

## The University of Tennessee 2024 Annual Verification - Departmental Movable Equipment Inventory

**General:** Before beginning the movable equipment inventory verification process, please read all the instructions. Additional information is available on the Controller's Office website at <http://controller.tennessee.edu>

**Enclosed are the inventory reports, forms, and instructions necessary to complete the movable equipment inventory verification process.**

- Each item must be physically observed and verified, and then updated in IRIS.
- Transfers and Retirements (except Surplus) must use the IRIS E-Form **ZAM\_ASSET\_CHANGE**.
- Assets retired via the Surplus process should use the Equipment Surplus Electronic Form: <https://forms.utk.edu/warehousing-surplus/> (Knoxville Area only.) **Memphis has its own Surplus Form. Chattanooga has a Surplus account E040161**
- Update description, serial, tag number and location fields in IRIS using transaction **AS02**.
- An appropriate departmental representative must sign the Inventory Report.  
Electronic signatures are acceptable.
- Unsigned Inventory Reports may be sent back to the Dept.

**Interactive forms are available on the Controller's website**  
<https://controller.tennessee.edu/plant-funds-and-equipment/>

**Note:** All equipment that meets the definition of movable equipment or sensitive minor equipment must be included in the University's equipment inventory system regardless of how the equipment was acquired, as long as UT has ownership of the equipment. If, during the annual inventory verification process equipment is found, please complete an Acquisition Report (T-66) to provide information about the equipment and return it with the completed inventory.

The completed and signed Inventory Report should be returned to our office email:  
[equipinventory@utk.edu](mailto:equipinventory@utk.edu)

- The email *Subject Line* should be the Cost Center EXX\_\_\_\_\_.
- Be sure each *Attachment* is titled with the individual Cost Center number.

Please return to our office no later than **Friday, April 26, 2024**.

**All inventory reports that fail to meet the requirements of Fiscal Policies FI605/FI600 will be returned for additional information.**

## Items on the Inventory Report physically located and verified:

For each item located, place a check mark to the left of the item.

Special attention should be giving to the following data fields:

1. **Description:** review each description of the item. Changes should be made to the description to make it readily identifiable.
2. **Serial Number:** should be physically verified or, **if field is empty, then add it.** Serial Numbers must start with '#'. If the item has no serial number, "N/A" should be written in the field.
3. **Inventory (blue tag) numbers:** should be affixed where possible and verified during the inventory process. If the item physically cannot be tagged, "Untaggable" should be entered in the field. **If this field is empty, then add it.**
  - When physically observing and verifying equipment, if tags are found to be missing or damaged, a **Duplicate Tag** must be requested. The supply of Inventory Tags provided for new equipment purchases should not be used to replace lost or damaged tags. **\*DO NOT ADD A '#' WHEN ADDING IN IRIS.**
4. **Building and Room number:** should reflect the current location of the item. A current listing of building numbers is available via IRIS transaction ZRE\_BUILDINGS - Buildings Overview. If outside or in non-UT owned facility, use responsible person's office.

**The changes listed above should be made directly into IRIS by departmental personnel using transaction code AS02.**

**Do not change the Responsible Cost Center field.**

**IRIS transaction ZAM\_ASSET\_CHANGE for Transfer should be used.**

## Items on the Inventory Report not physically located:

Determine if the item was transferred to another Responsible Cost Center or otherwise disposed of during the previous year.

1. **Use IRIS Transaction ZAM\_ASSET\_CHANGE to:**
  - a. Transfer an asset to another University department/unit
  - b. Retire an asset traded-in on new equipment
  - c. Retire an asset that was dismantled or destroyed
  - d. Retire an asset due to theft, robbery, or apparent burglary (an incident reported to the police)
  - e. Retire an asset determined, after an exhaustive search, to be permanently missing
2. **If the items sent to Surplus, contact your local department responsible for handling surplus property for documentation.**
  - Knoxville Departments should use the Equipment Surplus Electronic Form: <https://forms.utk.edu/warehousing-surplus/>
  - Memphis has its own Surplus Form - S1.
  - Chattanooga – Transfer equipment to Surplus account: E040161

## Items physically in your department but NOT on the Inventory Report:

Staff should actively look for ALL equipment located in the Department even if not listed on the Inventory Report so that such items may be researched and added to the report if appropriate. If the item is not on the Report but meets the university's capitalization threshold or is considered sensitive minor equipment it should be added to the Inventory. Some examples are but not limited to:

- Equipment donated to the university
- Equipment transferred with a Principal Investigator.
- Equipment purchased at the **UNIVERSITY BOOK STORE**

In these cases, affix an Inventory (blue) Tag to the item, and create an asset for the equipment. **Complete an Acquisition Report (Form T-66)** to provide information about the equipment and return it with the completed inventory, **or send an email** with the Asset number, Dollar Value, and Iris Document number or University Book Store Invoice number to [equipinventory@utk.edu](mailto:equipinventory@utk.edu).

**(If you are unable to find the IRIS document number, call the Controller's Office at (865) 974-2493 for assistance.)**

## User-maintained fields

Three fields are listed on the "Movable Equipment Inventory - Annual Verification" report that are **solely for use by the department responsible for the equipment.**

The three fields are:

1. **"Personnel No."** This field is used to assign equipment to an individual with a valid PERNR as assigned by HR. There is a Search feature for this field.
2. **"Inventory Note"** This is a text field that should be used to document results from the inventory or special circumstances surrounding a specific item.
3. **"Plate No."** This field refers to License Plate, although it may have other uses such as bar code #'s, or other uses specific to a department/unit.

