

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment

Section 50, Classification of Inventorial Equipment

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Responsible Department: Equipment Management

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

I. Purpose

This section explains how equipment is classified as inventorial or noninventorial by the Equipment Management Department.

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 noninventorial.
- B. Departments are responsible for all of their equipment, whether inventorial or noninventorial.
- C. The Equipment Management Department 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. Generally, 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 items listed in 1-6 below are inventorial.
 1. Firearms regardless of cost.
 2. Furniture with an acquisition value of \$5,000 or more that is free standing and has a normal life expectancy of one year or more. Modular furniture is not considered inventorial.
 3. Equipment acquired under a contract or grant that sets a dollar limit of less than \$5,000 for inventorial items.
 - a. The department shall identify, track, and report to the sponsor when equipment below the \$5,000 threshold is acquired or furnished under a contract or grant to which the sponsor holds title.
 - b. The department shall initiate an Add Asset document in DaFIS Capital Asset Management System (CAMS) using Acquisition Code 44, then contact the Equipment Management Department (EQHelp@ucdavis.edu).
 - c. The Equipment Management Department shall forward a property sticker to the department, indicating that the property is government-owned.
 4. Equipment acquired from the State Department of General Services, Office of Surplus Property, having a fair market value of \$5,000 or more.
 5. The small initial complement of supplies and noninventorial accessories acquired with the initial equipment purchase and needed to make the equipment useful.

- 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.
6. 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. Noninventorial 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 noninventorial equipment.
Consumable supply items are not considered noninventorial equipment.
- B. Departments are responsible for knowing where their noninventorial equipment is located and how it is being used (see Section 380-17).
1. Departments have the option of tracking noninventorial equipment in CAMS.
 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 noninventorial items to CAMS.
 3. Departments should take special care to monitor portable electronic devices that are highly prone to theft (e.g., computers, digital cameras, PDAs).
- C. Noninventorial 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. Further Information

- A. Additional information regarding classification of equipment is available from Equipment Management, (530)757-8801, <http://accounting.ucdavis.edu/CA/>.
- B. Information and instructions on tracking non-inventorial equipment in CAMS is available in the DaFIS Online Help module (<http://dafis.ucdavis.edu/olrm/index.cfm?doc=AA>).

VI. References

- A. UC Accounting Manual Chapter P-415-1, Plant Accounting: Capitalization of Expenditures Made from Current Funds.
- B. UC Business & Finance Bulletin BUS-29, Management and Control of Inventorial Equipment, Sections A and B.

C. UCD Policy and Procedure Manual:

1. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.
2. Section 350-51, Identification of Equipment.
3. Section 350-55, Care and Control of Equipment.
4. Section 380-17, Improper Governmental Activities.