

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

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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

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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.