



# UC San Diego

## Policy & Procedure Manual

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### INVENTORY

#### Section: 522-1

Effective: 10/28/1969

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### PROPERTY INVENTORY CONTROL SYSTEM

#### I. RELATED POLICIES

- A. The By-Laws and Standing Orders of The Regents of the University of California
- B. President's Delegation of Authority (DA 0271), July 2, 1970, providing for the implementation of the University's Materiel Management Policy
- C. President's Policy on Acquisition of Equipment -- Screening of Equipment, May 23, 1977
- D. Regents' Policy on Campus Foundations, September 15, 1989, and Administrative Guidelines for Campus Foundations, October 13, 1989
- E. Administrative Information Systems
  - 1. President's Policy on Administrative Information Systems, October 28, 1983
  - 2. Data Processing User Manual for the Enhanced COBOL Equipment Inventory System, IS&C, March, 1980
  - 3. Corporate Equipment and Facilities System, issued June 1981 (Equipment and Facilities Data requirements) This document contains detailed specifications for machine readable equipment data requirements that campuses are required to send to the Office of the President. Copies of the specifications are available from the Campus Joint Operations Group Member.
- F. Development Policy and Administration Manual
- G. Contract and Grant Manual
- H. Business and Finance Bulletins: (BFB)
  - 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, Equipment, Money and Security Losses Resulting from Fire, Theft, or Other Named Perils
  - BUS-38 Disposal of Excess Material and Transfer of Federally-Funded University Owned Material
  - BUS-43 Materiel Management

BUS-62 Transit Risk Management Program

RM-5 Records Retention Program for Financial Documents Pertaining to Federal Awards to the University

- I. Records Disposition Schedules Manual, PPM 480-20
- J. CALCODE Classification and Coding System which assigns a CALCODE to each unique type of equipment
- K. Applicable Provisions of Federal Acquisition Regulations (FAR), OMB Circular A-110, Attachment N - Property Management Standards, and regulations of other concerned government agencies
- L. Accounting Manual
  - P415-2 Plant Accounting: Costing and Reconciling Inventorial Equipment Acquisitions
  - L-217-11 Accounting and Reporting for Leases and Installment Purchase Contracts.
- M. UCSD Policy and Procedure Manual (PPM)
  - 410 Gifts and Endowments
  - 150 Contracts and Grants (Research)
  - 480-20 Records Disposition Schedules

## **II. DEFINITIONS**

**Custodial Department** - That department or unit of a University campus having physical control of materiel; i.e., using departments or sponsoring department for a contract.

**Equipment:**

**Found Equipment** -- Equipment discovered either by the Equipment Management Department or a custodial department which does not appear on the records of inventorial equipment

**Industrial Plant Equipment** -- (IPE) Plant equipment having an acquisition cost of \$1,000 or more.

**Inventorial Equipment**

University inventorial equipment -- Non-expendable, tangible, personal property which has an acquisition cost of \$500 or more, is free-standing, and has a normal life expectancy of two years or more.

Government inventorial equipment -- Personal property which has an acquisition cost of \$500 or more\* and a normal life expectancy of two years or more. Government equipment does not lose its identity as personal property by reason of affixation to any real property.

### **FOOTNOTE**

\*Consult specific non-Federal agency guidelines and contract provisions for exceptions to cost limitation.

**University of California, San Diego Policy – PPM 522 – 1**  
**PPM 522 - 1 Property Inventory Control System Operating Procedures**

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Government Property -- All property owned or leased by the Federal government. Such property acquired under contracts with the University includes:

Government furnished property: property in the possession of or acquired by the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants.

Contractor acquired property: property purchased or otherwise provided by the University for the performance of a contract, title to which property is vested in the government by virtue of its procurement with government funds.

Excess government property: property which is no longer required by the holding Federal activity and is available to other Federal agencies or Federal contractors such as the University.

Federal surplus property: property which has been screened by all Federal agencies and generally made available to eligible institutions through the State Agency for Surplus Property.

Loan Equipment -- Equipment which is either borrowed by the University from an external agency or by one University department from another; or loaned by the University to an external agency or individual.

Minor Plant Equipment -- An item of plant equipment having an acquisition cost of less than \$200 and other plant equipment regardless of cost when so designated by the government; expendable tools.

Personal Property -- Any movable item subject to ownership; materiel but not real property.