The results of the 2023 Equipment Inventory and related documentation are to be signed and **returned no later than Friday, April 26, 2024 to the:**

**\* Controller Office Email: [equipinventory@utk.edu](mailto:equipinventory@utk.edu) \***

**Delinquent accounts will be referred to Internal Audit for potential further review.  
Questions may be directed to (865) 974-2493.**

# Annual Equipment Inventory Checklist – 2024

**\*\*\* For Departmental use only – Do not return \*\*\***

Please complete the following checklist before returning inventory – **due April 26, 2024.** **If any of the following items have not been completed, your inventory will be returned to you requesting the appropriate forms, additions, or corrections.** If you need help in providing the necessary information or documentation, please contact **Michele Ellis 865-974-3007** or your campus equipment inventory contact person.

- Is the following information on the last page of the Inventory Report complete?  
Dept. Head or Responsible Party Signature, Date, Verified By, Telephone Number
- If the Responsible Person listed on the Inventory Report has changed, complete a **Current General Funds Expense & Income Cost Center Change form.**
- Are all **building numbers** and **room numbers** (if applicable) correct? (**No blanks**)
- Make every effort to be sure all **Serial Numbers** are correct. (**No blanks**)
  - All Serial Numbers must begin with '#', or mark "N/A" for *no* Serial Number
- Are all **Inventory Tag Numbers** correct? (**No blanks**) (**DO NOT ADD '#' IN FRONT OF A TAG NUMBER IN IRIS**)
  - Tag equipment that has not been previously tagged and update asset in IRIS
  - Equipment that is Untaggable mark "UNTAGBL" and update asset in IRIS
  - **If a tag number has fallen off a piece of equipment, email [equipinventory@utk.edu](mailto:equipinventory@utk.edu)** (\*Note\* - **Do NOT use a new Inventory Tag #**)
- Have you made all updates using transaction AS02 in IRIS for Bldg.#, Rm#, Serial#, Inventory#, and Description? (\*Note\* - **Do NOT change Responsible Cost Center:** A submission for **Transfer needs to be made on ZAM\_Asset\_Change**)
- All **SURPLUS** submissions should be entered:
  - Knoxville Departments should use the Equipment Surplus Electronic Form: <https://forms.utk.edu/warehousing-surplus/>
  - Memphis has its own Surplus Form - S1.
  - Chattanooga – Transfer equipment to Surplus account: E040161
- ALL OTHER Equipment Inventory Change/ Deletion Requests should be submitted using **IRIS Transaction: ZAM\_ASSET\_CHANGE**
  - Disappearance – attach explanation for disappearance
  - Dismantlement
  - Theft – attach police report
  - Transfer
  - Trade-In – attach a copy of the Purchase Order, Invoice indicating trade-in value, or other documentation to confirm trade-in.
- For equipment that is **not** on the Report, or has been acquired as a **Gift or Transferred from another University** please email the Controller's Office using [equipinventory@utk.edu](mailto:equipinventory@utk.edu).

**DO NOT USE**

**For UTK use only**

**Use the Equipment Surplus Electronic Form:**

Warehousing Control Number \_\_\_\_\_

**<https://forms.utk.edu/warehousing-surplus/>**

Warehousing Work Order #: \_\_\_\_\_

**COMPUTER / HARD DRIVE SURPLUS FORM AND CERTIFICATION OF SANITIZATION**

This form is for computer CPUs, laptops, iPads, Tablets and hard drives. Do not list other computer peripherals such as monitors etc.

Date: \_\_\_\_\_ Department: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Building Name & Rm#: \_\_\_\_\_  
Contact Number: \_\_\_\_\_ Cost Center/Acct #: \_\_\_\_\_

**INSTRUCTIONS (Refer to Fiscal Policy No. F10605):**

1. Fill out above completely. Enter a short description, serial# and UT tag#. Stand-alone hard drives are subject to sanitization fees.
2. **TYPE** in form, Save & Email to Surplus Property at [utwarehousing@utk.edu](mailto:utwarehousing@utk.edu). You will be sent a confirmation email when received.
3. Do not forward a copy to the Controller's Office, as Surplus Property personnel will do this.
4. Reconcile to ensure that items have been removed from inventory. Keep a filed copy for six years.

**APPROVALS (REQUIRED)**  
Current Custodial Department:  
Department Head Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Date: \_\_\_\_\_  
Warehousing Signature: \_\_\_\_\_ Date: \_\_\_\_\_

DESCRIPTION	SERIAL#	UT TAG#	BOUGHT W/ FEDERAL GRANT \$\$?	WORKS		Warehouse Use Only	
				YES	NO	SANITIZATION METHOD	NOTES

\*Revised 6/2016

**THE UNIVERSITY OF TENNESSEE  
Equipment Inventory Change/Deletion Request**

Campus/Unit \_\_\_\_\_ Effective Date \_\_\_\_\_

Current Custodial Dept. \_\_\_\_\_

Cost Center Name \_\_\_\_\_ Cost Center No. \_\_\_\_\_

**EQUIPMENT**

Asset Number	UT Tag Number	Description	Serial Number	Cost

(Attach sheet for additional items)

**ACTION REQUESTED**

**Transfer to Another Department:**

Receiving Department \_\_\_\_\_

Cost Center Name \_\_\_\_\_ Cost Center No. \_\_\_\_\_

New Location—Bldg. Number \_\_\_\_\_ Room Number \_\_\_\_\_

**Delete From Official Inventory Records Due To:**

- Trade-in (attach copy of invoice including trade-in value and copy of purchase order, if applicable)
- Disappearance\* (attach explanation describing the circumstances; send form to the campus/institute chief business officer or designee)
- Theft (attach copy of police report)
- Dismantlement
- Other (explain) \_\_\_\_\_

