Physical Inventory Training

Or...

How To Conduct Your Biennial Physical Inventory!

Presented by the Equipment Inventory Office (EIO)
I. In The Beginning...

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 Creating Inventories:

• Inventories are printed on May 1st at Equipment Inventory.

• Databases are created that show which organization codes are DUE (the “Inventory Log”)
• The database also tracks the return of inventories from departments.
• The “Inventory Log” is also used by the State Auditors and KPMG (our independent auditors).

• Each inventory includes...
  ➢ Cover memo with critical points highlighted;
  ➢ Yellow instruction sheet with detailed regulations;
  ➢ The biennial physical inventory by organization code.

• Each packet is mailed to the departmental Inventory Contact.
• Department heads/chairs are sent an email notification.

• Departments have anywhere from 1 asset to 3,000 assets and one to fifty separate organization codes.
The actual inventory reports/listings:

- Inventories are in asset (tag) number order.
- It starts with numbers that begin with 1- and ends with numbers that begin with 9-.
- Older assets are towards the end of the listing.

- **Pending** assets begin with a P- and are at the very end of the report. A sample is “P10116003”.
- You **must** clear any pending assets on your listing.
- These are temporary numbers for new assets that are received and paid for but **not** reported by your department.

II. Basic – But Mandatory – Regulations

Your inventories are an AUDIT DOCUMENT.

- The State of Washington requires all agencies to do an inventory of assets once every two years (known as a "biennial" inventory).
- Some departments do their inventory each year by choice which is great as it increases accuracy.

- Your inventory requires two types of signatures.

- “Due” university inventories must be returned fully completed to Equipment Inventory by August 31st. (there is NO extension policy!!)

- Equipment Inventory must keep the paper copies for six years.

- Your inventories are audited frequently, even if you never know about it.
• The paper document is the only option. No other versions are available at this time.

• If an inventory will be late, communication with EIO is crucial but you will still be in Past Due status.

• Our auditors are tracking departments who are Past Due, so be warned!

III. What Is Included On The Inventory

Each asset record on your inventory contains the following fields:

- Description
- Manufacturer
- Model
- Serial Number
- Total Cost
- Order # (PAS or EP requisition, Procard Transaction ID)
- Budget
- Acq Date (date received)
- Custodian (user)
- Building
- Wing / Room
- Other Location
- Asset # (UW tag or pending number)
- New Asset Number (only used if you are changing it)
- Inv Code (L = Located; S = Surplused; X = Lost; O = Other)

• Some fields are “piggy-backed” to save space
• Each asset must have an inventory code.
• If there are no assets on a final page, you can ignore that page’s signature line. It prints on every page by default.
• The final Certification by Department Head, Chair or Dean is mandatory – it is what makes your inventory audit-acceptable.
• Your physical inventory only includes "inventorial" assets:
  ➢ $2,000 or greater, including tax and freight;
  ➢ Acquired through purchase, donation, loan, fabrication, etc.;
  ➢ Have a normal life expectancy of one year or more;
  ➢ The cost should include tax, freight, installation, calibration,
    trade-in value, etc.;
  ➢ Were purchased on, or journal vouchered to an 06-XX object
    code;
  ➢ Gifts or equipment transferred in from other institutions are
    considered inventorial if their fair market value is
    estimated at $2,000 or more at the time of receipt.

• You will **not** find any assets less than $2,000 on your inventory.
  Items less than $2,000 are called non-inventorial equipment.
• If you have purple tags on assets, you can ignore them.
• Please note that assets will **not depreciate off the system**.
• This is a unique element of Government accounting.
• Assets are depreciated but that is not reflected in the Total Cost.

