

# Standards: Conducting Physical Inventories of University Assets

STN-U5346.01A

**Effective:** September 10, 2018

**Revised:** November 9, 2020

**Approved by:** Pete Heilgeist, Director of Business Services

## Authority

Document #	Document Title
<a href="#">POL-U5346.01</a>	Managing and Safeguarding University Assets

## See Also

Document #	Document Title
<a href="#">FRM-U5346.01A</a>	Asset Control Custodian Delegation Form
<a href="#">PRO-U5346.01A</a>	Conducting a Physical Inventory of a Department's Assets Procedure
<a href="#">PRO-U5346.01C</a>	Disposing of University Assets and Other Property Procedure
<a href="#">GDL-U5346.01A</a>	Guidelines for Maintaining a Department Asset Tracking System
<a href="#">POL-U5315.25</a>	Reporting Loss of University Funds or Property Policy

## Responsible Office and Officer

**Responsible Officer:** Director of Business Services

**Responsible Office:** Central Services, Asset Inventory Operations

## Purpose of Standards

To demonstrate Western's commitment to proper stewardship and accountability over the University's assets as required by state rules.

## Assets Required to be Inventoried

Assets required to be included in physical inventories are outlined and defined in state rules and include the following:

1. All assets meeting the state's capitalization policy (refer to SAAM [30.20.20](#)),
2. Assets with a unit cost (including sales tax and ancillary costs) less than \$5,000 identified as [small and attractive assets](#) (refer to SAAM [30.40.20](#)), and
3. Art collections, library reserve collections, and museum and historical collections that meet the criteria in SAAM [30.20.22](#) which are not required to be capitalized, are required to be controlled by means of a perpetual inventory or a recognized cataloging system.

## Required Standards for Managing and Protecting Assets

The following are required standards for conducting a physical inventory:

1. Asset Inventory Operations (AIO) is responsible for:
  - a. Implementing a timely and ongoing schedule to complete a biennial physical inventory of all University assets covered under POL-U5346.01.
  - b. Follows the *Conducting a Physical Inventory of a Department's Assets* procedures (PRO-U5346.01A),
  - c. Ensures instructions sent to departments to initiate a physical inventory include all information required by the state (see SAAM 30.45.30), and
  - d. Initiates changes to the policy, standards, procedures, and other related documents when deemed necessary to improve efficiencies, services, and compliance with asset management and safeguarding.
2. Accounting Services is responsible for:
  - a. Facilitating the asset tagging process with the asset custodial department,
  - b. Controlling asset tags and ensuring adequate controls for safeguarding unissued, mutilated, and voided asset inventory tags are established,
  - c. Receiving completed physical inventory reports and Surplus Pick-Up forms and updating asset dispositions in the Banner Asset Module in a timely manner.
3. Financial Managers (FMs) are responsible for:
  - a. Reviewing the *Managing and Safeguarding University Assets* policy (POL-U5346.01), and
  - b. Ensuring their Asset Control Custodian fulfills their responsibilities as stated in section #4 below or fulfills the responsibilities themselves if an ACC is not delegated.
4. An Asset Control Custodian (ACC) is responsible for:
  - a. Reviewing the *Managing and Safeguarding University Assets* policy (POL-U5346.01),

- b. Maintaining a department tagged inventory log with which tagged assets are tracked from point of purchase to surplus/disposal. See guidelines for *Maintaining a Department Asset Tracking System* (GDL-U5346.01A),
  - c. Following instructions from AIO and the *Conducting a Physical Inventory of a Department's Assets* procedures (PRO-U5346.01A) when an inventory of their assets is due based on the AIO schedule,
  - d. Keeping the financial manager informed of any asset control issues between biennial inventories,
  - e. Promptly reporting any losses in accordance with the *Reporting Loss of University Funds or Property* policy (POL-U5315.25), and
  - f. Completing any training required by Business Services.
5. All documentation of the status of assets must be done accurately and honestly.
- a. Physical inventory procedures must require sighting of the asset, verifying its location and description as stated on the report provided by AIO, reporting any changes/ discrepancies, and reconciling the asset with the University's fixed asset system.
  - b. After the physical inventory count *by department* is completed, the AIO staff, under the purview of the agency inventory officer, transfers the physical audit findings to Accounting Services who then conducts the reconciliation process. When all differences have been identified and explained, the inventory is considered reconciled.
6. The following steps should be taken to find unlocated assets or assets not accounted for on the inventory report:
- a. Search the inventory lists to determine whether inventory noted during the count as unrecorded is, in fact, listed on another portion of the inventory,
  - b. Enter unrecorded assets into the inventory system as soon as possible after discovery,
  - c. If a significant number of unrecorded assets are located, indicating a major problem with the asset recording procedures, the inventory officer, in consultation with Accounting Services, is to determine why the problem is occurring and correct it, and

- d. Conduct a search in an effort to locate missing assets which should include looking at transfers to other divisions or agencies, storage, scrapping, or conversion to another asset. For those assets not located, the custodial department is to follow step 4e of these standards.