

EQUIPMENT PURCHASE AND INVENTORY CONTROL POLICIES AND PROCEDURES

PURPOSE:

At Marshall University, it is clearly understood that "**equipment**" is a special category of purchase and is subsequently maintained in inventory according to proscribed procedures of many agencies. For example, both State and Federal agencies, in addition to Marshall's Purchasing and Receiving departments, define which goods are equipment and how they shall be inventoried. The purpose of the following paragraphs is to record and describe those procedures and policies for buying and inventorying equipment.

DEFINITION:

For State purchasing purposes, "**equipment**" shall mean those items having an expected useful life greater than one year. For inventory purposes, "**equipment**" shall mean those items having a unit value of more than \$5,000 **and** a useful life of more than one year. This policy definition is an amalgam from several sources:

1. The Federal government, which defines equipment as "*tangible nonexpendable personal property including exempt property ... having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit*"; However, OMB Circular A-110 allows lower limits in accordance with a grant recipient's local policy;
2. The State Budget Division, which describes equipment as items with an expected useful life greater than one year;
3. The Marshall University Foundation and Research Corporation, which have both adopted the University's equipment definitions and purchasing policies;
4. State Inventory Control which uses a similar definition of equipment for inventory control purposes;
5. And the Higher Education Purchasing Procedures manual;

SOURCE OF PURCHASE:

Equipment which is controlled and maintained on the University's inventory program comes from several sources.

1. The Veterans Administration, which purchases and delivers equipment to the School of Medicine for research and teaching purposes; Such equipment is purchased on government contracts, received, and tagged with a blue and silver US Government property tag.
2. Marshall University Research Corp. (MURC), which purchases equipment on its own purchase orders; This equipment is received by either the University's Central or School of Medicine Receiving department, tagged with a white Research Corp. bar code property tag, and delivered to the user. MURC maintains its own inventory.
3. Marshall Univ. Foundation and Big Green Foundation purchase equipment on their own forms and accept "*gifts-in-kind*" of equipment; this equipment, upon delivery to Receiving, becomes University property and is tagged with a white University bar code label and delivered to the user. Exceptions include those items donated specifically for the Foundation or purchased for the Foundation Office.
4. And the University's Purchasing department, which processes equipment orders for departments using State appropriated and other special revenue funds from which to purchase the equipment; upon delivery to Receiving, this equipment is tagged with a white University bar label property tag and delivered to the requisitioner.

PURCHASING EQUIPMENT:

Regardless of the University source, all purchased equipment is bought from a supplier on an approved purchase order. All sources require the requesting departments to prepare a requisition and submit it to the appropriate Purchasing office. Normally bids are solicited by the University for its purchases of equipment totaling more than \$5,000. The Veterans Administration has similar requirements unless the equipment is available on GSA contracts. Generally the Foundation does not require bids. However, the Research Corp. does when it is practical or desired by the grant recipient. For all Research Corp. purchases, the requested equipment must be authorized by the grantor and included in the grant budget. Upon approval by the appropriate buyer, Director of Purchasing, Business Manager, or Executive Director, the signed order is released to the supplier authorizing shipment to the designated Receiving department.

RECEIVING EQUIPMENT:

Items for The Veterans Administration are received by Central Receiving. Upon delivery to Receiving, all equipment is checked-in against the purchase order to insure that the correct equipment was received and in good condition. Equipment which is lease purchased will be tagged at the end of the lease purchase term. All other purchased and donated equipment will be tagged upon receipt. After property tags are affixed to the equipment, it is delivered to the requesting department. Once processed the items are then delivered to the School of Medicine Receiving dock.

EQUIPMENT RECORDS:

Until an item of equipment is removed from the University inventory, all original receiving source documents for that item shall be kept on file. At a minimum, that shall include the packing slip or freight bill, and the delivery ticket acknowledging receipt of the equipment by a representative from the requisitioning department. If hard copy purchase orders have been issued, a copy shall be maintained by Receiving. There shall also be annotated on the receiving document the serial number of the equipment and the assigned property tag number. For donated equipment, a copy of the certified appraisal shall also be maintained on file. For any item of equipment deleted from the inventory records, the original authorizing source document shall also be kept.

MAINTAINING THE EQUIPMENT DATA BASE:

The Receiving department shall be responsible for entering data and maintaining it current on all equipment processed through its receiving function. All fields in the data base of the equipment inventory program shall be completed to the extent possible, in accordance with guidance in the Higher Education Purchasing Procedures Manual. The source document for entries in the data base shall be the usual receiving documentation and the log of all assigned tag numbers. This log shall be maintained in the Receiving department and shall be updated as tag numbers are assigned. An item's cost will be recorded from the invoice and shall include freight and installation.

As physical inventories are conducted and equipment is removed from use, appropriate entries in the inventory program shall be made. This shall include such entries as date of last inventory, changes in location of the equipment, and annotating "delete" in the Remarks field to identify disposed equipment. If known, the disposal date, method, and price (if applicable) shall also be entered.

