



# Property and Equipment Internal Controls Manual

The West Virginia State University Research and Development Corporation has a duty to safeguard the Corporation's assets and ensure the reliability of accounting data and compliance with management policies, grant terms and conditions. The Corporation shall maintain operating, accounting and compliance controls by recording all assets purchased and keeping an inventory list in the R&D Equipment Inventory Office.

Operating controls shall include: organizational charts and procedures which assign responsibilities for each functional activity, a record-keeping system that provides timely financial reports and maintains appropriate supporting documentation, and a system that provides assurance of compliance with grant terms and conditions as well as other reporting requirements.

Accounting controls shall ensure the reliability of recorded financial data and the maintenance of transaction and authorization review, an appropriate separation of duties, and internal procedures that address the receipt and recording of Corporation assets.

Compliance controls shall ensure that grant terms and conditions are adhered to, as well as include pertinent information regarding applicable terms of each source of funding or grant, special provisions, record-keeping and reporting requirements.

## DEFINITIONS

**Inventory/Financial Asset:** An item either purchased by or donated to the Corporation with a value of \$5,000 or more and has a life expectancy of one year or longer.

**West Virginia State University Research & Development Corporation:** The "Corporation" for the purposes of this manual is the governing body for all assets, regardless of funding source, i.e. Title III, Land-Grant, NASA, etc., obtained through it.

**Title or Ownership:** Ownership of all assets acquired by or donated to the Corporation, regardless of physical location, shall vest in the Corporation, subject to the terms and conditions of a particular grant or organization.

**Purchasing Process:** The Corporation requisition form is the first step in the purchasing process. All proposed purchases must be clearly allowable and identifiable under the terms and conditions of the grant, contract or agreement. All expenditures must be:

- Necessary, reasonable and allowable under the grant, contract or agreement.
- Designed to comply with any limitation of the grant, contract or agreement.
- Allocated to the grant, contract or agreement on a basis consistent with policies that apply to all activities of the grantor.
- Accounted for consistently and in accordance with generally accepted accounting principles.

The Corporation requisition form shall originate in and be completed by the requesting department, division or unit. The contact person, phone number, building and room number must be identified in the spaces provided in case of questions or special delivery instructions. A short explanation or justification for the purchase must be provided in the space designated.

The requisition form must be signed by the person making the request for the purchase and by all requisite supervisors, including the Department Head or Chair. The Vice President with jurisdiction over the applicable grant, contract or

agreement must authorize all requisitions. If the requisition is for computer equipment, approval must also be obtained from the Director of Computer Services.

The requisition must be forwarded to the Corporation Business Office. The requisition will then be reviewed for completeness, applicable regulations and program budget. Funds will then be encumbered and a Purchase Order will be issued by the Corporation Business Office and forwarded to the vendor. A copy of the purchase order will be returned to the originating department or program.

Guidelines for completing the requisition form: (See attachments for corresponding forms.)

**ALL PURCHASE REQUISITIONS MUST BE TYPED FOR APPROVAL**

|                      |   |
|----------------------|---|
| 1. Program           | Funding source/Recipient program  |
| 2. Number            | RD/LG Number. (Assigned by the R&D Business Office/Land-Grant Office)         |
| 3. Vendor            | Full name and address of vendor   |
| 4. Ship To           | Indicate location for shipping (Refer to "Shipping" for further information)  |
| 5. Item Number       | Each item or group ordered should be numbered in order (1, 2, 3 etc.)         |
| 6. Description       | Provide detailed description of each item ordered (Maker, model number, etc.) |
| 7. Quantity          | Indicate the number of each item ordered                                      |
| 8. Unit Price        | Individual cost of each item ordered  |
| 9. Amount            | Unit price multiplied by quantity of items ordered                            |
| 10. Total            | Grand total of amount column  |
| 11. Contact Person   | Name of person to contact regarding questions and responsible for asset       |
| 12. Phone            | Telephone number of contact/responsible person                                |
| 13. Building         | Location of contact/responsible person  |
| 14. Room Number      | Room number for delivery of asset   |
| 15. Reason           | A brief explanation or justification for the purchase                         |
| 16. Requested By     | Signature of person initiating purchase request                               |
| 17. Approved By      | Signature of corresponding Department Head, Vice President or Provost         |
| 18. Purchase Officer | Signature of Research & Development Corporation Purchasing Officer            |
| 19. Approved By      | Signature of Research & Development Corporation Executive Director            |

