Capital Equipment Inventory 2016

Procedures and Guidelines

Presented by:
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Accounting Services

NORTHWESTERN UNIVERSITY
Presentation Outline

• Definition of Capital Equipment and the Importance of Maintaining an Accurate Inventory

• Roles and Responsibilities of Accounting Services

• Roles and Responsibilities of Capital Equipment Unit Representative

• Tagging Capital Equipment

• Capital Equipment Inventory Verification Procedures

• New Capital Equipment Additions

• Capital Equipment Disposals & Updates – New Process
What is capital equipment?

• Equipment costing $5,000 or more and has a useful life of more than one year
• Equipment purchases meeting this criteria will be recorded in the inventory database (Asset Management System) and assigned a bar-coded University tag number
• Equipment is usually listed under the department ID that was used to fund the equipment purchase
• Inventory records include asset description, model number, serial number, custodian, location, funding information (chartstring), and cost
Why Maintain the Inventory Data Base of Capital Equipment?

• Properly reflect the amount of our equipment on the financial statements
• Assist departments in tracking equipment and internal control
• Federal funding guideline A-110 requires an inventory at least once every two years
• Accurate records are required for the F & A proposal.
“A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.”
Special Consideration for F&A Rates Proposal

• Equipment depreciation is a significant cost component contributing to the F&A rate

• Accurate equipment inventory = Better defense in F&A negotiation

http://www.northwestern.edu/coststudies/staff.html

Questions? Contact Cost Studies:
Accounting Services

- Updating the inventory records by recording asset descriptions, locations and accounting information in the asset management system for new asset additions including purchases, donations, and transfers into the university from other institutions.

- Updating the inventory records by approving asset retirements.
Accounting Services

– Tagging each new piece of capital equipment, however acquired, that has an original cost or setup valuation of $5,000 or more (including freight/transportation and setup costs)

– Coordinating the annual Capital Equipment Re-Inventory project in Chicago and Evanston
Capital Equipment Units

• A capital equipment unit consists of a single department or related grouping of departments that has capital equipment.
Unit Representatives

• Departments have assigned Unit Representatives that will be liaisons between Financial Operations and their unit for capital equipment purposes.

• They will also Support Financial Operations by publicizing, monitoring and enforcing capital equipment policies and procedures at the unit level.
Unit Representative Responsibilities

• Assist Financial Operations with tagging their unit’s new capital equipment in a manner that works best for their unit.

• Unit Representatives are responsible for facilitating the physical observation of capital equipment inventory by a Financial Operations representative when required.

• Biannually, it is the responsibility of the Unit Representative to determine and execute a method of capital equipment inventory verification that works best for their unit, provide required updates to Financial Operations and certify that they have done so with their signature.

More information on Unit Representatives can be found at: http://www.northwestern.edu/controller/accounting-services/equipment-inventory/unit-representatives.html
Capital Equipment Tagging

• Accounting Services (A/S) Rep. will contact Unit Reps. and schedule a tagging appointment. Included in the request will be a listing of all the capital equipment assets that are currently untagged.

• A/S will walk thru the department with assistance of Unit Representative and notate any changes as well as tag equipment

• After meeting completion, A/S will update inventory records and reconcile
Capital Equipment Inventory Physical Verification

• Required at least bi-annually
• The main cycle of 2016 physical inventory will begins now and continues through June 2016
• In addition to existence the Unit Representatives will be verifying the following attributes for each piece of capital equipment on the inventory list:
  – Tag number
  – Asset description
  – Manufacturer
  – Model number
  – Serial number
  – Building name and room number
  – Custodian/PI name
  – Department
Inventory Verification Procedure Overview

- Specific procedures for verifying capital equipment existence and information will vary depending on the size, nature and preferences of the department being inventoried.
- The unit representative from the department will be asked to inventory, submit changes via NU Portal and sign a listing that contains the required updates for inventoried equipment.
- Accounting Services will update the inventory records in the asset management system.
- Accounting Services will perform an audit of the inventory verification results on a sample of departments towards the end of the inventory cycle.
Asset Inventory Report – AM002

-What is the Asset Inventory Report – AM002?

- Cognos report that Unit Reps can access on their own
- Provides a listing of Capital Equipment Inventory with information such as: Asset identification number, description, model number, serial number etc.

-Why is this inventory report used?

