

Overview

Property management is an important function at the University. Prudent inventory practices help protect the University's multi-million dollar investment in equipment, provide documentation needed for insurance coverage, audits and support various cost recovery methods associated with assets of the University. Additional benefits include:

- Readily identify location of equipment
- Support departmental management needs
- Comply with external regulations
- Allows the University to have an accurate record of its investment in equipment
- Allows the University to produce timely and accurate property reports
- Provides for the timely transfer and disposition of equipment

Responsibility

The Business Office is responsible for maintaining accurate records of equipment and property. Legislative Audit tests the process that HSU has in place to fulfill this responsibility and reports on the degree to which we accomplish this responsibility. Custody and proper use of equipment is the responsibility of the various colleges and departments where the property is assigned. University employees have stewardship responsibilities for University property assigned to the employee. HSU expects each department to actively participate and complete their inventory process in a manner that demonstrates accountability for University property. HSU also expects all employees that have purchasing authority to designate through DPS any item that is being purchased as either low value equipment or high value equipment.

Role of the Business Office in Property Management

The Business Office is directly responsible for maintaining a yearly inventory of all University equipment, tagging University and Foundation donated property, maintaining accurate inventory records, adding financial data to the property management system, and overseeing the internal transfer, and the pick-up and disposal of non-utilized property.

Role of Henderson State University Administration

The University has delegated to deans, department heads, directors and other University officers the responsibility for management of University assets under their control. These officers are responsible for ensuring that policies and practices applicable to the work of the Business Office are followed. These responsibilities may include:

- Emphasize the importance of appropriate and compliant property management within their school or business area.
- Appoint a person to serve as Departmental Property Coordinator.
- Ensure the implementation of Business Office policies and processes.
- Locate and report to the Business Office all items of equipment assigned to the office during the yearly inventory.
- Notify the Business Office of all changes in the status of equipment between annual audits. This shall include, but is not limited to, assets stolen, lost, transferred, cannibalized or disposed.

Role of Departmental Property Coordinator

Each University department head should appoint a Departmental Property Coordinator. The departmental coordinator will be responsible for the day-to-day inventory processed within the department and will serve as the contact person to the Business Office. The coordinator must be a full-time employee and may not be a student.

- Ensure the implementation of Business Office policies and processes.
- Locate and report to the Business Office all items of equipment assigned to the office during the yearly inventory.
- Maintain log and file of low value inventory items.
- Maintain log and file of high value inventory items.
- Designate items purchased as low value equipment or high value equipment based on definitions set by the Business Office policies.
- Notify the Business Office of all changes in the status of equipment between annual audits. This shall include, but is not limited to, assets stolen, lost, transferred, cannibalized or disposed.

Receiving and Tagging New Equipment

One of the most important tasks assigned to the Business Office is identifying newly acquired equipment, applying appropriate tags, and recording information about the equipment into the University's Fixed Assets Module.

Equipment Receiving Tags

Capital Equipment purchases will receive numbered University inventory tags. These tags are to be placed on the items upon arrival to campus and they will be tagged by an employee of the Business Office.

In everyday language Capital Equipment might be defined as any equipment falling within a cost threshold, is moveable (not permanently affixed to a building or structure) and has a life of over one year. Henderson State University's capitalization threshold is an acquisition cost of \$5,000 or more, including the cost of all accessories necessary to make the equipment usable for the purpose for which it was acquired plus any shipping and handling cost and tax. Departmental Property Coordinators are reminded that State Auditors will separately inventory capital items on a yearly basis.

Non-capital equipment purchases will receive official University inventory labels without numbers, and will not be capitalized. These items will have a cost threshold of between \$500.00 and \$4,999.99. Many items in this cost range are considered "sensitive" items and may pose a special risk of loss due to its marketability and portability. Such items as computers, camcorders, digital cameras, musical equipment, power tools etc. deserve special attention from the Departmental Property Coordinator.

Gifts and foundation purchases are considered property of the University. Gifts are not the personal property of faculty, staff or students, although they may have been the primary contact or the delivery point for the donation and the primary user. All gifts and foundation purchases with an original purchase price or fair market value of \$5,000 or more are considered capital items. All gifts and foundation purchases with an original purchase price or fair market value, as

determined by Henderson State University, between \$500.00 and \$4,999.99 will be tagged as non-capital equipment.

Equipment fabricated by University shops and service areas are treated as purchased assets and must follow all capitalization guidelines. When fabricated cost equals or exceeds \$5,000 and is expected to have a useful life of over one year, it must be reported to the Business Office as a capitalized item. Fabricated items falling within the cost threshold of \$500.00 to \$4,999.99 will be tagged as non-capital equipment.