**APPROVALS**

**Current Custodial Department:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print: \_\_\_\_\_

Contact name: \_\_\_\_\_ Phone/email: \_\_\_\_\_

**Receiving Department:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print: \_\_\_\_\_

Contact name: \_\_\_\_\_ Phone/email: \_\_\_\_\_

**\*CBO/Designee (for disappearance only):** \_\_\_\_\_

IRIS Asset # \_\_\_\_\_

IRIS Document # \_\_\_\_\_ [if applicable]

**THE UNIVERSITY OF TENNESSEE**  
**EQUIPMENT ACQUISITION REPORT**  
For equipment items acquired at no expense to the University or by assembly

**1. ASSET CLASS [Choose One]:**

_____ <b>30000</b> Furniture	_____ <b>33000</b> Education/Scientific	_____ <b>41000</b> Heavy Equipment
_____ <b>31000</b> Office Machines	_____ <b>34000</b> Works of Art/Historical Treasures	_____ <b>50000</b> Software (\$5,000 and above)
_____ <b>32000</b> Computer/Peripherals (\$5,000 and above)	_____ <b>40000</b> Vehicles	_____ <b>80000</b> Sensitive Minor Equipment (\$1,500 to \$4,999.99)

**2. DESCRIPTION** \_\_\_\_\_

\_\_\_\_\_

**3. SERIAL NUMBER** \_\_\_\_\_

**4. INVENTORY [TAG] NUMBER** \_\_\_\_\_

**5. LOCATION:** \_\_\_\_\_

**BUILDING NO.** \_\_\_\_\_ **ROOM NO.** \_\_\_\_\_

**6. RESPONSIBLE COST CENTER** \_\_\_\_\_

[NOTE: Must be an "E" account]

**7. FINANCIAL INFORMATION:**

**A. SOURCE COST CENTER/WBS ELEMENT:** \_\_\_\_\_

[Account charged]

**B. COST or ESTIMATED VALUE: \$** \_\_\_\_\_

**C. SOURCE OF FUNDS [Choose One]:**

_____ <b>[A]</b> CURRENT OPERATING FUNDS	_____ <b>[G]</b> ACQUIRED BY GIFT
_____ <b>[B]</b> PLANT FUNDS – FEDERAL	_____ <b>[H]</b> UT ASSEMBLED OR TRANSFER WITH GRANT/CONTRACT
_____ <b>[C]</b> PLANT FUNDS – NON-FEDERAL	_____ <b>[I]</b> GOVERNMENT SURPLUS
_____ <b>[D]</b> GRANT/CONTRACT FNDS – NON-FEDERAL	_____ <b>[J]</b> GOVERNMENT-FURNISHED EQUIPMENT
_____ <b>[E]</b> GRANT/CONTRACT – FEDERAL	_____ <b>[K]</b> SOURCE UNKNOWN
_____ <b>[F]</b> FED APPROPRIATION AG EXT/EXP	

**Instructions to departments:** After an asset record has been created, this form should be used to assign a dollar value to equipment items acquired at no expense to the University, such as gift, donation, items transferred with grant/contract, or by construction. Attach a copy of supporting documentation, e.g., invoices, receipts, donation letter/reports, shipping documents (federal grant/contract). Send the completed form and attachments to the Controller's Office, 201 Andy Holt Tower, Knoxville, TN 37996-0100.

**FORM SUBMITTED BY:** \_\_\_\_\_

**EXTENSION:** \_\_\_\_\_

**EMAIL ADDRESS:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## THE UNIVERSITY OF TENNESSEE CAPITALIZATION POLICY

**MOVEABLE EQUIPMENT:** The University generally defines movable equipment as those items acquired by purchase, gift, or assembly which have the following characteristics:

**Appearance and Life.** Equipment has a useful life of one or more years while retaining its general appearance and shape.

**Repairable.** Equipment is non-expendable. If the item is damaged or parts are worn out, it is usually more feasible to repair the equipment than to replace it.

**Maintenance of Identity.** Equipment does not lose its identity when it is incorporated into a different or more complex unit.

**Movable.** Normally not attached to or made a part of a building. Able to be moved without significant disruption to ongoing operations.

**Movable equipment is further categorized and defined below as either Capital Equipment or Sensitive Minor Equipment.**

**CAPITAL EQUIPMENT:** items which have a unit cost or fair value of \$5,000 or more.

**The \$5,000 threshold includes freight and the costs to put the equipment in service.** See **Fiscal Policy FI0605** Equipment for more information.

**SENSITIVE MINOR EQUIPMENT:** items which are both vulnerable to theft and have a unit cost or fair value between **\$1,500 and \$4,999.99.** See **Fiscal Policy FI600** Sensitive Minor Equipment for qualifying Equipment Categories.

These items will be included on the annual departmental inventory and must be tagged.

**\*All firearms must be recorded regardless of price.**



## Current General Funds Expense and Income Cost Center Change Form

This form must be completed to request changes to current general fund income and expense cost centers. You only need to enter information for attributes you want to change. Once completed, forward to your campus business officer. For questions, contact the Financial Information Section of the Controller's Office at (865) 974-2493.