Plant Equipment -- Personal property of a capital nature or capable of use in the manufacture of supplies or in the performance of services or any administrative or general plant purpose. It consists of equipment, furniture, vehicles, and accessory or auxiliary items. It will not be modified so as to lose its identity or will not be incorporated into other equipment. It does not include special tooling or special test equipment.

Special Test Equipment -- Electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are interconnected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance of special purpose testing in the development or production of particular supplies or services. The term does not include consumable property, special tooling, buildings, and non-severable structures (except foundations and similar improvements necessary for the installation of special test equipment), nor plant equipment items used for general plant testing purposes.

University Property -- That property to which title is vested in the University whether secured with general University funds or funds derived from extramural sponsors.

**III. POLICY**

The purpose of this Policy is:

- A.** To establish general procedures for the control of inventorial property owned by or in the custody of The Regents of the University of California.
- B.** To satisfy Federal Government requirements concerning control over Government property for which The Regents are responsible and accountable.

Title to or ownership of all University property or material is vested in The Regents of the University of California Corporation.

**IV. SCOPE**

The equipment management and control system is established to govern acquisitions belonging to or in the custody of The Regents of the University of California, including materiel secured for extramurally funded contracts and grants for research, training and public service, with the exception of:

- A.** Materiel in the custody of the Treasurer pursuant to Section 21.4(h) of the By-Laws of The Regents of the University of California.
- B.** Materiel belonging to the Department of Energy used for the laboratory of Nuclear Medicine and Radiation Biology at Los Angeles, the Lawrence Berkeley Laboratory, the Lawrence Livermore National Laboratory and the Los Alamos Scientific Laboratory.

**V. RESPONSIBILITY**

- A.** The University is responsible for all materiel to which it holds title. Custodial responsibility for other materiel rests with the University to the extent that it has explicitly agreed to accept responsibility for the materiel.
- B.** The Vice President (em Financial and Business Management has general responsibility for the care and custody of materiel belonging to or in the care and custody of the University.
- C.** The University Materiel Coordinator has responsibility for the management and control of inventorial equipment.
- D.** The Chancellor of each campus is responsible for the administration and implementation of the property inventory control system on the campus and other areas under his jurisdiction. It is the responsibility of the Chancellor to:
  - 1. Inform all members of the faculty and administrative officers of their obligations for the use, maintenance and safekeeping of the materiel under the control of their respective departments or units.
  - 2. Provide for maximum use of all materiel.
  - 3. Issue written instructions relating to acquisition, use and disposition of inventorial equipment and government property for which The Regents are responsible.
  - 4. Designate the campus officer responsible for the control of inventorial equipment on the campus and other areas under the Chancellor's jurisdiction.
- E.** The Department Head/Principal Investigator is responsible for the care, maintenance, records, physical inventory, and control of materiel in their custody and/or all property acquired under the terms of a contract. If a contract is involved, the department head/principal investigator must initiate such forms as are necessary to fully inform the Equipment Management Department as to all provisions of each contract document respecting the care, custody, maintenance, records, control, and all transactions involving said property. It is the responsibility of the department head/principal investigator to:
  - 1. Records

Note the location of each item of inventorial equipment in the departmental records. Maintain current records as to movement of equipment so that any item of equipment can be located for inspection or inventorial purposes within a reasonable time. Notify the Equipment Management Department of any changes in building location of inventorial equipment.

2. Physical Security

Make adequate provision for the physical security of materiel in their custody if a contract is involved. Lock areas containing equipment after business hours or at other times when not in use. Take special precautions in the case of high value, portable equipment.

3. Equipment Screening

- a. Screen for equipment availability on a campus-wide basis for any proposed equipment acquisitions having a cost of \$10,000 or more and within a department or similar organizations unit for proposed acquisitions involving a cost of at least \$1,000 but less than \$10,000. See PPM 522-2.
- b. Include equipment utilization on inventory records. Space has been provided for entering this information and the date reported on the EQ 920, Annual Register of Inventorial Equipment.

4. Storage and Movement

Store equipment temporarily idle but required for authorized future use in accordance with sound business practices with adequate protection from corrosion, contamination and damage to sensitive parts. Ensure removal of sludge, chips and cuttings oils from equipment. 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 similar instrument must be obtained.

5. Segregation and Commingling

Usually government property is physically separated from University materiel. However, when it is consistent with the best use of said property in carrying out the terms of the contract, 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.

