

Prepared by Property and Fund Management Office
This replaces Administrative Procedure A8.534 dated January 2002.

A8.534

A8.525 Federal Personal Property January 2004

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A8.534 Physical Inventory

The Inventory Management Section is responsible for planning, scheduling, and recording the results of the University's systemwide annual inventory of personal property. In order to assist in accomplishing the physical inventory, a computerized listing of property, THMU300A, Annual Inventory Verification Report, is prepared and distributed to the fiscal officer for distribution to the custodial department.

Instructions for Completing and Certifying the Accuracy of the Inventory

Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property. The custodial department shall assign personnel other than the property custodian or principal investigator to conduct the physical inventory. The physical inventory ensures that property in their use, control, or possession is accurately described, and that all items of property no longer useable or needed are disposed or transferred.

1. Accountability

When conducting the physical inventory, each item of property (including component parts) listed on the THMU300A, Annual Inventory Verification Report, shall be located and examined. The physical inventory must be performed systematically by a wall to wall, floor to floor inspection. Property transactions paid after June 30th are not reflected on the Annual Inventory Verification Report.

If an item cannot be found, an investigation and thorough search shall be conducted. All property which cannot be located during the physical inventory must be reported as missing to the Inventory Management Section, along with Form FMIS 76, Disposal Application (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis76.pdf>), and Form RMP-001, State of Hawaii Report of Loss or Damage of State Property.

The Property Custodian shall report via memorandum to the Inventory Management Section, found equipment meeting the capitalization criteria set forth in APM A8.550, Capitalization. The memorandum shall include a complete description of the item, its value, location, the account code to which it should be added, serial number, approximate date the asset was placed in service, the property custodian's name, and the circumstances surrounding the discovery.

2. Accuracy

At the time of the physical inventory, the information contained in the THMU300A, Annual Inventory Verification Report, shall be checked for accuracy. Any errors in the property custodian name, location, ownership code, and asset fiscal officer, should be reported to the Inventory Management Section via Form FMIS 74, Equipment Transfer (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis74.pdf>). All other asset information errors shall be reported via memorandum by asset number. The Inventory Management Section will use the equipment transfer form and/or memorandum to update the asset record.

3. University Decal Numbers

All inventorial personal property/equipment is identified by a decal with a unique University of Hawai'i control number thereon. The Property Custodian or Custodial Department is responsible for physically affixing the decal to the acquisition promptly. The property shall remain so identified by such decal as long as it is in the custody, possession or control of the University. In those situations where decals are impracticable to place onto the property or no longer adhere to the property because of age or physical exposure, alternate methods or alternate records shall be maintained by the Custodial Department, Property Custodian, or Fiscal Officer to indicate location and description of the property.

4. Federally-Owned Property

All Federally-owned property is further identified with a red inventory tag with the statement "Property of U.S. Government". The red inventory tag shall be physically affixed to the property next to or near the University decal. The property remains so identified as long as it remains in the custody, possession or control of the

University. If the University acquires title to the property, the red inventory tag shall be removed.

5. Disposal and Transfer

Any items of property that are damaged beyond economic repair, no longer useable or needed, or obsolete shall be disposed or transferred. For property vesting with the Federal Government, approval shall be obtained from the sponsor prior to disposal or transfer. For federally-owned property, the Property Custodian or Fiscal Officer shall prepare Form FMIS 75, Request for Relief of Accountability for Non-Expendable Personal Property (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis75.pdf>), and submit the completed form to the Inventory Management Section. The Inventory Management Section shall review the request and submit recommendations to the Federal Administrative Contracting Officer regarding relief of responsibility and accountability. The Custodial Department shall dispose of federally vested property in accordance with the instructions from the Federal Administrative Contracting Officer.

- a. To dispose equipment, Form FMIS 76, Disposal Application (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis76.pdf>), shall be completed and submitted to the Inventory Management Section.
- b. To transfer equipment, Form FMIS 74, Equipment Transfer (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis74.pdf>), shall be completed and submitted to the Inventory Management Section.

After completion of the physical inventory, the certification statement at the end of the report shall be signed by the individual conducting the physical inventory. Signing the certification statement indicates that a physical inventory was completed; that property records are in agreement with the physical inventory except for noted discrepancies; and that all property is accounted for, in use, useable and needed. The Custodial Department, Property Custodian, or Fiscal Officer shall submit to the Inventory Management Section the THMU300A, Annual Inventory Verification Report, upon completion of the physical inventory, but not later than the imposed reporting date.

Within thirty days after the completion of the physical inventory, the Inventory Management Section will submit to the federal property administrator: a) a listing that identifies all discrepancies disclosed on the physical inventory and b) a statement that the physical inventory was completed on a given date and the official property records were found to be in agreement except for discrepancies reported.