

Policy Name: **Moveable Equipment Inventory Policy**

Effective Date: July 1, 2008

Updated/Reviewed Date: September 2015

Office with Primary Responsibility: Procurement Services

Offices with Secondary Responsibility: Controller's Office/Office of Sponsored Projects

Approval Authority: Chief Financial Officer

Policy Summary

This policy will outline the steps required for tracking all moveable equipment in the Oracle Fixed Assets module having an acquisition cost of \$5,000 or more and a useful life of more than a year. It will provide guidance on fabricating items, disposing of items, transferring items within Dartmouth and to other institutions, and other important information related to equipment.

Reason for Policy

Institutions of higher education that receive federal funds to conduct research must follow certain administrative and documentation requirements for the indirect cost proposal. Many of these requirements also relate to standards for an Asset Management System, such as the requirement to keep equipment records with specific data items and to perform a comprehensive physical inventory of equipment at least once every two years.

Scope: Who should know this policy?

- Any individual responsible for procuring equipment.
- Any individual associated with a Finance Center.
- Any individual associated with tracking equipment in their department.
- Any individual responsible for managing grant funds.
- Fiscal Officers and others responsible for financial management at Dartmouth.

Policy Statement

All movable equipment having an acquisition cost of \$5,000 or more must be recorded in Oracle's Fixed Assets module and tagged with a capital equipment number for tracking purposes. This equipment will be tracked by building and room and is depreciated for federal F&A (indirect cost) reporting purposes based on estimated useful life.

Departments/Divisions are responsible for assigning responsibility to Custodians for tagging new equipment, providing required information to assist the Fixed Asset Administrator to track equipment purchases, identify equipment location, record transfers, sales, and disposals and perform a biennial inventory of the moveable equipment.

Transferring Equipment

When a professor/PI either moves "to" or "from" Dartmouth with equipment (whether or not purchased by grants) the Fixed Asset Administrator needs to be notified to either add/remove items from the Oracle Fixed Assets module. Procurement is responsible for reviewing any proposed purchase or sale price for equipment to confirm it is appropriate. Please refer to the Capital Equipment Transfer Guidelines (OSP).

<http://www.dartmouth.edu/~osp/resources/manual/post-award/equiptransfer.html>

If no monetary transaction is involved, then departments are free to transfer to other departments within Dartmouth College at will. However, the Oracle Fixed Assets module must be updated to indicate the new location of the equipment. If the item remains at Dartmouth and no federal funds were involved in the purchase, Procurement Services does not need to be involved except as required to maintain the Oracle Fixed Assets module. If federal funds were involved in the purchase, Procurement and OSP should be contacted prior to any move.

Disposal of Equipment

Procurement Services is responsible for the coordination of disposition of surplus property. Dartmouth College Equipment/Asset Transfer Request Form must be completed whenever Dartmouth College equipment or other assets will be sold or otherwise transferred out of Dartmouth. If equipment/assets have a value over \$5,000 **or for which money will be received**, the transaction must be processed through the Office of Procurement Services. A Bill of Sale will then be issued to the buyer/transferee to complete the sale/transfer as a legal mechanism for cost recovery and/or for items with zero cost transfer (*Transferred, Gifted or Donated*). (Materials.Management@Dartmouth.EDU) must be notified of any Dartmouth property which is to be sold (including property transferred using

interdepartmental transfer of funds), traded in, salvaged, donated, or scrapped, except as provided for below. Procurement Services will not handle hazardous waste or real estate that falls under the purview of either Environmental Health & Safety or Dartmouth's Real Estate Office, respectively. Dispositions must be managed in accordance with applicable Dartmouth and federal policies. Procurement Services and the Office of Sponsored Projects will assist in clarifying such restrictions.

The effective management of surplus property limits liability and disposal costs while providing a sizable source of income for Dartmouth. Valuable space becomes available when surplus is not allowed to simply accumulate; it should be managed as inventory with retention decisions based upon need, replacement cost and opportunity for reuse. Although the primary objective is to facilitate reuse of excess property through internal transfers, an equally important objective is to obtain the maximum proceeds for the sale of surplus property. All property must be disposed in accordance with Federal regulatory requirements.

See below for special guidance for specific types of equipment

Accessories – accessory equipment that meets the policy criteria (i.e., it is movable equipment with an acquisition cost of \$5,000 or more) will be included in the Oracle Fixed Assets module. Accessory equipment that does meet the policy criteria and is not required to make the equipment operable will not be included in the Fixed Assets.

Donated Equipment – equipment donated to Dartmouth by a third party is covered by this policy. To be included in Oracle's Fixed Assets module, the acquisition cost of the donated equipment will be fair market value of the equipment at the date of the gift and must be greater than or equal to \$5,000.

Fabricated Equipment Costing Between \$5,000 and \$24,999

The Statement of Intent to Fabricate an Item Form must be filled out when a project begins and sent to the Fixed Assets/Surplus Property Administrator (Fixed.Assets@Dartmouth.EDU). Departments are responsible for properly including all costs to assemble the equipment in natural class 7115-EQUIP 5000 to 24999 Fabricated. Once the project ends, please notify the Fixed Assets/Surplus Property Administrator by sending the completed Statement of Intent to Fabricate an Item Form with a report of all costs by account string to HB 6114.