IV. Processing Your Inventory

• The sooner you start on your inventory, the better it will go.
• Don't wait until the last minute!

otty Writing on your formal inventory

• You are **not** allowed to use pencil or white out products on your
  inventory. **Ink is mandatory.**
• If you make a mistake on the inventory, just draw a line through it
  and write the correct information next to it.
• Colored inks are strongly appreciated – EIO can read them more
  easily. Fun colors (red, green, purple, etc.) are fine.
• *Minimize* your use of highlighters as they make it hard to read an
  inventory.
• **DO NOT** cross out existing asset numbers!!! (How can we read them if you do?)
• If you need to update an asset number, just write the new tag number in the "NEW ASSET NUMBER" field.
• We will understand that you are requesting a change.

• You can request supplemental reports that help you complete the inventory.
• Common examples are **building/room** or **custodian** listings.
• These reports are only **working tools** and only the official Physical Inventory can be returned to our office.

**Using “working” lists**

• You might find it easier to use working lists (created by EIO for you) instead of your actual inventory.
• Locations and custodian reports are most common.
• EIO needs to create your reports for you due to the special sample.
• We can have Excel reports to you in 48 hours.

• **However,** if you use a working list, you need to be sure to transfer **ALL** your changes to the official inventory.

• Even if you update assets yourself, we need to **see** your updates.
• Some people like to send back a “clean” inventory but that is bad.
• Auditors may assume you didn’t do anything from a “clean” report.
Inventory Codes

- There are four options for the inventory code (INV CODE) section of your inventory. They are:

  L = Located (you can also use a ✅ mark)

  S = Previously Surplused
     (This means you have a 1024 form on file in your office to prove that you did it. If you cannot find this form, do not use the S code!)

  X = Lost / Cannot Locate
     (This includes surplus items you cannot prove. A certain amount of loss is also normal; EIO can re-activate found equipment later quite easily.)

  O = Other *
     This includes: Stolen
          Trade-Ins
          Cannibalized
          Returned to Vendor

     * You must include a completed 1024 form with the inventory for each item marked “O”!

- You are not allowed to use the physical inventory for any assets that are transferring to another university / facility.

- Any transfer of equipment to non-UW facilities requires pre-approval from Equipment Inventory before you even begin paperwork. Do not try to transfer items on the physical inventory.
Off campus equipment

- Work on Home and out of area equipment first, especially equipment that is located outside the country!
- You are allowed to use email to verify equipment that you cannot see yourself.

- You must do three things:
  - Provide the tag number
  - Do not provide the serial number.
  - Ask the user/custodian to send you the serial number for this asset.

- This is beneficial for two reasons:
  - When you verify the serial number to your inventory, you may find typos that can be corrected;
  - By asking the person to give you the serial number, they will actually look at the asset instead of just writing back “Yep, got it!” without really looking.

- Keep a copy of the email in your own files until after your next inventory.
- EIO does not need any of the backup data – you need to save it for your audit files.
Doing the dirty work

- Take the following items with you when you look for equipment in your division:
  - Inventory or working list (binders or clipboards help)
  - Pen or pencil (but no pencil on original inventories!)
  - Flashlight
  - Hand mirror
  - Orange cards (available from EIO)

- It is a good idea to send out a division-wide email before you start inventorying your assets.
- Some people don’t understand why you are in their office and take exception, even though this happens every two years.

- A helper is very useful if your department can spare one.
- If one of you has to crawl under a desk to review tags and serial numbers, one person can write on the inventory while the other person is doing the visual work.

- A flashlight and mirror will be necessary at times because some equipment may not be moveable to verify tags and serial numbers.
- Remember – if you move a computer to look at serial numbers, cords can get loose or disconnected and then the users get very grumpy!

- **Custodians are not allowed to inventory their own equipment.**
  (Any asset that has their name on it.)
- A coworker should do it for them, or for you if it happens to be your own asset.
- The only exception is home or out-of-area equipment.

- You **MUST** make a “good faith” effort to find each asset.
• You and/or your helpers must **visually verify** all assets that are not at home or out of area.

• Any campus member who keeps a locked lab for safety reasons is required to cooperate with you.