EQUIPMENT REPORTS:

Several different reports shall be run throughout the year based upon the information contained in the equipment inventory database. They are as follows:

1. Quarterly, Receiving shall provide a listing of all additions to the inventory to the Research Corporation for equipment purchased through it. This list may be used by MURC to update its records.
2. Annually, a total listing of all University owned equipment shall be printed in tag number sequence and sent to the Senior Administrator at the Higher Education Central Office by August 1st with the President's endorsement.
3. Annually, a listing of all departmental University owned equipment shall be provided to the appropriate University departments for reconciliation purposes. This listing shall be printed in tag number sequence by department code and shall be provided to the departments by August 1st.

4. Annually, to comply with outside financial audit standards, the following shall be provided to the Asst. Vice President for Administration using reports from the computerized inventory program:
 - A. a beginning inventory value;
 - B. a list of all University owned equipment additions and deletions with a total for each list;
 - C. an ending inventory value.

5. Annually, 3 complete sets of the University inventory shall be printed in tag number, description, and department code sequences for use by the Receiving department at Marshall and the Asst. Vice President for Administration.

EQUIPMENT INVENTORIES:

Once every two years, cyclical physical inventories of all University equipment shall be conducted by the Receiving department. Discrepancies shall be reconciled to the extent possible with a subsequent report provided to the Asst. Vice President for Administration by July 15 of that year. A reconciled copy shall also be provided to the respective department heads. Research Corporation and Foundation owned equipment will not be physically inventoried by receiving personnel.

DEPARTMENTAL RESPONSIBILITIES:

The security and physical safeguarding of equipment is the responsibility of the department possessing physical control. Ultimately, it is the department head that is responsible. If equipment is moved from one room or department to another, the department **must** notify receiving to update the inventory records. Equipment may **NOT** be cannibalized, thrown into the dumpster, or trashed in any way. Trade-ins of used University equipment for new shall require the approval of the appropriate Receiving Supervisor and will be documented on the purchase order. Transfers of equipment to other State agencies and publicly funded entities shall be in accordance with the Higher Education Purchasing Procedures Manual. Should department heads allow staff or faculty to use equipment at home or elsewhere, a memo to that effect, clearly identifying the equipment and property tag number shall be provided to the appropriate Receiving department supervisor. If equipment is picked-up from the supplier, or the supplier delivers it directly to the requisitioner, it shall be the department's responsibility to take the equipment to receiving to be tagged and provide the appropriate packing slip, freight bill, or other necessary documentation. Should equipment for the Research Corporation not be delivered to Receiving for tagging, Receiving will send the tags to the Executive Director of the Corporation, who, in turn, will tag the equipment and provide appropriate source documents and information to Receiving so that the equipment data base may be updated. Disposition of Research Corporation and Veterans Administration purchased equipment will require the approval of their respective inventory control or executive officers. Questions regarding any equipment in inventory shall be directed to the respective Receiving department supervisor for resolution.

RECEIVING/INSPECTION/SHIPPING/INVENTORY CONTROL

RECEIVING

Receiving and inspection of supplies and equipment are very important, but often overlooked aspects of procurement. Without adequate receiving procedures, the effort expended in writing specifications, bidding, and buying is meaningless. Only with effective receiving and inspection can the University be assured of obtaining the correct products ordered.

Receiving areas are maintained at the Art Warehouse Building, located at 201 21st Street, and within the Biotechnology Science Center Building. Each receiving area is provided either electronic or paper copies of all purchase orders issued by the University as well as the Research Corporation and Foundation. Change orders or cancellations are also shared in the appropriate format with the receiving areas.

Receiving accepts all shipments except COD deliveries. Supplies and equipment will not be released or delivered until an approved purchase order has been received or it is confirmed that the purchase was against the State credit card. It is our goal to deliver goods to the destination shown on the purchase order within two working days.

Personal packages shipped to the University are the sole responsibility of the individual. Neither security nor delivery can be provided with State supported resources.

When making inquiries to the Receiving Department as to receipt of material, please have the vendor's name and purchase order number available. Because of the huge volume of daily deliveries it is impossible to locate items without good information.

INSPECTION

All packages are checked for visible damage before acceptance. The packages are then opened and examined for concealed damage and specific requirements as to the correct quantity, catalog number, make, model, and general description of the item(s) against our purchase order. However, credit card shipments are not; they are simply delivered to the department.

A delivery ticket and receiving report are generated for each purchase order. The receiving report will insure that accounting will issue proper payment of invoices. For this reason, it is extremely important that all deliveries of goods come through Receiving.

Problems can occur when receiving material against purchase orders. All errors and damages found at the time of receipt will be reported to the vendor by the Receiving personnel. If concealed damage or errors are discovered after delivery has been made to the department, please contact receiving immediately. Do not use any of the material and save all packing material. Please note that material ordered incorrectly by the department may result in restocking and shipping charges which the department must pay to the vendor. Problems with credit card shipments, including duplicate shipments, are the responsibility of the department.