Modifications to existing equipment are not tagged but may increase the capitalized value of a current asset if it increases its value or useful life. (i.e. modifications to the existing mainframe computer that increase its value or its useful life.)

Tagging Process

The initial process of placing an item on the inventory system begins when an item is entered into the DPS system. The person entering the request will have to answer two questions. Is this item a low value equipment purchase and is this a high value equipment purchase. When the affirmative is answered to the high value equipment purchase question an email will be sent to the Business Office notifying them of this purchase. The PO will be reviewed to make sure the item is a high value item. Once it is determined that the item is in fact a high value item, a numbered inventory tag will be generated and an inventory entry form will be filled out with the appropriate information. Some of the information may not be available on the PO so the Business Office will contact the person who entered the DPS and/or the Departmental Property Coordinator to set up a time to tag the equipment once it has been delivered to campus and to obtain the information that is needed. Information that is acquired and maintained in the fixed asset module is as follows:

- Description of item
- Model number
- Serial number
- Building that the item is located in
- Room number that the item is located in
- Purchase order number
- Vendor name
- Check number
- Check date
- User
- Responsible official

The inventory entry form, a copy of the check, the purchase order, the invoice, and bid documents are maintained by the Business Office. A copy of these documents will be given to the Departmental Property Coordinator for their files. Any change in building, room, user or responsible official needs to be reported to the Business Office.

If the affirmative is answered to the low value equipment question, an email will be sent to the Business Office as well as the person who entered the requisition. The email to the Business Office informs them of the purchase so that it can be determined the number of items that will need to be tagged. Inventory labels will be generated by the Business Office and mailed to the person who entered the requisition. The email that goes to the person that entered the requisition will inform the person that they will be receiving inventory labels for the items on the requisition

and that they will need to properly affix the labels to the equipment once it has been delivered to the university.

Labels should be affixed in an easily accessible location. The recommended placement on equipment is on the front of a computer CPU*, inside a desk drawer or inside corner of furniture, otherwise place the label in a visible front portion of the item. Never place labels on the bottom of equipment. Remember the more accessible the label, the easier and more efficiently an inventory or verification of an asset can be executed.

*A special note concerning computers as they pose a unique challenge. Computer systems are purchased as a “bundle” on a single PO. A CPU, monitor, keyboard, and mouse are considered part of the bundle. For administrative purposes, the CPU box will be tagged and tracked as the main unit of a microcomputer system.

Transfer of Property

Since Henderson State University acquires, transfers and disposes of property on a daily basis, it is necessary to employ strict procedures when handling University property. When property is relocated from one physical location to another within a department or outside of a department a HSU work order should be entered. The work order will ask for location of the item, where it needs to be transferred to, the HSU inventory number. The Physical Plant will be notified that they will need to move the item and an email will be delivered to the Business Office. If the person requesting the transfer is not the Departmental Property Coordinator, then the Departmental Property Coordinator will need to be notified by the person requesting the transfer.

Trade-in of Property

Departments may trade-in equipment, *but must first contact the Director of Purchasing*. The acquisition of a piece of equipment from a vendor for some specified amount of money and an existing piece of University tagged equipment is a two part process, a disposition and an acquisition. Before an item can be offered for trade it must be properly disposed through the State Department of Finance and Administration, Office of Marketing and Redistribution. Once approval to trade is received from M&R, the Director of Purchasing will notify the department. At this time and not before, the item will be considered disposed.

Disposal of Property

Disposal of property does not mean throwing something away. When dealing with state property it means a series of actions that lead to the final disposition of the item. Remember, the department is liable for all equipment under its care for the life of the item.

The first step in the process of disposal is to determine if the property is excess. Excess describes a lack of use or benefit a piece of equipment can give to a department or an inability to satisfy its initial purpose. This item may be considered functional but obsolete. Other items are simply not functional with an unreasonable cost of repair or cannot be repaired.

The second step is to complete a work order to transfer the item to the Physical Plant so that the item can be processed for M&R (Marketing and Redistribution). Once the work order is entered the Physical Plant will be notified to pick up the item as well as the Business Office. Once the item has been moved to the Physical Plant, they will determine based on State Marketing and Redistribution procedures how the item will be disposed of. They will request permission from the State Office of Marketing and Redistribution and once approval is received from the State,

they will keep a copy of this approval and forward a copy to the Business Office so that item can then be removed from the inventory.

Disposal of Computers

In addition to the traditional disposal requirements, the University must deal with situations that may compromise our database security, licensed software agreements, and sensitive proprietary information that may be stored on computer hard disk. The University must certify that a listed computer no longer has confidential or sensitive data on any storage media, or certify that the hard drive has been removed and destroyed. The disposal or removal from campus of any University computer must be coordinated through the office of Computer and Communication Services. The University must comply with all regulations concerning the disposal or removal of computer equipment established by the State Department of Finance and Administration.

