

2014 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# Equipment Management

## FUNdamentals:

*What Every Business Manager  
Needs to Know to Stay in Compliance*

Tuesday, April 1, 2014

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

**UIC**

Lincoln Hall

707 South Morgan Street

# Workshop Presenter

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# Please ...



Turn off cell phones.



Feel free to ask questions at any time during the presentation.



Avoid side conversations.



Sign the attendance roster.



Complete the evaluation at the end of the workshop.

# Workshop Objectives

1

Review the equipment management responsibilities of the Business Manager

2

Identify key regulations and policies related to Equipment Management

3

Examine helpful tips and tools for Inventory Management that can be applied to your department's processes

# Why is Equipment Management Important?

- The University maintains accurate property records because:
  - It's required by University policy and state law
    - *Illinois Property Control Act*
  - It's required under the Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB)
  - Used in calculating the Facilities and Administrative (F&A) rate – erroneous data can cost the University money
  - They are part of University financial statements
    - These are used to calculate our credit score, which in turn affects the University bond rating and ability to borrow and raise money

# Why is Equipment Management Important?

- The Equipment Numbers (Fiscal Year 2013)
  - Balance Sheet book cost ~ \$ 2.0 Billion
  - Balance Sheet (net of depreciation) ~ \$ 549 Million
  - 231,512 equipment records – Banner Tracked
  - FY13 ~ \$266 Million in capitalized equipment additions
  - 25,000 tracked/tagged items added annually
- University Balance Sheet Numbers (Fiscal year 2013)
  - Total Assets (net of depreciation) ~ \$6.8 Billion
  - Capital Assets (net of depreciation) ~ \$ 3.5 Billion

# Why is Equipment Management Important?

- Highly Regulated & Highly Audited
  - State Law & Administrative Code
    - Annual Financial Statement audit
    - Annual State Compliance audit
    - Annual Federal Compliance audit
    - Ongoing grants/sponsors audits
    - F&A rate studies - affect overhead charged/income to University

# Why is Equipment Management Important?

- Recurring audit findings (list-to-floor; floor-to-list)
  - Equipment on unit inventory not found
  - Equipment on unit inventory found but no physical tag/label
  - Equipment found but not on unit inventory
    - May or may not have physical label/tag
  - Equipment listed as disposed – found in use
  - Evidence of physical observation – Biennial Certification



# Key Policies & Procedures

- Regardless of funding source, all equipment is subject to the State Property Control regulations
- Units are responsible for their equipment and accuracy of equipment records
- Tracked equipment key criteria include:
  - A useful life of more than one year
  - AND a unit value equal to or greater than \$500.
- Label equipment to display ownership information
  - State, Sponsor, or Individual (Tracked and un-tracked)

# Key Policies & Procedures

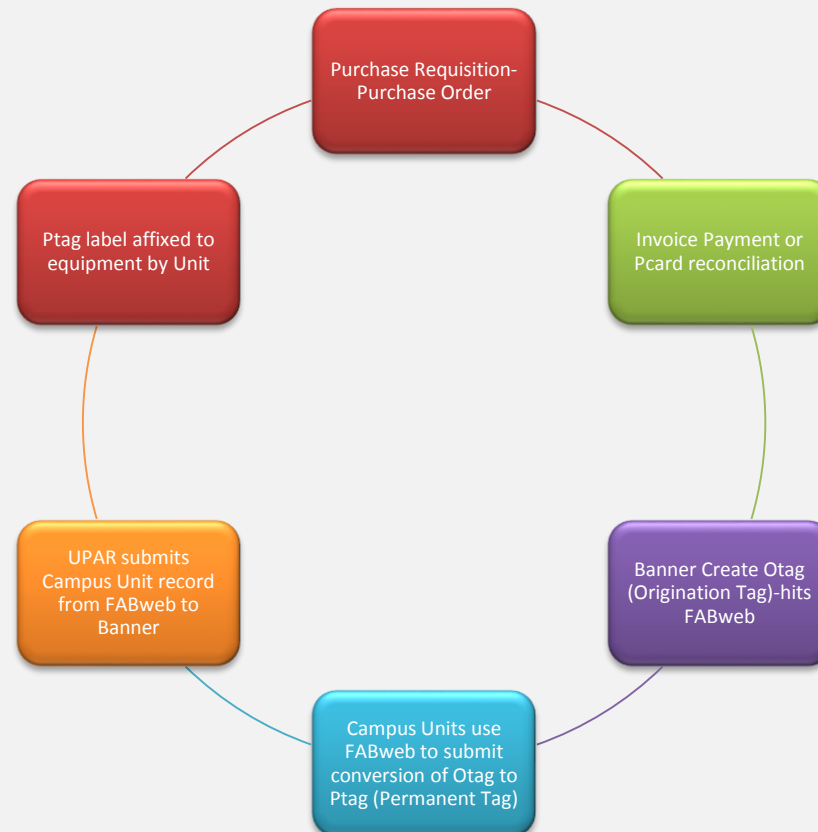
- All disposals of University equipment must be pre-approved by FABweb Unit Approver and Property Accounting (Tracked and un-tracked)
- Equipment loans and transfers must be pre-approved by unit and college management, and relevant University offices
- Take reasonable care to safeguard University property
- Biennial Physical Inventory & Certification required
- Data Security on State Computers Act
  - Mandates elimination of data prior to disposal

