

VIII-1.10 UMCES Policy and Procedures on Capitalization and Inventory Control and on Disposal of Surplus Personal Property

I. Policy

A. The records for all University of Maryland Center for Environmental Science property and shall be maintained in accordance with USM *Policy for Capitalization and Inventory Control* (VIII-1.10).

B. University of Maryland System Policy VIII-1.20 Policy on Disposal of Surplus Personal Property shall govern all disposals.

II. Inventory Control Definitions of Property

A. Real Property

1. The elements of real property are land, buildings, land improvements and construction in progress. The provisions of USM Policy VIII-1.0, Section II shall be followed to report and control all Real Property.

B. Personal Property

1. The elements of personal property are capital equipment, non-capital equipment, library books, museum and art collections, livestock, merchandise inventories, and chemicals, pharmaceuticals, and radioactive materials.

a. A unit of equipment is defined for purposes of this policy as an individual item, or group of items, which is usable for its intended function and which cannot be separated without a diminishment in the usability of the item for its intended purpose.

b. Capital Equipment includes all equipment that is not permanently affixed to buildings, has a useful life greater than one year, and has a unit cost of \$5000 or more; excluded are items predominantly composed of glass, rubber, cloth and equipment held for resale.

c. Non-Capital Equipment is equipment that does not meet capital equipment specifications because its unit cost is less than \$5,000 or because it is predominantly glass, rubber or cloth.

1) Sensitive items are non-capital equipment which can easily be stolen, converted to personal use, or otherwise misappropriated.

Within UMCES, sensitive equipment includes the following items that cost more than \$500 but less than \$5,000: personal computers, firearms.

2) Trackable equipment includes equipment with a unit cost greater than \$500 but less than \$5,000, acquired through State of Maryland funded contracts or grants.

3) Petroleum products include bulk storage of gasoline, diesel fuel and fuel oil.

4) Hazardous chemicals include those chemicals, pharmaceuticals and radioactive materials that present additional risks and responsibilities.

III. Duties and Responsibilities for Capital Equipment

A. Center Administration

1. Shall have the responsibility for reporting inventory information to all users outside of UMCES.
2. Shall provide FAS report AM095 (sorted by FAS department) to each unit for use in reconciliation.
3. Shall provide to the Laboratories a listing of equipment sub-codes.
4. Shall determine for each contract and grant, whether ownership of equipment rests with UMCES or is retained by the sponsor.

B. Laboratory

1. Each Laboratory Director shall assign at least one individual the responsibility of inventory control on a full or part-time basis as appropriate.
 - a. Inventory control shall maintain a ledger called the Inventory Control Account, a perpetual dollar summary of all capital equipment records.
2. The Laboratory Director or designate shall identify items subject to inventory at the time a requisition is presented for signature approval.
 - a. A copy of the signed requisition shall be forwarded to the inventory control and a copy of the related purchase order and paid invoice shall also be furnished to Inventory Control when each is received in the Lab business office.

b. Inventory control shall retain each requisition in a pending Capital Equipment Additions file and match each requisition with a purchase order and paid invoice.

3. An Inventory Addition form shall be completed for each item acquired.

a. A copy of the paid invoice along with any other supporting documentation shall be attached to the Inventory Addition form and retained for audit; each addition or group of additions shall be posted to the Inventory Control Account.

4. Gifts and other acquisitions of property shall be processed in a similar manner including documentation of the Inventory Addition form and posting to the Inventory Control account.

IV. Property Valuation

A. Inventory control shall maintain a detail equipment record on each capital equipment item under the Laboratory's jurisdiction and the detail equipment record shall include the following as a minimum:

- UMCES inventory control number
- Description
- Serial number of equipment
- Month and year of purchase date per invoice
- Building number Room number
- Cost or value of item
- FAS account number and sub-code
- Principal investigator or responsible person
- Fund Source (general, federal, private, state, revolving, plant funds, gift or loan)
- Capital lease item-yes or no
- Comments

1. The sum of the cost from all detail equipment records shall at all times agree with the total dollar balance in the Inventory Control Account.

