



Idaho State University

POLICIES AND PROCEDURES

Physical Inventory and Control of University Property

ISUPP 2360

POLICY INFORMATION

Policy Section: *Finance*

Policy Title: *Physical Inventory and Control of University Property*

Responsible Executive (RE): *Chief Financial Officer*

Sponsoring Organization (SO): *Finance*

Effective Date(s): *March 15, 2018*

Last Reviewed: *November 2023*

Next Review: *TBD*

I. INTRODUCTION

This Policy outlines the responsibilities and controls for the inventory, reporting, and disposition of personal property at Idaho State University (ISU), including federally funded property. This Policy applies to Capital Assets, Custodial Assets, and Sensitive or Controlled Assets.

II. DEFINITIONS

- A. **Capital Assets.** Assets with a purchased value equal to or greater than \$5,000 and with a life span greater than one year.
- B. **Central Property Inventory System (CPIS).** CPIS is the official record of all property the University owns or is responsible for safeguarding
- C. **Custodial Assets.** Assets with a purchased value greater than \$2,000 but less than \$5,000 and with a life span greater than one year.
- D. **Physical Inventory.** The annual process of comparing the physical location of equipment against the departmental inventory list as recorded in CPIS in order to verify University assets.
- E. **Sensitive / Controlled Assets.** Certain assets with a cost greater than \$300 and less than \$2,000 and a life span greater than one year. Sensitive / Controlled Assets include, but are not limited to:

1. Firearms, regardless of cost, and/or
2. Equipment that stores data, including, but not limited to, servers, tablets, computers and laptops.

III. POLICY STATEMENT

The physical inventory process is required by state and federal law. There may be severe consequences for the University, including sanctions and significant financial penalties, if these laws are not followed.

Physical inventories serve several valuable purposes other than compliance with state and federal laws, including verifying system functionality, identifying and locating equipment that migrates across departments and/or facilities, ensuring unused/unneeded equipment is identified and when appropriate, made available to other University departments or state agencies, disposed of, or returned to the vendor, if applicable and ensuring the protection of assets and identification and correction of errors.

IV. AUTHORITY AND RESPONSIBILITY

- A. **Department Head or Director.** The Department Head or Director has accountability for all Capital Assets purchased by, constructed for, gifted to, assigned to, or used by that department. They are responsible for maintaining and safeguarding Capital Assets and reporting the condition and location of said assets through the periodic Physical Inventory process.
- B. **University Business Officers (UBO).** University Business Officers initiate and complete the inventory process by the due date and sign verification forms.
- C. **Capital Inventory Specialist (CIS).** Capital Inventory Specialists are responsible for asset management and report through the Controller and ultimately to the Chief Financial Officer.
- D. **Central Property Office (CPO).** The Central Property Office is assigned oversight of the inventory records and performing maintenance provided by the department to keep the data accurate and current. The CPO is also responsible for the disposition of surplus Capital Assets and ensures compliance.
- E. **University Employees.** All employees are responsible for compliance with this Policy. Violations of this Policy may be grounds for disciplinary action up to and including termination of employment.

V. RECORDKEEPING AND REPORTING

- A. Capital Assets, Custodial Assets, and Sensitive / Controlled Assets must be verified annually to comply with state regulations.
- B. Recordkeeping.
 - 1. The following assets are to be included in CPIS:
 - a. Capital Assets.
 - b. Custodial Assets: These assets are included in CPIS as required by the Idaho State Board of Education and must be inventoried as if they were Capital Assets.
 - c. Sensitive or Controlled Assets: While not considered Capital Assets by definition, these items are tracked in CPIS due to their mobility and potential for theft or easy conversion to personal use.
 - 2. Each item acquired by the University must be appropriately tagged and included in the CPIS so as to be readily identified and located.
- C. Reporting.
 - 1. Inventory Individual ISU Departments must physically verify the existence, condition, and location of the property listed in the CPIS.
 - 2. Timeline
 - a. A physical inventory is required annually and must match CPIS records
 - b. The CPO may conduct random physical inspections of assets to validate the count and condition previously approved by the UBO and department head or director. A sample of federal property will also be inspected and associated records in CPIS examined to verify accuracy.
 - c. The completion date will be assigned by the CIS, taking into consideration the complexity of the inventory.
 - 3. The following items will be reported in the CPIS. Items specifically required by State law are marked with an asterisk.
 - a. Acquisition date*
 - b. Acquisition cost or estimated fair market value*
 - c. Estimated current replacement cost (except vehicles)*
 - d. Location (if item is off site, the department responsible/using the property)*
 - e. Description* including model and serial number
 - f. Custodian and department as identified by the organization code*

- g. Inventory tag number
 - h. Purchase order number if acquired via the purchase order system
 - i. Condition
 - j. Funding source
 - k. Grant/title to flag
4. Documentation is required to complete interdepartmental transfers, equipment location change, lost or stolen items, off-campus items, items related to sponsored projects and donated property.
- D. Asset Removal and Disposal.
- 1. Disposal of any asset must follow State Board of Examiners Policy and may not occur without prior CPO approval.
 - 2. Removal of items from CPIS may be requested throughout the year as the need arises. Any disposal, removal, or rearrangement of inventory requires the completion of a Departmental Disposal Form, available on the University's Division of Finance website.
 - 3. After receiving the request on the Departmental Disposal Form, the CPO will review the request for the disposal, removal, or rearrangement of inventory and the reason for the request. The CPO will forward the request to the State Controller.
 - 4. The State Controller is the approval authority for disposal, removal, or rearrangement of inventory.
 - 5. Under no circumstances should assets controlled by the CPIS be disposed of without the express approval of the CPO and the State Controller.
 - 6. Prior to an asset being removed from CPIS, the Department will first consult with CPIS personnel who will determine the appropriate physical disposition method (surplus, scrap, recycle, etc.) to be utilized.
- E. Lost or Stolen Items
- 1. Departments must report lost or stolen items to Public Safety and CPO as soon as possible, but no later than 48 hours of discovery.
 - a. If the lost or stolen item contains, or is reasonably believed to contain, data classified as Critical Information or Institutional Information under ISUPP 2430 (including data protected by HIPAA, FERPA, or other privacy/security regulations), the loss must be reported promptly upon discovery to Information Security / ITS and the Office of General Counsel in addition to Public Safety and CPO.

2. Departments are required to use all practical means to find items reported lost before sending the report to the CPO. All reports of stolen items must include a list of practical means utilized to locate lost items.
3. Unused equipment must be securely stored at all times to avoid theft.

VI. RELATED LAWS, RULES, AND POLICIES

- A. Idaho Code § 67-9223
- B. Idaho Code § 67-5746
- C. Idaho Code § 67-5732A
- D. State Board of Examiners State Personal Surplus I Property Policy and Procedures
- E. Office of Management and Budget's (OMB) Code of Federal Regulations
- F. Idaho State Board of Education Governing Policies and Procedures, V.I.
- G. ISUPP 2430 *Data Classifications*
- H. ISUPP 2450 *ITS Communications and Operations Management*
- I. ISUPP 2370 *Records Retention and Disposal Policy*