**VI. UNIVERSITY INVENTORIAL EQUIPMENT**

**A. Acquisition**

1. Purchase Order

Record inventorial equipment acquired by purchase order into the inventory system. Receiving department indicates date received, the Equipment Management Department assigns a property number and the Accounting Office records the cost.

Inventorial accessories purchased for equipment already recorded may, depending on their nature, either be entered on the records as separate pieces of equipment or added to the value of the original equipment.

2. Gifts

Inventorial equipment acquired by gift is assigned a property number, recorded by the Equipment Management Department, and is recorded into the Inventory System. The date the gift is accepted is considered the date of acquisition. No gift

should be recorded by the Equipment Management Department until a Gift/Private Grant Acceptance Report, (Form UDEV100), has been processed. Gifts of art and scientific collections may be recorded on a multiple item or group basis by the Equipment Management Department. Gifts of bound volumes, pamphlets, documents and other library collections are recorded by the Libraries and do not become part of equipment inventory records.

3. Fabricated Equipment

Inventorial equipment which has been or is in the process of being fabricated by a department is reported to the Equipment Management Department by an Equipment Inventory Modification Request, Form ICF 2. The information on the form should include a complete description of the item, location, name, or account number, of the department that is to have custodial responsibility, and the cost of the equipment.

If the fabricated equipment consists of components which have been purchased on purchase orders object coded 9600, or 9610 on contract or grant funded equipment, the Equipment Management Department retains copies of the purchase orders until the fabrication report, Form ICF 2, is received. If the completion date of an item of fabricated equipment is problematical or indefinite, inventorial acquisitions are coded 9000 and recorded on the equipment records at the time of the purchase.

The cost assigned to the equipment is the total of its component parts, both inventorial and non-inventorial, plus labor.

4. Purchase by Construction Contracts

The office administering the contract reports equipment acquired under construction contracts to the Equipment Management Department. The inventorial equipment is listed and priced by the Equipment Management Department with the assistance of the Office administering the construction contract. The list is sent by the Equipment Management Department to the Accounting Office for assignment of a reference number and verification of price.

5. Found Equipment

Found equipment is recorded and processed into the Inventory system. The custody is assigned to the using or custodial department. The value is estimated by the using or custodial department. The date found is used as the date received.

6. Construction and Repair Requisitions

Construction and Repair Requisitions cover fabrications 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 into the inventory system.

7. Surplus Property

Equipment secured from the State Agency for Surplus Property is recorded at the fair value on the date of transfer of title to the University, and is processed into the inventory system.

If initial repairs are necessary to put the equipment into operating condition, the

cost is added to the fair value of the equipment. These procedures are used for all funds, including extramural funds if the particular contract permits the acquisition of surplus property. The EQ series of reports shows such equipment at fair value; actual cost is recorded in the general ledger. When the invoice is paid, the account of the acquiring department is charged with the fair value of the equipment and credited (using object code 9500) with the difference between fair value and actual cost.

8. University Central Stores

Inventorial equipment sold to a department by the Central Store is recorded on the inventory records at the time of the sale. The cost is the price charged to the department by Central Stores and the receival date is the date of delivery to the department.

**B. Identification**

1. All inventorial equipment is identified, marked with the property number and recorded promptly upon receipt, see Supplement II. It shall remain so identified as long as it is in the custody, possession or control of the University. Assigned property numbers (see Supplement III) 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 sold, scrapped, or otherwise disposed of. Once a property number has been assigned, no change is made during the life the item regardless of inter-departmental or inter-campus transfers except in the case of the inter-campus transfer of a motor vehicle. When a vehicle number is changed, the property number reflects the change. A property number register is maintained by each campus Equipment Management Department. The composition of the nine-digit property identification number is as follows:
  - a. The first pair of digits indicate the calendar year of acquisition.
  - b. The second pair of digits indicate the campus which originally acquired the item.
  - c. The last five digits are assigned by the originally acquiring campus serially from 00001.

The application of the property number to the equipment is the responsibility of the Equipment Management Department; however, this function may be delegated to the Receiving Department or the custodial department when deemed appropriate. The property number is applied to the actual unit unless its size or nature makes it impractical. The property number should be affixed to the equipment adjacent to the manufacturer's name plate or in a position for easy sighting. 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 contract funds but title for which vests immediately in the University shall also be identified with the contract number. Should the identification number be accidentally or mistakenly obliterated, defaced or removed, the equipment shall be marked again with the original number.