**SHIPPING**

All asset purchases must be shipped to the West Virginia State University Physical Facilities Inventory Control Receiving Department. Should an error occur and the equipment is received by means other than through the Physical Facilities Inventory Control Receiving Department, please comply with the following:

1. Call the Physical Facilities Inventory Control Receiving Department and notify them of this delivery.
2. Arrange for an employee of the Physical Facilities Inventory Control Receiving Department to come to the office where the asset is located to:
  - Assign a WVSC asset tag number.
  - Assign a Title III or Land-Grant asset tag number.
  - Document asset item description, serial number, location and responsible contact person.

## RECEIVING

The West Virginia State University Physical Facilities Inventory Control Receiving Department, upon the standard arrival of an asset item, will:

1. Unpack asset equipment and inspect for item validity and any obvious damages. (Inventory Control will only accept equipment if it conforms to the Corporation Purchase Order Specifications.)
2. Document item cost, serial number, description, destination and the contact/responsible person.
3. Assign applicable asset inventory control tags.
4. Complete and process the State of West Virginia Added Property Form (WV-62Rev. 11/84).

## DELIVERY/SETUP

Delivery of the asset equipment item to the designated department will occur in a timely manner, unless otherwise directed, and a department verification of delivery signature will be requested. Any Corporation equipment or purchase requiring special attention to become operational will be referred to or routed through the respective college personnel, such as Computer Services, for initial setup.

## PAYMENTS

After the Corporation Business Office receives an invoice from the Vendor, The “Certification of Receipt” stamp will be applied to the face of the invoice and sent to the originating department. Once authorized department personnel sign the invoice, this will verify that the order has been received, is complete and ready for payment. (Any invoice signed that is not correct will rest with the initiating department, not the Corporation.)

## ASSET LOCATION

For internal control purposes, the Corporation Business Office will maintain a record of the physical location of all equipment purchased by the Corporation. This inventory listing will enable the Corporation personnel to conduct an annual physical inventory count of all the Corporation’s assets and external auditors to conduct audit tests of the inventory records.

## STOLEN AND VANDALIZED ASSETS

Corporation assets that are stolen, vandalized or otherwise intentionally damaged beyond repair must be immediately reported to the Corporation Business Office and to West Virginia State University Campus Security. Proper record-keeping should be maintained so the process of providing the tag number/s, model number, serial number and a brief description of the stolen/vandalized item will be made easier. Once proper reporting and recording has occurred, the appropriate offices will take actions regarding the repair, replacement or final disposition of the asset.

It is the duty of all Departments and Employees to safeguard any and all Corporation assets. Proper safety and security procedures should be maintained at all times to ensure that the proper use and care of equipment is being upheld. Cases of misuse, abuse or security issues must be brought to the attention of the Corporation Business Office and to West Virginia State University Campus Security immediately.

## REPAIRS AND MAINTENANCE

All necessary repairs and maintenance contracts of asset equipment purchased by the Corporation will be handled by the Corporation Business Office in the same manner as all other University maintenance agreements. Please request the costs of warranties and maintenance of all equipment prior to the purchase.

*Note: All asset equipment outside repairs that require the item to be removed from the present physical location for a period of more than five (5) business days shall be treated in the same manner as a temporary transfer. Please make the proper notations when filing applicable forms.*

## Inventory Transfers

Each time equipment purchased through the Corporation is transferred from one location to another, whether or not temporary (one week up to one year) or permanent, the Corporation Inventory Transfer Form must be completed and sent to the Corporation Business Office the same day the transfer is completed.