Person Completing Form: \_\_\_\_\_ Phone No: \_\_\_\_\_

Cost Center Number \_\_\_\_\_

Do you want to close the cost center?  Yes  No

<u>Attribute</u>	<u>Current Attribute Data</u>	<u>Requested Change</u>
*Short Name (20 Characters)	_____	_____
*Long Name (40 Characters)	_____	_____
*Expense Functional Area	_____	_____
*Income Functional Area	_____	_____
*Source of Funds	_____	_____
*Source of Funds Detail	_____	_____
*Funds Center	_____	_____
*College	_____	_____
*Department	_____	_____
*State Allotment Code	_____	_____
MOU Reporting Area	_____	_____
Dean/Director Code	_____	_____
Ag Funding Source	_____	_____
Resp. Person Name	_____	_____

Resp. Person PRNR \_\_\_\_\_

**REQUIRED EXPLANATION:** For the items marked with an asterisk, please provide a brief explanation addressing the reason for the requested change and attach any supporting documentation.

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chief Business Officer  
[Revised 12/2004]

\_\_\_\_\_  
University Wide Administration Use Only  
Office of Vice Pres. for Budget & Finance

<b>System-wide Policy: FI0605 - Equipment</b>	
<b>Version: 13</b>	<b>Effective Date: 10/01/2017</b>

## FI0605 – Equipment

### Topics:

<a href="#">Applicability</a>	<a href="#">Transfers</a>
<a href="#">Definition of Movable Equipment</a>	<a href="#">Rented or Leased Equipment</a>
<a href="#">Ownership and Title</a>	<a href="#">Borrowed Equipment</a>
<a href="#">Responsibilities of the Department</a>	<a href="#">Personal Equipment on University Premises</a>
<a href="#">Responsibilities of the Controller's Office</a>	<a href="#">Forms</a>
<a href="#">Forms and Reports Used In The Inventory System</a>	<a href="#">Procedures</a>
<a href="#">Use of University Equipment</a>	<a href="#">Contacts</a>
<a href="#">disposal</a>	<a href="#">Related Policies</a>

### Objective:

To provide directions for university employees who are responsible for recording moveable capital equipment assets and safeguarding both movable equipment assets and “sensitive” non-capital equipment items [See [FI0600 - Equipment - Sensitive Minor](#) ].

### Policy:

#### Applicability

1. This policy applies to Movable Capital Equipment (referred to as either "movable equipment" or "equipment"), for which the University of Tennessee has ownership or custody, including equipment purchased with funds from grants or contracts (unless the grant agreement or contract specifies

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otherwise). Paragraphs 7 through the end of this policy also apply to Sensitive Minor Equipment as defined in [FI0600 - Equipment - Sensitive Minor](#).

### **Definition of Movable Equipment**

2. The university generally defines movable equipment as those items acquired by purchase, gift, or assembly which have the following characteristics:
  - a. Appearance and Life. Equipment has a useful life of one or more years while retaining its general appearance and shape.
  - b. Repairable. Equipment is non-expendable. If the item is damaged or parts are worn out, it is usually more feasible to repair the equipment than to replace it.
  - c. Maintenance of Identity. Equipment does not lose its identity when it is incorporated into a different or more complex unit.
  - d. Movable. Normally not attached to or made a part of a building. Able to be moved without significant disruption to ongoing operations.
  - e. Cost Threshold. The item has a unit cost or fair value (for donated items only, measured at the time of acquisition) of \$5,000 or more. In general, the cost of an asset includes its purchase cost and any other costs incurred to bring the asset to the location and condition needed for it to operate in the manner intended. These costs include the purchase price (net of discount), manufacturer's warranty, freight and installation. Do not include extended warranties, consumables or costs related to servicing the item, which typically include maintenance labor and minor parts.
3. If the cost of the asset is determined to be \$5,000 or more, an asset record should be created in the fixed asset system in one of the appropriate classes listed in paragraph 4. Sub-assets are used in the fixed asset accounting system only when there are multiple funding sources for a single asset. Choosing an asset class in the 30000-41000 range will result in an expenditure in the g/l account range 461100-461300. Capitalization will generally occur when an invoice is entered for payment and linked to the asset record. Directly posting to an equipment general ledger expenditure account is not permitted. Proper entry

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of invoices is crucial to ensure that the equipment is included in the university's movable equipment inventory. If the cost of the asset is less than \$5,000, the item should be classified as either: 1) Sensitive Minor Equipment [[FI0600 - Equipment - Sensitive Minor](#)] or 2) g/l expense code 439100 – Supplies.

4. Movable equipment is recorded in the university's financial statements and depreciated using a straight-line basis over a useful life ranging between 5 and 20 years. Within the university's accounting and fixed asset systems, the following asset classes are applicable to capital equipment:

<b>Asset Class</b>	<b>Description</b>	<b>Useful Life</b>
30000	Furniture	20 years
31000	Office Machine	10 years
32000	Computers & Peripherals	05 years
33000	Education & Scientific Equipment	10 years
34000	Works of Art & Historical Treasures	Not depreciated
40000	Vehicles	05 years
41000	Heavy Equipment	10 years

5. Sometimes an item may meet the cost threshold and have some of the characteristics of equipment, but does not fully meet the university's definition of movable equipment. The most common situations where a misclassification occurs include fixed equipment, supplies and materials, and replacement parts. Each of these situations is discussed in more detail.
  - a. **Fixed Equipment.** Fixed equipment includes non-movable items such as office cubicles, built-in shelving and cabinets, light and plumbing fixtures, boilers, and other such built-in mechanical or electrical equipment that become an integral part of a structure. Asset records are not created for fixed equipment. If the cost of the item is material relative to the cost of the building, the expenditure should be recorded with a general ledger

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account number in the Building Expenditures -- 721XX range. If the cost of the item is not material, the expenditure should be recorded with the general ledger account Maintenance and Repairs -- 436100.