DOCUMENTATION

After the equipment or supplies are signed for by the department, one copy of the delivery ticket will be given to the department for its files and the original shall be kept in Receiving. If the item is an inventorial piece of equipment, the serial, model, and inventory tag numbers shall be annotated on the packing slip or other receiving documents for the particular order.

Delivery tickets shall be kept in Receiving by date in a monthly file. Packing slips and freight bills shall be filed similarly; or, they may be filed together in purchase order number sequence.

Since both the Foundation and Research Corporation generally provide hard copy purchase orders, a copy shall be maintained in Receiving. Proof of delivery to the department, packing slips, and freight bills will be filed with the appropriate purchase orders. These files shall be maintained in purchase order sequence. Receipts of goods shall also be reported to the appropriate Accounts Payable office.

Personal packages, free textbooks, and replacement or complimentary materials shall be received and delivered in a normal manner. Since Receiving cannot be responsible for personal packages, the recipient will be notified and told to come to receiving to pick up the material. Textbooks will be delivered to the department without a delivery ticket, because this is generally unsolicited material. So called Awhite slips≅ will be used to document the receipt of important or replacement items. Generally such items are not being shipped against a purchase order. However, proof of delivery may be important. These files shall be maintained in date sequence.

SHIPPING

The receiving department coordinates the shipments of all outbound goods. They are shipped by UPS via air, ground, or motor freight. Each package must be properly packaged, sealed, and labeled by the department. The department's org and fund number must be noted on the outside of the package for billing purposes. If equipment is being shipped to a vendor for repair, the department must prepare a purchase order in advance to cover shipping charges. Letters and packages must be taken by the department to Receiving before 3PM. Personal packages cannot be shipped from campus.

INVENTORY

All equipment purchased by Marshall University and the Big Green Foundation (excluding their office) will become University property upon receipt and inventoried. Items costing more than \$5,000 and having a useful life of one year are maintained for inventory purposes. Donations and lease purchases meeting the above criteria will also be included. All equipment must be inventoried by assigning a numbered property tag, recording the proper information as to model, serial number, etc. and maintaining it on the inventory data base. Effective January 1, 2001 equipment purchased by the Research and Economic Development Corporation will be maintained on their inventory.

If equipment needs to be returned to the vendor, please notify the Receiving department so adjustments can be made to the inventory records and tags can be removed.

University equipment can only be cleared from the inventory by following State Code regulations. Equipment can be sold at public auction, sent to surplus property, donated or transferred to another State agency, or traded on new equipment. Surplus equipment must be sent to the Receiving department for proper disposal so adjustments can be made to inventory records. University property can also be sold during Marshall's semi-annual yard sales. Equipment **can not** be cannibalized or destroyed and thrown into dumpsters by University staff, faculty, or students.

The security of University equipment is the responsibility of the department possessing physical control. Ultimately it is the department head that is responsible. If equipment is moved to a new location or from one department to another please notify the Receiving department. This helps keep the departmental inventory accurate.

Receiving conducts a physical inventory of University owned equipment every two years. In the intervening years, each department shall receive a listing of its inventory.

REPORTING LOST, STOLEN, DESTROYED, OR OTHERWISE DISPOSED EQUIPMENT

Marshall University adheres to the inventory management guidelines published by State Inventory Control for all State agencies. In addition, other procedures have been adopted that are appropriate to colleges and universities when reporting equipment that is not sold, transferred, or traded.

Following are the specific guidelines:

LOST EQUIPMENT

The department shall address a letter to the Receiving Supervisor explaining the loss. The letter shall be signed by the department head and forwarded through the appropriate Vice President for endorsement. The letter should explain what action will be taken by the department to prevent future losses. If the loss is justified, Receiving will remove the equipment from the inventory.

STOLEN EQUIPMENT

If any equipment has been stolen, the department shall report the theft to Marshall's Public Safety Department. A copy of the police report and a letter, explaining all known facts regarding the theft, shall be addressed to the appropriate Receiving Supervisor. This letter shall be signed by the department head and forwarded through the appropriate Vice President for endorsement. The letter should also address any action the department head will take to improve security in the area. Upon approval by Receiving, the equipment will be removed from the inventory.

DESTROYED EQUIPMENT

University equipment may **NOT** be destroyed and thrown away by University faculty, staff, or students. However, if it has, the department shall explain the circumstances in a letter addressed to the appropriate Receiving Supervisor. This letter will be signed by the department head and routed through the appropriate Vice President for endorsement. The letter should also indicate what steps will be taken to insure that such destruction of University property does not occur in the future. If approved by Receiving, the equipment will be removed from the inventory.

OTHERWISE DISPOSED EQUIPMENT

This category shall include those situations that do not meet the above criteria. As an example, a contractor removed installed and tagged equipment during a renovation and takes it to the landfill. In this instance, the department shall explain the circumstances in a letter to the appropriate Receiving Department Supervisor. Route the letter through the applicable Vice President for endorsement. If the circumstances warrant, the Receiving Supervisor will remove the equipment from inventory.