## EQUIPMENT DISPOSAL OVERVIEW

- Definition
- Types of Disposal
- Appropriate Disposal Methods: *Standard, Trade-in, Return to Vendor, Cannibalize, Internal Transfer, Transfers Leaving the R & D Corporation*
- Lost/Stolen Equipment
- Inappropriate Disposal Methods
- Process Overview
- Forms Required
- Common Questions

## DEFINITION

**Equipment disposal:** Refers to both physically removing properties from a department and to the removing of the item from a department's active inventory, relieving the department of accountability for reporting/tracking. The terms disposal and surplus are often used interchangeably.

## BENEFITS TO THE DEPARTMENT

Your department benefits from timely and proper disposal of excess property because:

- Timely disposal makes property available to the entire campus;
- One may be able to reduce costs by using other department's idle equipment;
- Disposal of excess equipment reduces the time needed to locate unused equipment during required inventories;
- One is properly prepared for any audit; and
- One may lose federal funding if your department is not in compliance.

## LEGAL REASONS

**State:** State law requires University-owned property should not sit idle for lengthy periods of time. In a timely and appropriate manner, departments should dispose of items they no longer need.

**Federal:** It is a contractual commitment that federally owned equipment be in active use while in custody of a campus department and that disposal action be taken in a timely manner if it is not.

## TYPES OF DISPOSAL

### Appropriate Disposal Methods:

**State Disposal:** Dispose of equipment, materials and supplies, whether inventorial or not, through the established procedure facilitated by the Physical Facilities Inventory Control Receiving Department. The Corporation Business Office removes record of equipment from the department's inventory. (The terms *disposal* and *surplus* are often used interchangeably.)

**Trade-In:** Exchange equipment for credit towards a new purchase, and remove it from your department's records.

**Return to Vendor:** Return tagged and inventoried equipment to the vendor, and remove it from your department's records.

**Cannibalize:** Delete the record of the original equipment after you remove serviceable parts to repair or enhance the capabilities of other equipment.

**Internal Transfer:** Transfer equipment from your department to another within the Corporation, and remove it from your department's records. (You may give or sell it to the other department.)

**Transfers Leaving the Corporation:** Transfer equipment ownership to another non-profit (according to IRS standard, taxcode 501) institution within the United States, and remove it from your department's records. You must get prior approval. (Only property acquired from federal grants and contracts may be transferred out of the Corporation, regardless of who approves it.)

## LOST/STOLEN EQUIPMENT

**Lost:** Remove equipment from your department's records if you are unable to locate it after applying a good faith effort. (This usually occurs during a physical inventory.) If the item is found, the Corporation Business Office can re-activate the item in the database.

**Stolen:** Remove property from your department's records if it was taken from the University without permission. You must file a police report.

## INAPPROPRIATE DISPOSAL METHODS

- Throwing equipment and materials in the trash.
- Putting equipment in the hall under a sign saying "Free."
- Taking home equipment, materials, supplies or unusable parts for personal use.
- Donating equipment without appropriate approval.

## PROCESS OVERVIEW

1. The **custodial department** ("the department" that wants to get rid of the equipment) **initiates request** for disposal/surplus of all property (equipment and materials) **by submitting an Inventory Transfer Form to the Corporation Business Office** using the established WVSU Research & Development Corporation disposal methods for type of disposal they have chosen.