2. The property number should be engraved or etched, or a metal identification tag affixed with epoxy glue, on the following types of equipment:
  - a. Microscopes
  - b. Condensers
  - c. Eye pieces
  - d. Objectives
  - e. Stages
  - f. Stands
  - g. Tube-body
  - h. Mechanical stages if they are in themselves inventorial
  - i. Cameras (and lenses, if detachable)
  - j. Projectors (and lenses, if detachable)

**C. Physical Inventories**

1. The custodial department takes a physical inventory once a year at the close of the fiscal year when the annual register, EQ-920, is verified, dated, and responsibility for the equipment is acknowledged. If there is a change in the head of a custodial department, the custodial department should take a physical inventory at that time.
2. The Equipment Management Department verifies the departmental inventory on the basis of statistical sampling. Two random lists of property numbers based on EQ-920 reports are produced each fiscal year to be used for an annual statistical sample. If the initial sampling indicates that there is no more than a 10 percent discrepancy for a particular department, no further check is necessary. For example, if 10 percent is 3.2 items, an acceptable discrepancy would be 4 items. If the initial sampling indicates that there is more than a 10 percent discrepancy for a particular department, the second list should be used for a supplemental check. If, on a cumulative basis (with the first sample), there is still more than a 10 percent discrepancy, a complete departmental inventory should then be taken. The odds are that every department will have inventorial items represented in at least one of the two lists each year. However, there is a possibility that if a department has a very small number of items, a property number for that department will not appear on either list. If this condition should prevail for three consecutive years, a complete inventory of that department should then be taken. The Equipment Management Department shall make a sample check of all departments at least every two years.

**D. Disposal or Transfer**

1. Sold or Traded-in Equipment

Excess University-owned materiel may be offered for sale or trade-in in accordance with Business and Finance Bulletin BUS-38, Disposal of Excess Materiel. The term "sold equipment" applies to University-owned equipment sold to external agencies.

It does not apply to equipment transferred to another department or campus. The term "traded-in equipment" applies to University equipment which has been traded in on the purchase of new equipment.

2. Destroyed or Discarded Equipment

On written notification from a department head that an item of equipment has been damaged or destroyed beyond repair or is no longer useful and is being cannibalized, it may be removed from the inventory records. Written approval of the Equipment Management Department must be secured prior to discarding or abandoning equipment.



3. Lost or Stolen Equipment

Lost or stolen, equipment, when detected either by the custodial department or the Equipment Management Department must be reported immediately by the department head to the Campus Police and the Equipment Management Department. The report will include both the property loss report and an Equipment Inventory Identification Request (ICF-2). If after 90 days the equipment has been recovered, the Equipment Management Department will process the Equipment Inventory Modification Request (ICF-2).

**E. Transfer of Equipment**

Material inventorial or non-inventorial, which is declared surplus or excess by a department is picked up and delivered to the Equipment Management Department. This equipment may be sold, traded-in or transferred to another department on campus or at another University campus in accordance with Business and Finance Bulletin BUS-38, Disposal of Excess Material.

If the University holds title to property acquired under a contract with an extramural sponsor 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 a determination must be made as to who will be responsible for dismantling and for shipping costs.

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

1. Interdepartment Transfers

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. 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.

2. Intercampus Transfers

Equipment which is permanently transferred from one University campus to another is reported to the Equipment Management Department by the transferring department. The equipment is disposed of by the Equipment Management 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 by an Equipment Inventory Modification Request. 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.

**F. Removal From Inventory Records**

Equipment is removed from inventory records after an approved Equipment Inventory Modification Request (ICF-2) is received within the Equipment Management Department.

**G. Utilization of Inventorial Equipment**

At least annually the head of the custodial department shall review the use of University inventorial equipment in the custody of that department. Any equipment 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 materiel. 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 equipment to the fullest extent (Reference BUS-38).

**H. Care and Maintenance**

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 most useful life is secured.

Equipment records are to show equipment condition recorded according to the condition code in Par. VII C below. Space has been provided for entering this information and the date reported on the EQ System master file and on the EQ 920 Report, Annual Register of Inventorial Equipment by Custodial Department.

**VII. EXTRAMURAL SPONSORS**

**A. Acquisition**

1. Records

The University records agency-furnished and University property acquired under a contract in the proper category of the equipment inventory records during the life of the contract. This facilitates a listing of equipment by fund number for fiscal and inventorial reports to the agency. Until completion or termination of the contract, all such property, whether agency property or University property, is identified in the records by the contract fund number. Upon completion or termination of the contract the property to which the University has acquired title is capitalized through the normal process.