• If you have **any** problems with cooperation, first talk to your administrator.
• Talk to EIO (Heidi) if you are still having trouble.
• This is a state mandated process that allows us to keep getting funding so everyone has to be nice.

**Tags**

• You only need to inventory the white bar code tags made by EIO.
• No other bar code tags tags are allowed on regular inventorial assets.

• You may find a white bar code tag on an asset that is less than $2,000 in value. This is a tagging error.
• You should affix a **generic purple tag** next to any white tag on a non-inventorial asset.
• **All** tags can be requested from Heidi Schwab.

• Those of you in the medical centers may find blue, red or green bar code tags.
• These tags do not apply to this inventory and can be ignored.

• If you have six digit silver tags on your inventory, **check the glue!**
• If the glue on the tag is in good shape, it is not mandatory that you re-tag the item.
• If the glue quality seems questionable, please affix a white bar code tag next to the silver tag and write the new number on the inventory in the line provided ("new asset number").
• Disregard items that have a yellow tag ("agency" or "federal").
Computer systems

- Only the CPU should be tagged unless a monitor or printer is over $2,000 on its own.
- Ignore tags on monitors, keyboards, personal printers, etc. unless they are on your inventory listing.
- Many computer systems are less than $2,000 and do not require tagging and tracking.
- These items may be untagged, may have a purple bar code tag affixed, or a white bar code tag affixed in error.

Computer "clusters"

- A computer "cluster", also known as farms, slaves, nodes and more may be treated as one entity, depending on the date of purchase.
- Some clusters will have white bar code tags on all components that cost $2,000.
- Other clusters will have one tag on a central unit that identifies the entire cluster.

Finding new items

- You may find new assets in your department that are not tagged or on the inventory.
- Check PAS first to make sure they were purchased under an 06-1X or 06-9X (inventorial) object code.
- If they were purchased on an inventorial object code, affix a white bar code tag to the asset and report all its essential fields to EIO.
- You can report a new item with an orange card, on OASIS, or in any other method that is easy and clearly understandable.
Fixing “pending” assets

- “Pending” assets may appear at the end of your inventory.
- These assets didn’t get tagged when they were received.
- They need additional information from your department.
- The older a pending asset gets the harder it is to fix – clear these items quickly.

Finding other peoples’ items

- If you find equipment that doesn’t belong to your department, contact EIO.
- That equipment may be in your area for several reasons:
  - It is on loan to your department;
  - It has “wandered” to your area unknown to the owners;
  - It was transferred to your department but the tag numbers don’t always change, so it looks like someone else’s equipment;
  - Your department purchased it from Surplus and it is non-inventorial
- In most cases EIO can easily find the item and explain its situation to you.

Finishing up the inventory

- Make sure there is a Page Certification signature on every page.
- The only exception is the back page(s), which may not have any assets.
- Make a copy of the completed inventory for your files.
- EIO cannot make copies for you after receiving inventories.
• **DO NOT** send us multiple copies of any page of the inventory.
• Multiple copies is an audit violation!
• You need to compile it into one packet.

⇒ **Make sure the inventory pages are in order and stapled!**

• Give the inventory to your Head, Chair, Dean, Director or Administrator to sign.

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• **Signatures**

• Your inventory requires two types of signatures.

• The Page Certifications by the inventory coordinator and the Final Certification by your Head, Chair, etc. are what make your inventory a legally acceptable audit document.

• Each individual "Page Certification" of your inventory is to be signed by the person who does the inventory.
• If several people do the inventory and one person compiles it onto the formal document, the compiler can/should sign the individual pages.
• Save the working copies for two years (until your next inventory is completed).

• The final page of your inventory has the "**Certification By Dean, Department Head or Chair**".
• It is to be signed by the uppermost person in your department.
• Because Chairs and Deans are frequently unavailable due to business travel, it is acceptable to have your Administrator sign the final Certification.
• If the person who processes the inventory is the department Administrator, they cannot sign the final certification.
• The most common reason EIO has to reject inventories is because they are sent to us **without** the final certification signature!