Cannibalization

Cannibalization is the act of disassembling or dismantling making that property unable to perform its intended use. The Departmental Property Coordinator is charged with the responsibility of monitoring the cannibalization of University equipment. It is against state and university policy to remove component parts from state property without prior approval from Marketing and Redistribution. The Physical Plant will request approval from the state. To request that an item be cannibalized, the Departmental Property Coordinator will need to enter a work order requesting the Physical Plant to request permission from Marketing and Redistribution to cannibalize the item. The item description and inventory number will need to be entered on the work order and a description of why the item needs to be cannibalized. Once permission has been received from M&R, the physical plant will notify the Departmental Property Coordinator that the item can be cannibalized and will also send a copy of the approval to the Business Office at which time the item will be removed from the inventory. Any items that remain once the cannibalization has occurred will need to be sent to the Physical Plant for disposal.

Personally Owned Property

Henderson State University will not insure personal property of faculty, staff, or students, even if it is being used on the University campus in support of HSU business. The University has no interest nor accepts any responsibility for this type of property if lost or stolen. It is recommended that your Departmental Property Coordinator be provided with a listing of all personally owned property to avoid the possibility of it being mistaken for Henderson State University property. Should there be confusion, the proof of ownership will lie with the individual. Personal property should be marked according to ownership.

Off-Campus Use of Property

When any equipment belonging to Henderson State University or under the custody of Henderson State University, is going to be used off-campus, this off-campus use shall be approved by the appropriate department chair or director and a copy of the written approval should be given to the Departmental Property Coordinator. The Departmental Property Coordinator should have available at all times the written approval that should include the property number, asset description, location of the item off- campus, the person responsible for the item, the expected date of return, justification for why the item must be used off-campus and the signatures of both the individual using the property and the department chair or director. When Henderson State University property is to be used off-campus “long-term” or periods up to

one semester or longer, the department chair or director to which the item belongs send a copy of the written approval to the Business Office.

Reporting the Loss, Theft, or Destruction of Property

Lost/Stolen Personal Property

When an agency is unable to locate personal property contained on its capital asset records, the following possibilities must be considered:

1. The property was turned in to the proper disposal agency and the property records were not correctly posted.
2. The location of the property on the records is wrong, or it was relocated and the new location was not recorded on the records.
3. The property has been lost.
4. A theft has occurred.

When property on record cannot be located, the executive head of the agency should immediately appoint an individual with supervisory or managerial responsibility to investigate the case and present the facts. A memorandum from the executive head of the agency should be written to the appointed individual notifying the individual of his/her investigative duties. The appointed individual should proceed in the following manner:

1. Obtain the full identification of the missing property and last recorded location from the agency property records.
2. Check the last recorded location and adjacent areas. An interview should be conducted with all individuals assigned to the area where the missing property was last located according to the property records.
3. Conduct a search of property disposal and transfer documents to see if the property could have been turned in to Marketing and Redistribution or transferred to another agency.
4. Establish whether the property involved may have been temporarily loaned to other activities. If so, the activities identified should be searched in an attempt to locate the missing property.
5. If the above actions fail to locate the missing property, all areas occupied by the agency should be searched beginning with the activities most likely to have a use for the property.
6. If at any time during the investigation it is suspected that a theft has occurred, the matter should immediately be brought to the attention of the agency executive head. If after notification the agency executive head also suspects theft, the appropriate law enforcement official(s) should be contacted for investigation and further action as warranted.
7. If at any time during the investigation process the missing property is located, the proper location shall be recorded on the property records. At the conclusion of the investigation the appointed investigator shall submit a final investigation report outlining the circumstances

surrounding the case and recommendations to the agency executive head for any action deemed necessary.

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

Yearly Inventory and Property Audit

The purpose of the yearly Physical Inventory is to verify the accuracy of the HSU Fixed Asset Module. The inventory is a team effort involving the Business Office, departments and schools. If a department maintains good property management practices on a routine basis, then the physical inventory is truly a matter of verification and should pose little stress or inconvenience on the department.