2. Responsibility of Campus Offices

- a. When an agency at the beginning or at any time during the performance of a contract transfers title to equipment to the University or accountability for equipment from one contract to another, the Contract and Grant Office notifies the Equipment Management Department of the transfer and conditions pertinent thereto. The Equipment Management Department institutes all actions necessary to insure that the records reflect the transfer of title or accountability and that the equipment is tagged or otherwise identified with a University property number or new agency property number as required.
- b. At the end of each fiscal year the Accounting Office furnishes to the Contract and Grant Office a list of all contracts 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 of the Contracts 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.
- c. When a contract provides that title to property purchased under that contract shall be vested in the University, on passing of title the University furnishes a receipt therefor in duplicate to the property administrator with the depreciation, amortization or use statement signed by a duly authorized official.

**B. Title**

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

1. The government may acquire title to property as a result of specific contract provisions, issuance of change orders or contract termination. Such property, unless otherwise provided by the contract, is considered government property on acceptance of title by the government.
2. The contracting officer may transfer title to equipment to the University at the beginning, during, or end of a contract. 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 contracts. When title is thus transferred, the University is without further obligation to the government respecting the equipment unless specific provisions to the contrary are stated in the contract or transfer document.
3. Title may pass to the University at the beginning, during, or end of a contract but with recovery rights retained by the funding agency.
4. Title to excess government property remains in the government. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University on the understanding that the property will be used for the contract activity for which it was obtained and upon termination of the contract for comparable purposes so 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.

**VIII. GOVERNMENT PROPERTY**

**A. Acquisition**

1. 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 to permit University records to accurately reflect the transaction. When Contractor Acquired property is transferred from one contract to another within the University it becomes Government Furnished property.

2. Contractor Acquired Property

Direct purchases by the University of property for the performance of a contract, 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 contract and is reasonably necessary therefor. Property purchased by the University for which reimbursement is to be requested becomes government property upon its receipt by the University. Property withdrawn from University stores for direct charge to a contract 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 contract, whichever is earlier.

3. Excess Government Property

Excess government property is materiel, used or new, which is owned by the Federal government, 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 contract. Such authorization is dependent upon the terms of the contract and the regulations of the specific agency involved. The materiel manager determines the appropriate procedure in each case.

- a. Cost \(\em Excess government property is usually obtained without cost. However, the University specifies the method of shipment and pays all expense of packing, transportation and subsequent installation, rehabilitation and maintenance. Contract funds may be used for these expenses.
- b. Records \(\em The University maintains suitable records showing the 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. (NOTE: ASPR 302.2) If and when the title to the equipment passes to the University, the recorded value should be adjusted to the fair market value at the time the title passes. Expendable or consumable items are not subject to specific record keeping requirements, save for information supporting utilization.

## **B. Identification**

### **1. Government Inventorial Equipment**

The Equipment Management Department 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. Other methods of marking are used 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. Unless already marked, all government-owned equipment will be marked with the designation of the government agency responsible for control and funding and a government identification number, unless the size or nature of the equipment makes it impractical or the equipment is accessory or auxiliary and attached to or otherwise a part of an item of equipment and is required for its normal operations. In the latter case such items are entered and described on the record of the equipment to which it is attached or of which it is otherwise a part. In the case of items included within a standard registration system, e.g., automotive, construction, or material handling equipment, application for a proper registration number is made to the cognizant Federal government agency, which number may be used in lieu of any other identification number.

If the University acquires title to the property, the government identification is removed. The label is replaced with a new one showing the property number and in parentheses the contract number under which the item was acquired.

### **2. 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.

## **C. Physical Inventory**

### **1. Government Inventorial Equipment**

- a. The custodial department takes a physical inventory once every year at the close of the fiscal year when the annual register, EQ-920, is verified,

dated, and responsibility for the equipment is acknowledged. If there is a change in the head of a custodial department, the custodial department should take a physical inventory at that time.

- b. Equipment Management Department verifies the departmental inventory by statistical sampling as outlined above.
- c. A complete physical inventory shall be taken by the Equipment Management Department in cooperation with the custodial department when required by the terms of the contract.