*Note: If the property is federally owned or funded by current awards, the department must request written permission from the sponsor prior to any surplus, movement, transfer or disposition and then submit the permission along with the Transfer form. (Call the Corporation Business Office if you would like help obtaining written permission from the sponsor.)*

2. The **Physical Facilities department arranges for the physical disposition of the asset.**

3. The **Corporation Business Office verifies** that the Inventory Transfer Request form **is complete** and, if not, returns forms that are missing the necessary information and signatures to the department for completion. For example, they return forms with:
  - Illegible tag number/s
  - Unauthorized signature/s
  - Identical ‘Contact Person’ and ‘Approved by’ (The person completing the form should not be the same person approving the disposal.)
  - No reason for disposal indicated
4. **The Corporation Business Office processes the completed form, removing the equipment from the department’s inventory.**
5. **The department and the Corporation Business Office each maintain** their copy of the **Inventory Transfer form for six (6) years.**
6. **The Corporation Business Office prepares annual deletion reports and submits a copy for review** to the departmental Head.

#### **Forms Required:**

Inventory Transfer Form

#### **FEDERAL REGULATIONS:**

**Disposition is accomplished in compliance with the Federal Acquisition Regulation and other specific contract provision.**

For example: **If the equipment is federally owned or funded on current awards** you must:

- a. **Get written approval from the sponsor** before you can surplus, move, transfer or dispose of it. This disposition documentation must be complete and contain:
  - The agency’s written authorization
  - Appropriate disposal action, which could:
    - Relieve the R&D Corporation of further federal accountability by giving the title to the Corporation, at which point it falls under state policies and procedures
    - Request the R&D Corporation to return the equipment to the agency
    - Request that the R&D Corporation sell the equipment and return the proceeds to the agency less \$500 or 10% of the proceeds, whichever is less, for selling and handling expenses
    - Transfer the equipment usage to another award by the same sponsoring agency (e.g., NIH to NIH, NASA to NASA) and leave the title with the federal government
  - Date of disposal
- b. **Send** the written approval to the Corporation Business Office who records the transaction (posts to record).

# West Virginia State University Research & Development Corporation

## FIXED ASSETS ACTIVITY FORM

### Inventory Control

|                      |  |               |                              |   |
|----------------------|--|---------------|------------------------------|---|
| Department Name      |  | Ext. Number   | Location (Bldg. & Rm. #)     |   |
| Inventory Tag Number | Indicate Acquisition Funding: S = State, F = Federal _____ |               |                              |   |
|                      | Description of Each Item                                   | Serial Number | New Location (Bldg. & Rm. #) | ↓ |
|                      |  |               |                              |   |
|                      |  |               |                              |   |
|                      |  |               |                              |   |
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|                      |  |               |                              |   |

**TYPE OF CHANGE (Check appropriate box and complete adjoining information.)**

A. Transferring usable property between departments, budgets and/or to another location. Loaned property (give name, address and period of loan).

|   |                |       |
|---|----------------|-------|
| Name of New Custodian and Receiving Department Name | Contact Person | Phone |
| Funding Grant                                       |                |       |

B. Disposing of surplus property

|                   |   |              |       |
|-------------------|---|--------------|-------|
| Surplus ID Number | Budget No. and Name to Credit Property Sale | Campus Phone | Phone |
|-------------------|---|--------------|-------|

C. Deleting Property

|  |  |
|--|--|
| <input type="checkbox"/> Lost<br><input type="checkbox"/> Cannibalized<br><input type="checkbox"/> Stolen (Indicate Police Case No.) _____ | <input type="checkbox"/> Return to Vendor for Credit (Also requires a Return/Repair Goods Memorandum)<br><input type="checkbox"/> Trade-on: Purchase Order Number _____<br><input type="checkbox"/> Return to Vendor (no credit) |
|--|--|

|              |  |              |      |
|--------------|--|--------------|------|
|              | Contact Person (Type or Print)         | Campus Phone | Date |
| CONCURRENCES | Department Chairperson (Type or Print) | Signature    | Date |
|              | Budget Officer (Type or Print)         | Signature    | Date |
|              | Other (if Necessary)                   | Signature    | Date |

SIGNED ORIGINAL — Equipment Inventory, 304 ACEOP Building, COPY — Department