. The report includes all factual data as to the circumstances surrounding the loss, damage, or destruction. The extent of the University's liability, if any, is subject to a written determination by the Contracting Officer. The University may be relieved of liability upon reimbursement to the Government, if required by the determination, and disposition of any property rendered unserviceable. Shipping documents or other instruments evidencing disposal should be appropriately cross-referenced on the determination document.

3. Award Completion

Upon completion of a contract the University will submit to the Contracting Officer a list certified as to quality and quantity of any or all items of final inventory, exclusive of items for which disposition has already been directed or authorized by the Contracting Officer. The University should request the

government to remove such items or enter into a storage agreement covering them (see Physical Inventory, Section X.D.).

4. Release from Responsibility

The University is relieved of responsibility for government property with the concurrence of the Contracting Officer or a duly authorized representative by the following actions:

- a. Consumption of property in performance of the award.
- b. Retention by the University for consideration given the government.
- c. Sale of property, the proceeds of the sale being received by or credited to the government.
- d. Shipment from University premises or that of a subcontractor.
- e. Transfer of title to the University.
- f. Abandonment in place by the government.
- g. Loss, damage, or destruction.

XII. SUBCONTRACTOR CONTROL

Each agreement entered into by the University pursuant to the terms and conditions of a prime award with the federal or state government, whereby federal or state government property may come under the control of a subcontractor shall contain specific provisions with respect to the subcontractor's responsibility for the care, custody, and use of said property whereby the subcontractor shall assume the responsibility and obligations of the University with respect to said property while under the subcontractor's control. All actions of the subcontractor are subject to the terms of the prime award related to the care, utilization, storage, movement, and disposition of said property. The property and property records of the subcontractor are to be held available for inspection by the University and federal or state government at all times. The inventory procedures of the subcontractor shall meet the requirements of the University and the federal or state government and are subject to review by the University.

XIII. PERSONAL USE OF PROPERTY

Employees shall not use University materiel or property in the care and custody of the University for personal purposes without pre-approval by the administrative head at that location.

XIV. CONFLICT OF TERMS

A. CONFLICT OF TERMS

The provisions of this Bulletin are generally accepted as satisfactory for the performance of the award. When conflicting and/or additional provisions are included in an award, the campus Contract and Grant Office notifies the Equipment Management Department and the Materiel Manager of the specific award clauses pertaining to property which constitute an exception to this Bulletin and related University policy and procedures.

B. INTERPRETATION

Questions concerning the interpretation of specific award clauses shall be referred to the campus Contract and Grant Office.