• The best thing to do is ask that it is returned to you after signature so that you can make sure it gets into the mail to EIO on time.

• This also gives you a chance to copy it after it is signed.

**Processing your own updates**

• Departments have the option of doing certain kinds of updates themselves.

• If you are an OASIS user, you can update these fields:
  ➢ Description
  ➢ Manufacturer
  ➢ Model
  ➢ Serial Number
  ➢ Budget
  ➢ Custodian (User)
  ➢ Building (use full names or FacNums, **NOT** alpha codes!)
  ➢ Wing / Room

• All other changes must be performed by Equipment Inventory.

• If you do your own updates, you **must** write: **"All Changes Made In OASIS"** on the top of the inventory's front page.

• You must make **all or none** of your updates – not some here and there.

• Doing them yourself can be more accurate, but EIO doesn't mind doing them for you (timeliness is more important).

• If you only do some of your updates, you will make it **much** harder for our office to process your inventory accurately! ☹️
Appearance

• An inventory that is “too clean” is automatically suspicious.
• Your updates should be included on your formal copy, even if you enter them in OASIS yourself.
• EIO doesn’t care if you spill a little coffee on it, or if your parakeet chews on the edges of the document.
• As long as the document has not been sitting in a mud puddle for 3 days, it does not have to be visually perfect.

• Please return the original May 1st document to EIO.
• Remember that we like colored inks. Black ink can be very hard to find when we are reviewing thousands of inventory pages.

V. Returning Your Inventory

• Equipment Inventory must have your completed, stapled-in-order and signed inventory by August 31, 2010.
• Do not send us back the cover sheet and the instruction sheet.
• Be sure to staple your inventory in the upper left corner of the document.

VI. What EIO Does With Your Inventory

• Once received, EIO verifies all the audit requirements then date stamps it.
• Your inventory is logged as received and then assigned to a processor.
• Processing time depends on quantity of staff available, etc.
• Once EIO processes your inventory, we will run a new updated listing for you and send it back with a cover letter.
• The letter will either note that your inventory is finished or that certain items need further attention (a “finding” letter).
• Some items in a finding letter may also be more of an “FYI” than a true problem.
• If you receive a finding letter, please respond to the concerns in one of the following methods:
  ➢ Directly update OASIS;
  ➢ Email us with updates that we will enter into OASIS for you;
  ➢ Photocopy your follow-up letter, hand write changes to each concern on the copy and send it to EIO;
  ➢ Write changes onto your new listing and send it to EIO for processing.

• If you send EIO a written update request, we will process the changes, run a new report for you, and send it back to you with a “revision” letter.
• If you do your updates directly into OASIS, feel free to ask us for a new inventory listing at any time.

**NOTE:**
• Anyone who is not already an OASIS user should **not** worry about getting trained in time to do their inventory.
• Classes are only offered quarterly and the schedule frequently will not accommodate your interest.
• OASIS access is not a requirement of doing a successful inventory.
What happens if I skip / miss the deadline?

- Departments are given four months in which to complete their inventories.
- Only one division on campus has fully dedicated inventory personnel – everyone else has to fit in the inventory requirements around other duties.
- It still **must** be done on time.

- Do NOT fax your inventory to us to meet the deadline.
- We cannot accept copies or faxes.
- The only item we can officially accept is an original with ink signatures. And we only accept official things 😊

- **There is NO such thing as an extension!** This is a common fallacy that we can’t seem to eradicate.

- A past due inventory is on your audit record for six years.

**VII. Who to contact for help**

Don’t hesitate to call our office for recommendations!

Heidi Schwab  616-4045  or  heidi22@u
- All general questions  •  Tags  •  Reports

EIO main line: 543-4663

**VIII. References**

- EIO Website:  

- The EIO 1024 form (Property Activity Request 1024):  
  [http://www.washington.edu/admin/eio/forms/1024.pdf](http://www.washington.edu/admin/eio/forms/1024.pdf)