- Unit Reps to review Dept inventory and notify changes to Accounting Services supplement to the NU Portal submissions
- Training Guide
## Cognos Reporting

- Access to the Cognos Asset Inventory Report (AM002)
  - Asset ID number
  - Tag number
  - Asset description
  - Manufacturer
  - Model number
  - Serial number
  - Federal Contribution

- Invoice date
- Purchase order number
- Chart string
- Custodian name & department
- Original Cost
- Re-inventory Date
- Location
Legend

- ✓ = Asset Exists and Listed Information is Accurate
- **Sequential Number System** = Asset Exists but Listed Information is Inaccurate
  - Report changes at the bottom or on the back of the sheet
- D = Disposed
  - Most common disposal. Use this method for assets that are scrapped, stolen, destroyed, cannibalized, recycled, no longer functional, listed as free on the surplus property website, or do not fit into any other disposal method.
- T = Traded-In
  - Assets that were traded in for different assets, returned to the vendor or manufacturer, or otherwise exchanged.
- S = Sold
  - Assets that were sold and for which proceeds were received.
- E = External Transfer or Donated
  - Assets that were given to an external (non-NU) entity without proceeds.
- I = Internal Transfer
  - Equipment that has been transferred to a new department.
  - Use a numbering system to report transfer information at the bottom or on the back of the sheet
- **No Notation** = No Update, Not Yet Verified
# Asset Inventory Report

Re-inventory Date: All

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<th>Asset ID</th>
<th>Tag #</th>
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<th>Dept. ID</th>
<th>Project ID</th>
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I hereby certify that the above information is correct.

Print Name: MIKE YOUNG
Signature: [Signature]
Date: 2/22/2016

NOTES
1. SERIAL# 46784D
2. CUSTODIAN - EINSTEIN, ALBERT
3. DEPT #5210000
   LOCATION: TECH FG42
   CUSTODIAN: SMITH. JAMES

https://reportingtest.northwestern.edu/bi/cgi-bin/cognosisapi.dll?b_action=cognosViewer&ui.action=run&ui.object=%2Fcontent... 2/22/2016
Asset Inventory Updates

• Unit Reps will submit the necessary changes through the NU Portal, sign sheet with the change notations and scan to email Property Accountant:
  – equipment-disposal@northwestern.edu

• Once Accounting Services receives the inventory sheet, Accounting Services will update the inventory dates and verify the information in the asset management system with the updated requests
Inventory Progress Report

• If you submit partial progress and require a listing that includes only items not recently inventoried please email equipment-disposal@northwestern.edu
Inventory Scanning

• Departments or Units with more than 75 items
• Accounting Services can accompany Units and scan tags on capital equipment in all Unit rooms with capital equipment
• Results in a smaller population for Units to investigate
• Contact Accounting Services to setup an appointment equipment-disposal@northwestern.edu
Common Challenges for the Inventory

- Equipment has been re-located and not reported to Accounting Services
- Assets have been disposed and were not reported to Accounting Services
- Assets are not found and departments are not certain the equipment was disposed.
- Labs are locked or experiments are taking place.
FAQ

• How should I handle the computer servers that are in my asset listing and are located at 2020 Ridge or NUIT Chicago?
  – Ignore these servers, we are currently working with 2020 and NUIT Chicago to properly locate and tag the equipment.
New Equipment - Additions

• Capital equipment must be located for our department to tag the items.
• Please include the following information in the header comments of purchase orders related to capital equipment:
  - Location
  - PI’s Name
  - Business Admin. Contact
• i.e. Ward RM 123 / Mark Smith –PI & George Abt- Business Admin.
Asset Disposals / Updates – New Workflow Process

• Equipment that has been sold, stolen, traded-in, scrapped, donated, returned to vendor, destroyed, transferred out to an external entity, cannibalized, recycled, no longer functional, or posted on the surplus property.
• Submit capital equipment disposals, asset transfers – including change of custodian, custodian department, or physical location via the Asset Management Self Service portlet found at NU Portal> Financial Section > Assets tab.

http://ffra.northwestern.edu/training/fms750-asset-dispose-transfer.html
Disposal Resources

• More information on Capital Equipment disposals can be found at:
  http://www.northwestern.edu/controller/accounting-services/equipment-inventory/disposals.html

• Job Aid for asset management self-service portal can be found at: http://ffra.northwestern.edu/training/fms750-asset-dispose-transfer.html
Questions?

• Visit the equipment website at:
  – [www.northwestern.edu/equipment-inventory](http://www.northwestern.edu/equipment-inventory)

• Contact the Property Accountant
  – Michael Youakim  847-467-2737
  – m-youakim@northwestern.edu
  – equipment-disposal@northwestern.edu