

Prepared by Property and Fund Management Office
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A8.515

A8.505 State Personal Property

January 2004

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A8.515 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, via Form FMIS 76, Disposal Application (available at <http://www.fmo.hawaii.edu/FMIS/pdf/fmis76.pdf>), and the Form RMP-001, State of Hawai'i Report of Loss or Damage of State Property.

The Property Custodian shall report via memorandum to the Inventory Management Section, found property 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, model number, the approximate in-service date of the item, 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. 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 sponsor, approval shall be obtained from the sponsor prior to disposal or transfer.

- a) To dispose property, 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 property, 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 equipment 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.

5. Special Requirements for Library Collections

Library collections are subject to valuation at year-end, regardless of cost. The basis for valuation for purchased assets shall be cost. Assets acquired by gift shall be valued at fair market value on the date the donated asset is received. A valuation of all library books, audiovisual materials, subscriptions and periodicals shall be made using average amount per volume and the results reported to the Inventory Management Section before year-end closing date of each year. To assist Custodians in accomplishing this inventory, UH Form 28, Special Bulk Inventory Worksheet, shall be used in determining total ending inventory and shall be attached to UH Form 29, Consolidated Special Inventory Report.

The beginning inventory balance for the fiscal year ending June 30, will be based on the previous year's inventory valuation. This will be used as the base period on which to add future unit quantities and costs. The base unit cost figures will not be subject to change despite future increases or decreases in the assessed valuation of the items.