# Unit Responsibilities

- New Acquisitions:
  - Process New Acquisition records in FABweb
  - Add Donated, Found, and Other Non-Cash in FABweb
  - Affix Property Labels to equipment
- Maintain/Update Existing Asset records
  - Transfer Equipment to Another Unit
- Dispose of Unneeded Equipment
- Complete a Biennial Inventory & Certification
- Keep Property Secure – Segregation of Duties

# New Acquisitions Overview

- Accurate information should be provided at each stage of the acquisition process, starting with the requisition:



# Common New Acquisitions Issues

- Equipment Account Code Importance
  - Equipment Otag records only created for account codes:
    - 127\* - Tracked equipment \$500 - \$4,999
    - 163\* - Capitalized equipment \$5,000 and above
- Not completing FABweb records timely (30 days)
- Incomplete data elements submitted:
  - Custodian & Equipment Manager
  - Make/Model/Serial Number
  - Room level location code
- Be aware of Non-Cash additions:
  - Fabricated Items/Gifts/Found items

# New Acquisitions Best Practices

- Centralized Requisition Process
- Use comments in Pcard, iBuy, Banner Reqs
- Check FABweb weekly for new items
- Communication between all involved in the Unit from procurement to FABweb & tagging
- Training – employee turnover
- Be sure staff have resources – Banner, etc...
- Your suggestions...

# Updates Overview

- Maintain accurate records throughout life of asset
- Update using FABweb
- Update fields include:
  - Location
  - Custodian
  - Equipment Manager
  - Condition
  - Manufacturer
  - Description
- Banner automatically updates after FABweb submission

# Common Updates Issues

- Difficult in Decentralized Environment
  - Updates not being made or not made on time
- Situations when updates are needed:
  - Asset moves to a different location.
  - Custodian or Equipment Manager changes.
  - Biennial inventory
  - Equipment loans



# Updates Best Practices

- Tone at the Top is important
- Periodic communications to all involved staff
  - Report any moves/updates
  - Involve who's moving equipment – PI/GA/TA/IT
- Your suggestions...

# Disposals Overview

- Disposing of Equipment
  - Use FABweb surplus/disposal form – Tracked & un-tracked
  - CANNOT be given away, thrown away, or sold
  - Automated workflow with Representatives & Approvers
  - FABweb roles - Segregation of Duties
- Other Disposals
  - Backup documentation required for:
    - Stolen
    - Trade-In
    - Transfers with Researcher

# Common Disposals Issues

- Hoarding & untimely disposal
- Approvals not completed timely in FABweb
- Banner/tracked submitted as Non-Banner
- Items put in garbage
- Data-wiping not completed appropriately
- No record keeping retained in unit

# Disposals Best Practices

- Consistent process for handling in unit
- Separate duties of Representatives & Approvers
- Use FABweb “Check Status” functionality
- Safeguard equipment throughout process
- Use FABweb “save to excel” for file retention
- Review recent transactions for completion
- Your suggestions...

# Biennial Inventory Overview

Property  
Accounting  
& Unit

- Confirm that:
  - Property contacts are up-to-date
  - Certification letters are returned on time

Unit

- Ensure records are accurate:
  - Ptag Label affixed
  - Location – use room level codes
  - Custodian & Equipment Manager

# Common Biennial Inventory Issues

- Untimely completion & Certification – No extension process allowed in State/University Policy
- Inaccurate Contact List causes delays in correspondence
- Equipment not physically verified
- Equipment records not updated
- Unfound items not marked as “Pending”
- Unresolved items not resolved or written-off
- No audit trail retained of physical verification

# Biennial Inventory Best Practices

- Tone at the Top is most important
- Keep Property Contact list accurate
- Physical observation should be:
  - Independent
  - Thorough
- All involved should be trained
- Retain physical observation working papers/files
- Your suggestions...

# Overall Best Practices

- Tone at the Top is key
- Ensure processes are organized/coordinated
- Training for all staff involved
- Segregate Duties so no one person has full control over acquisitions, Biennial, & write-offs



# Overall Best Practices

- **Management through Direct Observation:**
  - Spot check your Dept. Inventory Listing
  - Spot check completeness of equipment records
  - Identify old computers/equipment as likely problems
  - Equipment with custodians no longer in unit
  - Spot check rooms and equipment for tagging
- Your suggestions...