- b. **Supplies and Materials.** This category includes equipment items of a movable nature which have a cost or fair value (for donated items only) less than \$5,000 and are not listed in the definition of Sensitive Minor Equipment [[FI0600 - Equipment - Sensitive Minor](#)]. Asset records are not created for supplies and materials. These items will not be recorded or tracked in the university's fixed asset system. Expenditures for such items should be recorded with general ledger expenditure account Operating Supplies—439100.
  - c. **Replacement Parts.** Regardless of cost, replacement parts should be recorded with the general ledger account Maintenance and Repairs -- 436100 and not as equipment. For example, if a motor for a piece of machinery is replaced at a cost of \$5,100.00, the item is properly classified as maintenance expense, and not as equipment. However, if a new machine is purchased to replace an old machine, the new item should be classified as equipment.
6. Occasionally a situation occurs where the items are obviously capital equipment, but it is still difficult to determine how to correctly record an asset in the system. Examples include accessory items, assembled equipment, and system component parts. Additional guidance on each of these situations is provided below.
- a. **Accessory Items.** These items are significant, identifiable parts of an equipment item which do not function alone, but can be readily moved and used with another equipment item. Accessories are acquired as part of an equipment item or acquired independently to be used as part of an item. Generally, these items should be considered as part of the basic equipment. Therefore, when an item is purchased which is an integral accessory of a larger equipment item, it should be added to the asset number of the larger item. If the accessory is purchased on a Fund that differs from the basic equipment then a sub-asset should be created

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using the new Fund. Expenditures for these items would be recorded with the same general ledger account number as was used for the related basic equipment.

- b. **Assembled Equipment.** This category includes equipment items assembled by the university from parts purchased independently. In general, all the materials used in the assembled equipment should be purchased in the Operating Supplies -- 439100 general ledger account. The cost of the assembled equipment will be the sum of the costs of parts used to assemble it. If the cost and nature of the new equipment item causes it to be categorized as capital equipment, then an asset record should be created for it. An [EQUIPMENT ACQUISITION REPORT \(FORM T-66\)](#) should be completed and sent to the Controller's Office with an attached list of cost centers, general ledger accounts, and dollar amounts for the original purchase of the equipment's parts. The Controller's Office will assign a value to the asset record and process a journal voucher to record the expenditure under an appropriate equipment general ledger account.
- c. **System Component Parts.** A component system is comprised of individual equipment or material items connected together to operate as a system, such as when individual computers and servers are joined together to create a network. Component systems are distinguished from assembled equipment in that they do not generally require extensive construction or fabrication, as provided by an internal or external shop. When practical, the component parts should be listed as one asset record in the fixed asset system. When system components are purchased, the individual items that cost \$5,000 or more should be treated as capital equipment. The individual items that cost less than \$5,000 should be treated as capital equipment when: (1) those items could not operate on a stand-alone basis, and (2) they will be included on the same purchase requisition as the other system components. If those items less than \$5,000 do not meet these criteria, they should be charged to a non-capital expense general ledger account such as Operating Supplies – 439100.

### Ownership and Title

7. Generally, the university retains ownership and title to all movable equipment purchased with university funds. Exceptions are equipment purchased with grant, contract, or agency funds and written agreements or contracts where ownership is retained by or reverts to the funding agency. The university remains responsible and accountable for such equipment while it is in the university's custody.

### Responsibilities of the Department

8. Custody and control of individual equipment items is delegated to individual departments. The university employee designated as responsible for the cost center(s) has the following responsibilities concerning equipment inventory.
  - a. To maintain physical control and upkeep over all items on the university's official equipment inventory. This includes:
    1. Locking equipment in secured locations.
    2. Perform adequate maintenance and upkeep of equipment.
    3. Ensuring staff is trained on procedures for properly handling equipment (i.e. moving, transferring and dismantling equipment).
    4. Locking doors when rooms are not in use.
    5. Not letting equipment sit idle for extended periods of time.
    6. Storing equipment in environmentally suitable locations to prevent corrosion, contamination and damage of sensitive parts.
    7. Promptly notifying the police when theft of an item is suspected.
    8. Before disposing of electronic media that contain any confidential information (i.e., medical or personnel information), ensuring the information is inaccessible.
    9. Disposing of equipment in accordance with university guidelines.
  - b. To maintain and control the electronic inventory records for the department. This includes updating the university's fixed asset system with an accurate tag number, serial number, and location for each item.

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- c. To create an asset record by entering or verifying the entry of all purchased or donated equipment items into the fixed asset system. For donated equipment, the campus or institute development office must also be notified as soon as possible. For equipment acquired from another department via transfer, the Controller's Office will update asset records (see h. below).
- d. To notify the Controller's Office when equipment is acquired without expense, such as by gift or assembly, by completing an [EQUIPMENT ACQUISITION REPORT, FORM T-66](#) (see 10 below).
- e. To notify the Controller's Office of equipment furnished by the government (at no cost to the university) by completing a [FORM T-66](#) and attaching a copy of the shipping document.
- f. To promptly tag equipment and enter the tag (inventory) numbers into the fixed asset system.
- g. To notify the Controller's Office and request duplicate tags when original tags have fallen off or become damaged.
- h. To notify the Controller's Office when equipment is transferred to another department, traded in, stolen, dismantled, or otherwise disposed of (other than surplus) by completing an [EQUIPMENT CHANGE/DELETION REQUEST, FORM T-64](#) (see 11 below).
- i. To notify the campus/unit surplus property department (or designee) of items to be surplus by completing a [SURPLUS FORM](#) (see 12 below).
- j. To physically observe the periodic list of movable equipment inventory. The department should enter any corrections into the fixed asset system.