Good practices will include but not be limited to:

- DPS users actively and accurately signify through the DPS system items that are considered equipment.
- All low value equipment is tagged upon arrival
- The Business Office is notified promptly when a high value piece of equipment has been delivered to campus so that it can be tagged before installation and so the location and serial number can be verified.
- Work Orders will be issued for all equipment needing to be moved to another department or to M&R.
- Off-Campus Use forms are filled out and updated annually
- Disposals are processed on a timely basis
- Excess equipment is not stored

This task should not be rushed through just prior to the inventory, but should be part of an ongoing management process throughout the year. The yearly inventory of property is standard business practice. The process will be initiated and coordinated by the Business Office. The Departmental Property Custodian shall perform the physical inventory with oversight from the department head. This process generally assures that the personnel who perform the process are not the same people who have custody of the property. A complete itemized property listing will be sent to each Departmental Property Coordinator on a yearly basis during the month of January. The listing will include all items assigned to the department with an original purchase value in excess of \$5,000. Each item should be visually verified and its location compared to the Business Office list. Any differences should be noted. Any missing property or property under your custody that is not on the Business Office list should be noted along with its location and property tag number. You should provide copies of appropriate documentation for items that are on the Business Office list that are not in your custody, for example, lost or stolen, or items sent to M&R. The timely completion of the property inventory is a University priority. Departments will have 30 working days to conduct the physical inventory, sign the "Certification Letter" that accompanies the schedule and return the inventory schedule to the Business Office. If the property listing and the certification is not completed by the end of the 30 days, a 1st notice

of past due will be sent to the Department Property Coordinator, the Department Chair and the Vice President of that area. Once another 30 days has passed, a second notice will be sent to the Department Property Coordinator, the Department Chair and the Vice President of that area plus it will be forwarded to the Vice President of Finance and Administration for direction on further action. These reports will become permanent record of completion and serve as documentation for all audit purposes. Each file is available for review by the Arkansas Division of Legislative Audit on a yearly basis.

Upon return of the departmental inventory schedule, and each department's inventory has been reconciled, the Business Office may conduct a random sample test of sensitive property as previously described. This audit may be at the request of the Division of Legislative Audit, the President of the University, or the Division of Finance and Administration.

The Arkansas Division of Legislative Audit begins their yearly audit each August. Included in this audit is a random sampling of capital equipment. When these audits are scheduled, the Business Office will give as much notice as possible. The Departmental Coordinator will be actively involved and escort the auditor. We *must* be able to locate and identify property as requested by the auditors, and provide property related documentation upon request. All equipment that is currently located off-campus must be accounted for. Auditors may inventory assets at their off-site location, or request the asset user to bring the equipment to campus to be inventoried.

A failure to complete the annual state audit is subject for a negative state audit comment and the possible disapproval of the University's property management process. The importance of each department's role in this procedure cannot be overly expressed.

Conclusion

This procedure manual addresses some of the most often asked questions regarding property at Henderson State University. However we realize that it will not answer all the questions you might have. If you have additional questions, or would like help in solving a property related problem, please contact the Business Office at ext. 5132.

PROPERTY MANAGEMENT
RECEIPT of DONATED EQUIPMENT

Send Completed Form to:
Business Office
Box 7531

Date _____

Department _____

Account Number _____

The following item(s) was donated to Henderson State University.

1. _____

2. _____

3. _____

Donor _____

Special Features _____

Maintenance or Setup Required _____

Physical Location of Equipment _____

Property Received By _____

* For inventory purposes, please provide documentation of the fair market value of the item donated.

PROPERTY MANAGEMENT
EQUIPMENT REPAIR and EXCHANGE

Keep this Form in Department Until Property is Returned.
If Property was Exchanged Send Form to Business Office
Box 7531

Date_____

Department_____

Account Number_____

Date Item Returned_____

Tag Number_____

Value_____

Description_____

Serial Number_____

Reason for Return_____

Company Name_____

Company Address_____

Phone Number_____

Department Head_____

Signature

If the item is exchanged for any reason send this form to Box 7531.



Department of Finance and Administration
Office of Accounting
Credit for State Property

Print Form
Clear Form
Submit by E-mail

Agency Title	Date
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FROM:

TO: Director,
Department of Finance and Administration

SUBJECT: Credit for State Property

- In Accordance with provisions of ACA 19-4-1501 et Seq., request approval to drop the following list of property from the records of this agency for the reason stated.

Asset/Tag Number	Description of Property	Acquisition Date	Cost	Reason Code

- An investigation was conducted of the circumstances surrounding the missing property and a copy is attached.
- Attach Excel spreadsheet as an attachment if additional lines are required to report more assets.

Reason Codes: Please use one of the following that best describes the disposition of the Assets listed above:

- Lost
- Stolen
- Discarded without proper documentation
- M & R without proper documentation
- Transferred without proper documentation
- Broken - not repairable
- Destroyed in natural disaster
- Sold
- Missing
- Awarded to Retiring Officer
- Other

Return form to:
Office of Accounting
P O Box 3278
1509 West 7th, Room 403
Little Rock, AR 72203

Designated Agency Signature
DFA Accounting Credit for State Property (R 01/25/2011)