Fabricated Equipment Costing \$25,000 or More

Fabricated equipment costing \$25,000 and having a useful life of one year or more must be accounted for as construction in progress (CIP) until completion. The CIP Account Setup Form must be completed, including the appropriate approvals, and sent electronically to the Controller's Office (GL.Chart@Dartmouth.edu) in order to obtain a CIP chart string. Departments are responsible for accumulating all costs in this chart string over the life of the project. Once the project ends, please notify the Controller's Office by sending the IRA CIP report and indicate the completion date. The Controller's Office will disable the CIP chart string, capitalize the equipment, and notify the Fixed Assets/Surplus Property Administrator.

Leased Equipment – the use of loaned or demo equipment on campus needs to be communicated to Procurement Services and the Fixed Assets/Surplus Property Administrator for contract, insurance, and inventory purposes. If there is a lease, Procurement will need a copy of the equipment lease to determine the appropriate recording of the equipment.

Upgrades – equipment upgrade costs will be included in the Oracle Fixed Assets module only when these costs are \$5,000 or more AND they extend the useful life of the original piece of equipment by one year or more. When these costs are included in the inventory, the asset value and useful life of the original piece of equipment – as recorded in the Fixed Asset module – must be updated to reflect the new value and remaining useful life of the equipment.

Software – software is considered intangible property and is not considered moveable equipment under this policy. The value of pre-loaded computer software may be included in the cost of the equipment recorded in the Oracle Fixed Assets module when the cost of this software is not separately identified on the sales invoice.

Exclusions / Exceptions

Exceptions to policy may be approved by Procurement Services if circumstances justify an exception.

Definitions

Acquisition Cost – the net invoice price of the equipment including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment operable. Other charges such as the cost of installation, shipping/freight, taxes, duty, and protective in-transit insurance, shall be included in determining the acquisition cost. Related training is not included in the acquisition cost.

Dartmouth property - any item, whether or not it is an operable or complete unit, which was donated to Dartmouth or purchased with gift, grant, contract, or unrestricted general funds. Title is vested in Dartmouth unless there are specific provisions reserving rights for another party, such as when property is purchased with federal funds.

Custodian – an individual that is appointed by the fiscal officer to be responsible for tracking movable equipment within their department or division. A custodian is responsible for adding tags provided by the Fixed Asset Administrator to all new movable equipment. To assist with maintaining accurate institutional equipment records, the custodian is responsible for notifying the Fixed Asset Administrator when equipment moves to another location, sold or transferred, or is no longer used and disposed of. The Custodian is also responsible for assisting the Fixed Asset Administrator with recording of the new equipment and with locating equipment for biennial inventories.

The custodian should be informed of ALL incoming or outgoing equipment transfers/sales. The custodian is responsible to make sure the process is followed for invoicing, signing of Material Disposition Forms, getting equipment added to the system or removed, etc..

Fabricated Equipment – fabricated equipment is an item being assembled or manufactured by Dartmouth personnel using purchased materials, in-house machinery or tools, and Dartmouth labor. Fabricated equipment costing \$5,000 or more and having a useful life of one year or more must be recorded in the movable equipment inventory (Oracle Fixed Assets module).

Fixed Asset Administrator – the individual in Procurement that is responsible for the overall completeness of Dartmouth moveable equipment records. This individual is responsible for making sure all equipment new to campus is tagged and entered into the system; that changes in location, transfers, sales, or disposal of equipment is recorded in the fixed asset system, and that a biennial physical inventory is done for all equipment.

Movable Equipment – tangible personal property having a useful life of one year or more that is not attached to a building.

Related Information

Useful Life Schedule - For F&A (Indirect Cost) Depreciation

Fixed Asset System "Class" Name	Useful Life In Years
Athletic	7
Audio Visual	4
Building Services: Includes Security Systems	10
Business: Includes copiers, fax machines and other mechanical office equipment	5
Communications: Includes telephone switches	7
Computer	3
Food Service	7
Furniture: Includes desks, chairs, and movable shelving-non-fixed furnishings	10
Music	7
Safety	7
Scientific	7
Shop & Maintenance: Includes machine tool and wood working equipment, lawn mowers and tractors	7
Software & Tech	5
Trucks-Heavy: Includes machine tool and wood working equipment, lawn mowers and tractors	7
Vehicle: Includes standard automobiles, vans and light trucks	7

Ramifications if policy is breached

Breach of this policy has the potential to result in significant financial loss to Dartmouth because it could negatively impact the indirect cost proposal if all equipment is not accurately tracked.

Contacts / Responsibilities

Procurement Services
Phone: 603-646-2149
Fixed.Assets@Dartmouth.edu

Controller's Office
Phone: 603-646-3011
Controllers.Office@Dartmouth.edu

Forms

CIP Account Setup Form
<http://www.dartmouth.edu/~control/forms/construction.html>

Material Disposition Form
Send an email to Materials.Management@Dartmouth.EDU for assistance in filling out a form.

Off-campus Equipment Form
http://www.dartmouth.edu/~control/forms/off_campus_equipment.html

Statement of Intent to Fabricate an Item(s) Form
<http://www.dartmouth.edu/~control/forms/stateofintent.html>