2. A tag with the UMCES inventory number shall be fixed to each capital equipment item where practical and a special file for those unique items which cannot be tagged is to be maintained detailing each item's location and the special conditions.

3. Inventory control shall reconcile capital equipment additions on the inventory system to the general accounting system each month
4. Each unit shall perform a physical inventory of all capital equipment items and reconcile the physical inventory to the inventory system records at least annually.
5. Each unit shall annually report to Center Administration the value of Capital Equipment owned by the UMCES unit; Center Administration shall prescribe the report format together with any additional instructions.

B. For the purpose of capitalization and inventory control, the value of property shall be determined as follows:

1. Items: Invoice price, plus [trade-in allowance + freight + installation costs] less [discounts]
2. Capital Leases: Invoice price, plus [trade-in allowance + freight + installation cost] less [all interest charges]
3. Donated Items: Fair market value at date of gift
4. Manufactured Items: All identifiable direct costs consumed in fabrication, labor and installation
5. Surplus Property Items: Cost plus freight
6. Agency Owned Items
 - a. These items are reported at no valuation where Sponsor retains the title and University is custodian.
 - b. The value according to one of the above methods to be carried in comments field of inventory record.
7. Transferred Items: These items are to be valued according to one of the methods described above; an estimated cost may be used if information is not available.
8. Loaned items: These items are reported at no value where owner retains title and UMCES is the custodian.

- a. Owner should declare a reasonable estimate of value which is to be placed in the comments field of the item's inventory record.

V. Property Dispositions

A. University of Maryland System Policy VIII-1.20 Policy on Disposal of Surplus Personal Property shall govern all disposals.

1. The Inventory Deletion Form shall be completed to remove an item from the control account and the detail records.
 - a. The disposition method must be identified on the form and includes sold, trade, lost, dismantle, discarded as unserviceable, stolen, destroyed, transferred and other.
2. Written approval of the UMCES Vice President for Administration shall be required before an item may be deleted from inventory.
3. Lost or stolen property shall be given special and immediate attention.
 - a. The person discovering the loss shall immediately notify the Laboratory business office.
 - b. The Laboratory Director shall review the matter and immediately contact the law authority if appropriate and a copy of the theft report from the police should be attached to the deletion form.
4. Each Laboratory shall work with Center Administration and UMCP Purchasing when surplus equipment is to be sold.
5. Disposal of property acquired with contract or grant funds shall be in accordance with the terms of the contract or grant.

VI. Non-Capital Equipment

A. UMCES shall only control the following types of non-capital equipment: Sensitive items and Trackable equipment.

1. The controls for Capital Equipment in Section III above will be applied to all Sensitive and Trackable Equipment

B. Inventories of petroleum products shall include the following:

1. Each unit shall maintain a perpetual inventory for the above regardless of

the cost.

2. Deliveries of gallons shall be recorded at the time of delivery from the delivery ticket or an immediate measurement of the tank and similarly the withdrawals shall be deducted from the perpetual inventory.

3. The withdrawal documentation shall include the date, gallons used, vehicle or vessel identification, account to be charged and name of user.

4. A custodian shall be designated to maintain the perpetual records for receiving and disbursing fuels.

5. A different individual shall be designated to take a physical inventory of each tank on the last work day of each month and shall compare the results of the physical inventory to the perpetual records and investigate to a satisfactory conclusion any difference in excess of 15 gallons.

6. A copy of the monthly perpetual record and reconciliation to the physical inventory shall be retained by the maintenance chief.

7. All fuel pumps shall be kept locked at all times to prevent unauthorized use.
a. electronic controls is an acceptable method of locking.

C. Inventories for hazardous chemicals shall include the following:

1. All State and Federal regulatory control and inventory requirements shall be followed.

VII. Library

A. UMCES research libraries are not recognized by the USM as a formal University catalogued library and are not subject to USM inventory procedures.

VIII. Merchandise Inventory Control

A. Since UMCES has no merchandise inventories held for resale, no controls are specified.

IX. Other

A. UMCES shall maintain a detailed perpetual inventory on any University-owned collection of art, scientific, or historical objects.

B. Such items shall be valued at cost or market value at time of acquisition.

C. The UMCES Administration shall include inventory information on such items in its financial statements.