

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment

Section 50, Classification of Inventorial Equipment

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Responsible Department: Accounting and Financial Services

Source Document: Business and Finance Bulletin BUS-29, Management and Control of University Equipment

I. Purpose

This section explains how equipment is classified as inventorial or non-inventorial by Equipment Management.

II. Policy

- A. All equipment owned by the University, or that is in the care and custody of the University, is classified as either inventorial or non-inventorial.
- B. Departments are responsible for all of their equipment, whether inventorial or non-inventorial.
- C. Equipment Management determines the classification at the time the equipment is ordered or at the time the acquisition document (Gift Acceptance Report, Equipment Loan Agreement, etc.) is processed.
- D. Records of inventorial equipment are used for accounting, budget, and fiscal reporting purposes.

III. Inventorial Equipment

- A. Equipment is classified as inventorial if it has an acquisition value of \$5,000 or more, is nonexpendable, tangible, free standing, and has a normal life expectancy of one year or more.
- B. In addition, the following items are inventorial:
 - 1. Firearms regardless of cost.
 - 2. Furniture that meets the definition of inventorial equipment with the exception of modular furniture.
 - 3. Equipment acquired under a contract or grant that sets a dollar limit of less than \$5,000 for inventorial items.
 - 4. The small initial complement of accessories needed to make the equipment useful (see UC Accounting Manual [Chapter P-415-1](#)).
 - a. Minor spare parts acquired with the initial purchase can be included in the price of the equipment.
 - b. Replacement or spare parts purchased subsequent to the initial equipment acquisition are not added to the value of the equipment unless they extend the useful life, increase productivity, or increase the value of the equipment.
 - 5. An add-on that is an intricate functioning part of the equipment, extending the useful life of the inventorial equipment or significantly increasing the capacity, productivity, or output of the existing inventorial equipment, if the cost of the add-on is \$5,000 or

more.

IV. Non-inventorial Equipment

- A. Assets having an acquisition value under \$5,000 that are nonexpendable, tangible, with a normal life expectancy of more than one year are considered non-inventorial equipment. Consumable supply items are not considered non-inventorial equipment.
- B. Departments are responsible for knowing where their non-inventorial equipment is located and how it is being used.
 - 1. Departments have the option of tracking non-inventorial equipment in the University's equipment tracking system.
 - 2. Departments should consider risks (e.g., value to replace, confidentiality of information, criticality to operations, integrity to a process, likelihood of item being lost or stolen) in determining whether to add non-inventorial items to the University's equipment tracking system.
 - 3. Departments should take special care to monitor portable electronic devices that are highly prone to theft (e.g., computers, digital cameras, PDAs).
- C. Non-inventorial fixed building components include:
 - 1. Items of equipment normally classified as inventorial that are permanently built-in or installed, the removal of which would impair the building or structure.
 - 2. Items of equipment permanently built-in or installed, which, if removed, would be substantially reduced in value (e.g., heating and air conditioning units; water distributing systems; telephone, intercommunication, or security wiring).
 - 3. Any facility changes, the total cost of which is less than \$35,000, including the construction, alteration, or demolition of structures or fixed equipment, changes to utility outlets, the extension of existing utility outlets, the construction and/or installation of shelves, hangers, hooks, bulletin boards, directories and signs that are attached to the wall, the initial installation of venetian blinds and window shades, and changing of windows from transparent to translucent or opaque glass or vice versa.

V. Responsibilities

- A. Equipment Management
 - 1. Enters inventorial equipment acquired through the Purchasing Department into the University's equipment tracking system.
 - 2. Forward property decals to the department following approval of an Add Asset document.
- B. Departments
 - 1. Enter equipment acquired under a contract or grant that sets a dollar limit of less than \$5,000 for inventorial equipment in the University's equipment tracking system and requests a property decal from Equipment Management.
 - 2. Enter non-inventorial equipment as desired for tracking purposes in the University's equipment tracking system.
 - 3. Applies property decals in an easily visible location (see [Section 350-51](#)).

VI. Further Information

Additional information regarding classification of equipment is available from Equipment Management, eqhelp@ucdavis.edu, <http://accounting.ucdavis.edu/CA/>.

VII. References and Related Policies

- A. UC Accounting Manual [Chapter P-415-1](#), Plant Accounting: Capitalization of Expenditures Made from Current Funds.
- B. UC Business and Finance Bulletin [BUS-29](#), Management and Control of University Equipment.
- C. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. Section 350-51, Identification of Equipment.
 - 2. Section 350-55, Care and Control of Equipment.
 - 3. Section 380-17, Improper Governmental Activities.