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### Responsibilities of the Controller's Office

9. The Controller's Office has the following responsibilities concerning equipment inventory.
  - a. To maintain and control the university's movable equipment inventory records.
  - b. To capitalize all items the department has received at no cost (i.e. donated, by assembly, or furnished by the government) and entered into the accounting system and submitted on the [EQUIPMENT ACQUISITION REPORT, FORM T-66](#) (see 10 below).
  - c. To update the asset records for transfers submitted on the [EQUIPMENT CHANGE/DELETION REQUEST \(FORM T-64\)](#) in the accounting system (see 11 below).
  - d. To remove equipment items listed in the accounting system which are submitted either on the [FORM T-64](#) or the [SURPLUS FORM](#) (see 12 below).
  - e. To assure that each department verifies and certifies the annual inventory list.
  - f. To provide a supply of tags to departments, campuses, and institutes.
  - g. To provide lists of untagged equipment for each campus or institute, college, or department on request or provide instructions for generating the list.
  - h. To provide tags for government equipment.

### Forms and Reports Used In The Inventory System

10. [EQUIPMENT ACQUISITION REPORT \(FORM T-66\)](#). This form is used to record equipment items the department has received at no cost, i.e., donated, by assembly, or furnished by the government. Also, items that are located in the department during the annual inventory verification process should be added to the equipment inventory using a FORM T-66. The department (or campus or institute business office) should prepare the FORM T-66 and send it with supporting documentation (e.g., shipping document) to Controller's Office.

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11. **[EQUIPMENT INVENTORY CHANGE/DELETION REQUEST \(FORM T-64\)](#)**. This form is used to remove equipment from the university's official inventory records in all instances except sending an item to the surplus department. Whenever equipment is disposed of, transferred, or removed from departmental custody or control, the department should send this form to the Controller's Office or campus or institute business office.
12. **[SURPLUS FORM](#)**. This form is used to declare items surplus and to transfer possession to the campus or institute surplus property department (or designee). All items transferred (tagged and untagged) should be listed on the form when possession is transferred to the surplus property department (or designee). (Note: The FORM T-64 should not be used for transferring items to the surplus property department. See [FI0610 - Surplus Property](#) on surplus property.)
13. **[SUMMARY OF THEFT, MYSTERIOUS DISAPPEARANCE, BURGLARY, OR VANDALISM OF UNIVERSITY FUNDS AND PROPERTY \(T-65 Form.xlsx\)](#)**. The campus/institute chief business officer (or designee) must report all losses (except those with possible employee involvement) on this form which is sent monthly to the Office of Audit and Compliance and the Treasurer's Office. See [FI0131 - Cash Shortages and Property Losses](#) on Cash Shortages and Property Losses.
14. **[Equipment Inventory Verification Report](#)**. This report lists the department's equipment and is used by departments in the annual verification of movable equipment inventory. The department may generate this list for each cost center.
15. **Other Inventory Reports**. Various other reports are available for the department to run or request the Controller's Office to run from within the fixed asset system.

### **Use of University Equipment**

16. Generally, equipment must be used only for university business and may not be loaned to individuals, organizations, or faculty and staff members for personal use. Deviation from this policy requires written approval of the chief financial officer (or designee) or the campus or institute chief business officer. The

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request for approval should indicate the nature of the work to be performed; the kind of equipment to be used; the extent of the equipment use; the supplies, materials or services to be used; and the amount to be collected by the university (if applicable) for use of the equipment. Any money collected for the use of equipment should be deposited in the department's cost center. University equipment may only be removed from university premises for purposes of university business. Whenever university equipment must be removed from university premises for official reasons other than in connection with routine operations, the department head should obtain a temporary receipt from the person having custody. The department should return the receipt to this person when the equipment is returned. ([See the EQUIPMENT REQUEST/CHECKOUT FORM](#) for a sample form that may be copied.) This temporary receipt is not needed when equipment is permanently assigned to a university employee for use off premises as long as records indicate who has custody of it. An example would include the assignment of a laptop permanently to a university employee, and updating the asset record in IRIS with the personnel number of the individual responsible for safeguarding the item.

17. Tennessee's Little Hatch Act prohibits the use of university resources on behalf of any party, committee, agency, or candidate for political office (Tennessee Code Annotated 2-19-206). Therefore, employees should not use university computers, printers, letterhead, e-mail and surface mail systems, facilities, or other resources to endorse specific political candidates.

### **Disposal**

18. In order to maintain an accurate inventory system, corrections to the official inventory records must be made promptly to reflect items that have been surplus, traded in, stolen, destroyed, or transferred. Equipment may be disposed of and removed from university records only for the following reasons. Any circumstances other than those listed below must have the approval of the campus or institute Chief Business Officer in order for equipment to be removed.