2. Other Than Inventorial Equipment

The Equipment Management Department in consultation with the principal investigator under each contract periodically takes a physical inventory of government property (except materials issued from stock) in its possession or control. Such periodical inventories are normally limited to materials, special tooling, minor plant equipment held in stock and stores, special test equipment, and other plant equipment. The type and frequency of physical inventory and procedures therefor are as established by the University and approved by the property administrator for each contract.

In establishing type and frequency of inventory, consideration is given to the University's established practices, type and usage and of the government property involved. Frequency and extent of physical inventories normally will not vary between contracts being performed by the University. However, an inventory may vary with the types of property being controlled. Inventory as used here consists of sighting, tagging, marking, describing, recording, and reporting the property concerned and reconciling the property so recorded and reported with the property records.

3. Upon Termination or Completion of a Government Contract

Immediately upon termination or completion of a government contract, in coordination with the custodial department and the principal investigator, the Equipment Management Department performs a physical inventory adequate for disposal purposes of all government property applicable to the terminated or completed contract. 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 contract, or for which the University has been or will be reimbursed by the government under the terms of the contract, if not specifically included in the inventory, were expended in performance of the work called for by the contract.

a. Waiver of Inventory

The requirement for physical inventory of government property at the completion of a contract may be waived by the property administrator when the property available to the completed contract is authorized for use on a follow-up contract. 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-up contract.

b. 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. Items that have been fabricated, such as test equipment, are described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

**D. Disposal and Transfer**

1. Excess Property

When government property becomes excess to the contract for which it was provided, it is screened against needs of other contracts 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.

2. Loss, Damage or Destruction

All cases of loss, damage or destruction are reported to the Equipment Management Department via Equipment Inventory Modification Request (ICF-2) as soon as the fact of such loss, damage or destruction becomes known. 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 unservicable. Shipping documents or other instruments evidencing disposal should be appropriately cross-referenced on the determination document.

3. Contract 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 disposition of which 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 Page 31, Section I. V, of this bulletin).

4. Release from Responsibility

The University is relieved of responsibility for government property with the concurrence of the contracting officer or a duty authorized representative by the following:

- a. Consumption of property in performance of the contract.
- b. Retention by the University for consideration given the government.
- c. Sale of property, the proceeds of the sale being received 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.

**E. Utilization of Inventorial Equipment**

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

**F. Care and Maintenance of Inventorial Equipment**

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 most useful life is secured. The maintenance program shall be preventive in nature, providing lubricating, cleaning, calibration, and inspection on a regular schedule. Records of the maintenance program shall provide the description and date of maintenance actions performed, details of inspection and deficiencies discovered or corrected as well as equipment condition recorded according to the condition code in Par. VII C below. Exhibit A (Government-Owned Equipment Inspection and Maintenance Report-Vehicles) and Exhibit B (Government-Owned Equipment Inspection and Maintenance Report-Machine Tools) are suggested samples of the minimum maintenance records required. Space has been provided for recording the condition code and the date reported on the EQ System master file and on the EQ 920, Annual Register of Inventorial Equipment by Custodial Department. With respect to government property such schedules are made available to the property administrator. Prior to effecting any major repair or rehabilitation at the cost of the government, the written approval of the property administrator must be obtained.

**IX. ITEM COST OR VALUE**

**A. Recording Value**

The Accounting Office records the cost of 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. In recording equipment value the following rules apply:

1. Freight charges may be capitalized as part of the acquisition cost or value of inventorial equipment as determined by the campus accounting officer.
2. Handling, assembling equipment dismantled for shipment, and storage costs are not included in the cost or value of the unit.
3. Any custom duty charge should be added to the value of the equipment.
4. Any cash discount should be deducted from the value of the equipment.
5. All values are rounded off to the next lowest full dollar amount, eliminating the recording of cents.
6. Installation charges should be added to the value of the equipment.

**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 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 progress. Processed material, fabricated parts, components, assemblies, etc., 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 furnished to the University. Transportation and installation costs are not considered as 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 Federal Agency so long as title remains with the government. If and when title passes to the University, the recorded value is adjusted to the fair market value at the time title passes.

**X.**

**A. Inventorial Equipment - General**

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 provides the following information:

Description and classification  
Manufacturer's name and manufacturer's number.  
Serial number (If available).  
Property number.  
Cost.  
How acquired.  
Building location.  
Utilization, condition, and date the information was reported.  
Disposition.

**B. Art and Scientific Collections**

Records of items in established art and scientific collections may be kept on a multiple-item or group basis by the Equipment Management Department.