# Website Resources

- OBFS – [Equipment Management Website](#)
  - URL: <http://www.obfs.uillinois.edu/equipment-management/>
  - Policy Manual – Step-by-Step Help
  - OBFS - [Section 12: Property Accounting](#)
  - Instructor-Led Courses
    - Five courses with online participant guides
    - OBFS - [Accounting & Financial Reporting Training](#)
  - Helpful Links
    - Equipment Procurement – Best Practices
    - Equipment – Banner Tags Process Flow

# Website Resources

www.obfs.uillinois.edu/equipment-management/

UNIVERSITY OF ILLINOIS  
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

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Search

## Equipment Management

Job Aids & Training Materials | Forms | FAQs | Glossary | Who To Ask

OBFS » Equipment Management

**Equipment Management**

Unit Head Responsibilities

FABweb

Equipment Acquisitions

New Equipment Management

Types of Codes

Recording New Equipment

Reference Numbers and Labels

Equipment Records

Updating Equipment Attributes

Disposal and Redistribution Processes

Loans

Equipment Transfer

Equipment Disposal Methods

Monthly Reconciliations

Unlocatable or Stolen Equipment Reports

Biennial Inventory

Options for Using Barcoding To Track Equipment

Sponsored Project Equipment

**Equipment Management**

All property at the University, regardless of funding source, to which the University acquires title is subject to the regulations of the Illinois Department of Central Management Services as "State-owned property."

The custodianship of property purchased by or assigned to a unit is the responsibility of the unit head. The unit works with University Property Accounting and Reporting (UPAR) to ensure compliance with University procedures and the State Property Control Act. All employees have the responsibility for the prudent use, care and safeguarding of University property, regardless of its value.

**University Equipment for University Purposes Only** - No one connected with the University in any capacity may use any University property for personal purposes.

**Managing equipment/property involves the following activities:**

- [Recording new acquisition of equipment](#)
- [Tagging the new acquisition](#)
- [Ensuring equipment items are recorded properly](#)
- [Keeping equipment records current using FABweb](#)
- [Disposal and redistribution of equipment](#)
- [Preparing property reports as required](#)
- [Conducting physical inventories at least biennially](#)

**Defining Equipment**

An item is considered equipment if it meets all of the following criteria:

- It is tangible property which lasts more than one year.
- It costs more than \$100.
- It keeps its own identity; that is, it is not absorbed into another piece of equipment.
- It is moveable; it cannot be permanently fixed or attached to a building.

While equipment valued at less than \$500 is not recorded in Banner Fixed Assets, items of equipment should not be considered expendable based solely on the recorded value. All University equipment is identified with either a "Property of the State of Illinois..." label or equipment items recorded in Banner Fixed Assets have labels with "University of Illinois, State of Illinois" and the assigned PTag printed on them.

**Property Accounting Contact**

Each unit must assign an individual to serve as a Property Accounting Contact, who serves as

Log in to:  
Choose the application

**Policy Manual**

- Section 12, Property Accounting

**Helpful Links**

- Equipment Procurement - Best Practices
- Equipment - Banner Tags Process Flow
- Banner Account Codes
- Commodity Codes (Detail) [1.0 MB]
- Electronic Equipment vs. Non-Electronic Equipment list
- Location Codes Chart 1 [1.9 MB] [updated: 1/8/14]
- Location Codes Chart 2 [1.7 MB] [updated: 1/8/14]
- Location Codes Chart 4 [updated: 1/8/14]
- Run Report on Fixed Assets by Org
- New Acquisitions Contact List [updated: 6/11/13]
- Department Property Contacts Chart 1,9 [updated: 11/30/11]
- Department Property Contacts Chart 2 [updated: 11/30/11]
- Department Property Contacts Chart 4 (MS Excel)[updated: 11/30/11]
- Disk Scrubbing at UIUC

**Related Links:**

- Accounting & Financial Reporting
- Purchasing

# Scrap/Surplus/Biennial Inventory

**Janet Ayers**

*Supervisor*

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[jayers2@uillinois.edu](mailto:jayers2@uillinois.edu)

Biennial Inventory  
Surplus Warehouses  
Disposal, Transfer, &  
Loan Forms at UIC

New Contacts  
Property Email box

# Equipment – New Acquisitions

**Cheryl Dodge**

*Supervisor*

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\*See Website for “New Acquisitions  
Contact List” by Chart-Org\*

New Acquisitions

Non-Cash Additions – Gifts/Found

Fabricated Equipment

Collections

FABweb Security - Training

# Other Equipment Contacts

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# Workshop Summary

You are now able to:

Identify equipment management responsibilities of the Business Manager

Recognize key regulations and policies related to Equipment Management

Find helpful tips and tools for Inventory Management that can be applied to your department's processes

# Questions?