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- a. **Trade-ins.** University-owned equipment may be traded in to reduce the cost of replacement equipment. The department head must approve the trade-in and notify the purchasing department by listing the equipment to be traded in on the purchase requisition. After obtaining bids, the purchasing department should also list the equipment and its trade-in value on the purchase order issued. The purchase order will serve as documentation of the authorized disposal of the equipment. The department should indicate the document number of the purchase order on the [FORM T-64](#), which should be sent to the Controller's Office as soon as possible to delete the traded-in items from the official inventory records. The cost or estimated value entered into the university's accounting system for any new equipment should be for the full cost of the new equipment and not reduced by the amount of the trade-in. The Controller's Office will ensure that the cost of the new equipment is correctly reflected on the equipment records.
- b. **Surplus Property.** University equipment that a department determines to be obsolete, outmoded, or unusable may be declared surplus and disposed of by the campus or institute surplus property department (or designee). [A SURPLUS FORM](#) or [COMPUTER SURPLUS FORM](#) should be completed and submitted to the campus or institute surplus property department (or designee) for all items being surplus. For more details, see [FI0610 - Surplus Property](#).
- c. **Theft.** Property losses resulting from robbery or apparent burglary should be reported immediately to the campus/institute policy department. If the campus or institute has no police department, the local police department and campus/institute business office should be notified. In cases of theft, robbery, or apparent burglary, a copy of the police report should be attached to the [FORM T-64](#). See [FI0131 - Cash Shortages and Property Losses](#)
- d. **Disappearance.** If missing equipment or other university property is listed on the university's equipment inventory system, and the department has not been able to locate the items after an exhaustive search, the

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department should prepare a [FORM T-64](#) including a written explanation describing the circumstances of the disappearance. The form should be sent to the campus/institute chief business officer or designee and then forwarded to the Controller's Office. Based on the circumstances reported by the department, the CBO may require the loss to be reported to the police. (Also see [FI0135 - Insurance](#) for information on insurance coverage and [FI0130 - Fraud, Waste and Abuse](#) for information on theft or losses of university assets.)

- e. **Equipment Dismantlement.** The department head may approve that obsolete or inoperable equipment be dismantled and the parts be used to repair or rebuild other equipment. Inoperable equipment may be used for parts only when repair is impractical and not cost effective.

Dismantlement

of government-owned or government-furnished equipment requires written approval from the appropriate agency. Whenever equipment is dismantled, a [FORM T-64](#) should be sent to the Controller's Office to remove the equipment from the official inventory records.

- f. **Destroyed or Damaged Beyond Repair.** If equipment has been destroyed or is damaged beyond repair, a **FORM T-64** should be sent to the Controller's Office to remove the equipment from the official inventory records.

"Other" should be checked on the form and an explanation given. Before approving the form, the department head should verify that the equipment has been damaged or destroyed.

- g. **Removal of Equipment Purchased with Grant or Contract Funds.**

Occasionally, a faculty member who has purchased equipment with grant or contract funds will leave the university, and the provisions of the grant or contract allow the faculty member to remove the equipment from the university. When this occurs, the department should obtain CBO approval and a letter of acceptance from the acquiring university and send a [FORM T-64](#) to the Controller's Office to remove the equipment from the official inventory records.

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## Transfers

### 19. Transfers Between Departments

- a. **Equipment Sold to Another Department.** Occasionally, one university department may wish to sell used equipment to another department. After both departments agree on a price, the selling department should prepare an internal transfer, which must be approved by both department heads. The internal transfer should charge and credit the appropriate general ledger account number (the same account used when the equipment was purchased) and detail each item to be transferred. A [FORM T-64](#) should be completed and sent to the Controller's Office (or business office). The Controller's Office will then transfer the equipment to the appropriate department.
- b. **Equipment Given to Another Department.** When equipment is given to another department or account, a [FORM T-64](#) must be completed and sent to the Controller's Office (or business office). The form should be prepared by the department transferring custody of the equipment and be approved by both the transferring and receiving departments. All transferred equipment items should retain their original university tag numbers for the official inventory records.

20. **Transfers Within the Same Department.** Such transfers should be reflected on departmental inventory records. The department may change building and room numbers online, or with a departmental memo to the Controller's Office, or by indicating the change on the annual inventory report sent to the Controller's Office (or business office).

## Rented or Leased Equipment

21. In some situations, it is more economical for the university to rent or lease equipment rather than to purchase it. Under rental and lease arrangements, the payments should be classified as **rental** and not as **equipment acquisitions**. A

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written statement of the university's obligations and responsibilities concerning the equipment should be provided to the owner and a copy kept on file in the custodial department. Also, certain types of equipment may be acquired under lease-purchase agreements, which provide that rental payments (or portions of payments) may be applied to the purchase price. In lease-purchase arrangements, the items should be treated as equipment. If the title to leased equipment (not lease-purchases) is subsequently transferred to the university upon completion of a lease agreement, the department must send a written report to the Controller's Office (or appropriate business office) so that the equipment may be properly recorded in the inventory system and tagged.

### **Borrowed Equipment**

22. When equipment is loaned to the university for official use (e.g., exhibits or demonstrations), such arrangements should be approved by the campus or institute purchasing department (or appropriate business office). A written statement of the university's obligations and responsibilities concerning the equipment should be provided to the owner and a copy kept on file in the custodial department. Any responsibility accepted for damage to or loss of borrowed equipment must be in writing and a copy of the agreement forwarded to the Treasurer's Office so that proper insurance coverage may be provided. Borrowed equipment is not added to the university's official equipment inventory.

### **Personal Equipment on University Premises**

23. Personal equipment on university premises, such as in offices and laboratories, should be tagged or labeled to clearly indicate personal ownership. Unless there is a written agreement to the contrary, all personal equipment on university premises is at the owner's risk. The university's insurance coverage normally does not cover personal property, and the university cannot assume responsibility for its maintenance or upkeep.