**C. Government Property**

1. Reports

With respect to DOD agencies the University provides the property administrator annually a separate report for each agency, listing by contract the dollar amount of government-owned facilities in the University's possession. Reports to other agencies are made as provided in the specific contract with the agency.



2. Responsibility

- a. Records of real property are the responsibility of the Treasurer of The Regents. Reports concerning real property are the responsibility of the campus administrative officer delegated responsibility therefor the Chancellor. This official shall consult with the Office of the Treasurer and the principal investigator in preparing the reports.
- b. Reports of inventorial equipment are the responsibility of the Equipment Management Department.
- c. All reports made pursuant to contract provisions shall be coordinated by the Campus Contract and Grant Office.

3. Audit

Auditing of University records pertinent to a contract may take place at any reasonable time during the performance of that contract, at termination or completion, or at any time thereafter during the period the University is required to keep such records. All such records, including related correspondence, are available to the auditors.

4. Reports

When special reports covering equipment are required by the agency, 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.

**XI. MISCELLANEOUS PROVISION**

**A. Subcontractor Control**

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

**B. Personal Use of Property**

Use of University materiel, or property in the care and custody of the University, by University employees for personal purposes is not allowed except with the approval of the Materiel Manager.

**C. Conflict of Terms**

1. The provisions of this bulletin are generally accepted as satisfactory for the performance of the contract. When conflicting and/or additional provisions are included in a contract, the campus Contract and Grant Office notifies the Equipment Management Department and the materiel manager of the specific

contract clauses pertaining to property which constitute an exception of this bulletin and related University policy and procedures.

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

**D. Equipment Requiring Special Handling**

1. Property Subject to Registration

- a. 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 and a University vehicle number. Motor vehicles are recorded in the same manner as any other item of inventorial equipment, except that the U.C. vehicle number is incorporated into the property number in the following manner:

76-XO-9XXXX (XXXX represents the vehicle number)

The addition of the figure "9" avoids duplication of regularly assigned property numbers.

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

- b. 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. A property number is assigned. Aircraft and watercraft are recorded in the same manner as any other item of inventorial equipment. Government-owned craft bear government identification numbers.

2. Collections of Art and Scientific Objects

- 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. If the item is a gift, the name of the donor is included in the inventory records.

3. Equipment Acquisitions

- a. Acquisition Purchased Items

Equipment acquired by purchase order, installment purchase or lease (when purchase option will be exercised), will be recorded at total cost (excluding interest if purchased via installment purchase or lease).

4. 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. The University is not responsible for loss of or damage to personal equipment.

5. Loan Equipment

a. Loan of Equipment to which University Does Not Have Title

Equipment, title to which is not vested in the University but which is in the care and custody of the University, cannot be loaned without the specific written approval of the title holder.

b. Loan of University Equipment from One Department to Another

If equipment is loaned to another department for a short period, 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 (Form 2) by the lending department, giving the name of the borrowing department, the property number, and the new location of the equipment. When the loan is terminated, the Equipment Management Department is advised by the lending department.

c. Loans of University Equipment to External Organizations, Private Individuals, or Departmental Personnel

(1) Any loan of University equipment to an external organization or to an individual must have the prior approval of the Materiel Manager. All equipment being loaned is listed on an Equipment Loan Agreement form, Exhibit C, and processed via the Equipment Management Department. When the equipment is returned, the Equipment Management Department is notified by the lending department.

(2) Faculty, staff or students may borrow departmentally owned equipment for off campus University business only with the prior written approval of the Department Chair. If these loans are for a short period of time (less than one year), a memorandum must be filed in the department administrative office. For loans which will exceed one year, an Equipment Loan Agreement, Exhibit C, must be processed via the Equipment Management Department.

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

Loans of equipment to the University by non-government external organizations must have the prior approval of the Materiel Manager. All equipment being borrowed by the University is listed on an Equipment Loan Agreement form, Exhibit D, and processed via the Equipment Management Department. When the borrowed equipment is returned, the Equipment Management Department is notified by the borrowing department.

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.

e. Inter-Campus Loan of Equipment

An inter-campus loan of equipment requires the prior approval of the Materiel Manager and should be reported to the Equipment Management Department of both campuses. The lending campus forwards an Equipment Inventory Modification Request (ICF-2) to the borrowing campus. The transaction is entered into both campus records. Upon termination of the loan, both campus equipment Management Departments should be notified.