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## FORMS:

- [Equipment Change/Deletion Request \(Form T-64\)](#)
- [Summary of Theft, Mysterious Disappearance, Burglary, or Vandalism of University Funds and Property T-65 Form.xlsx](#)
- [Equipment Acquisition Report \(Form T-66\)](#)
- [S-1- Surplus Property](#)
- [S-2 - Computer Surplus Form](#)
- [S-1 - Surplus Property -UTHSC](#)
- [Equipment Request/Checkout Form](#)
- [Equipment Inventory Verification Report](#)

## PROCEDURES:

Chattanooga:	<a href="http://www.utc.edu/business-financial-affairs/fiscalpolicies.php">http://www.utc.edu/business-financial-affairs/fiscalpolicies.php</a>
Knoxville:	<a href="http://budget.utk.edu/fiscal-policy/">budget.utk.edu/fiscal-policy/</a>
Health Science Center:	<a href="https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&amp;">https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&amp;</a>
Institute of Agriculture:	<a href="http://ag.tennessee.edu/Pages/UTIApolicies.aspx">ag.tennessee.edu/Pages/UTIApolicies.aspx</a>
Martin:	<a href="http://utm.edu/departments/finadmin/procedures.php">utm.edu/departments/finadmin/procedures.php</a>

## FOR MORE INFORMATION:

Verna Howard (865) 974-2493 [vhoward@tennessee.edu](mailto:vhoward@tennessee.edu)

**Related Policies:** [FI0130 - Fraud, Waste and Abuse](#), [FI0135 - Insurance](#), [FI0530 - Procurement Cards](#), [FI0610 - Surplus Property](#), [FI0600 - Equipment - Sensitive Minor](#)



<b>System-wide Policy: FI0600 - Equipment - Sensitive Minor</b>	
<b>Version: 1</b>	<b>Effective Date: 10/01/2017</b>

## FI0600 – Equipment – Sensitive Minor

### Topics:

<a href="#">Definition</a>	<a href="#">Procedures</a>
<a href="#">Determining Cost</a>	<a href="#">Contacts</a>
<a href="#">Adding to University Records</a>	<a href="#">Related Policies</a>
<a href="#">Additional Guidelines</a>	

### Objective:

To ensure that adequate definitions and property controls are in place over “sensitive” non-capital equipment items that do not meet the University’s thresholds for financial reporting purposes.

### Policy:

#### Sensitive Minor Equipment Defined

1. The University generally refers to sensitive non-capital equipment items as Sensitive Minor Equipment [SME]. SME is defined as equipment that has a unit cost or fair value between \$1,500 and \$4,999.99; is susceptible to theft; and has a useful life greater than one year. Firearms are not subject to the minimum cost threshold and must be recorded and tracked regardless of cost.
2. The following equipment categories that meet the cost range between \$1,500 and \$4,999.99 [see paragraph 4 on determining cost] should be classified as SME:
  - Audiovisual Equipment
  - Camera Lenses
  - Cameras
  - Communication Equipment

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- Computer Monitors
  - Computers/Tablets
  - Firearms (all firearms, regardless of cost)
  - Microscopes
  - Miscellaneous Motor Vehicles
  - Multi-function Office Equipment
  - Musical Instruments
  - Oscilloscope
  - Printers
  - Projectors
  - Spectrum Analyzers
  - Switches/Routers/Hubs
  - Televisions
  - Trailers
  - Vector scopes
  - Watercraft Related Items
  - Waveform Monitors
  - Other Lab Equipment meeting the definition in paragraph 1
3. If a department desires to track items as SME in the University's fixed asset system that do not fall into the specific item categories listed in paragraph 2, they must still meet the minimum cost threshold of \$1,500. These items will be subject to the guidelines of this policy from time of purchase to disposal.
  4. Departments should check with internal audit with any questions related to equipment meeting the definition of SME.

### Determining Cost

5. In general, the cost of an item includes its purchase cost and any costs incurred to bring the asset to the location and condition needed for it to operate in the manner intended. These costs include the purchase price, manufacturer's warranty, freight and installation. For computer purchases, monitors, keyboards, software and other peripheral items purchased with the computer should also be

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included in its costs. Do not include extended warranties (that are not included in the base price), consumables or costs related to servicing the item, which typically include maintenance labor and minor parts. These costs should be charged to Supplies – 439100.

6. Items meeting the item category requirement but with a cost under the \$1,500 threshold (except Firearms) should be listed as general ledger expenditure account Supplies--439100.

### **Adding Sensitive Minor Equipment to University Records**

7. For each item of SME, an asset record in class 80000 must be created in the university's fixed asset accounting system. Although SME items are recorded in the fixed asset system for tracking purposes only and are not depreciated or recorded in the university financial statements, they must still be "capitalized" in order to show up on inventory reports. Capitalization will generally occur when an invoice is entered for payment and linked to the asset record. Directly posting to an expense general ledger expense account is not permitted. If the SME was purchased with a departmental procurement card, the asset should be linked to the procurement card transaction using a "complex posting" during the procurement card reconciliation process. Click Here for [Training Material](#). Proper coding is essential during the procurement card reconciliation process or when invoices are paid to ensure that the equipment is included in the university's movable equipment inventory. See [FI0530 - Procurement Cards](#) for restrictions regarding the use of procurement cards.

### **Additional Guidelines for Sensitive Minor Equipment**

8. Further guidance regarding the responsibilities for safeguarding, transferring, and disposing of SME and the related forms can be found in [FI0605 - Equipment](#).

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**PROCEDURES:**

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

**FOR MORE INFORMATION:**

Verna Howard (865) 974-2493 [vhoward@tennessee.edu](mailto:vhoward@tennessee.edu)

**Related Policies:** [FI0130 - Fraud, Waste and Abuse](#), [FI0135 - Insurance](#), [FI0530 - Procurement Cards](#), [FI0605 - Equipment](#), [FI0610 - Surplus Property](#)