Standards: Conducting Physical Inventory of Assets
University Standards: STN-U5346.04A

Authority

POL-U5346.04 Accounting for University Assets

See Also

FRM-U5346.04A Asset Control Custodian Delegation Form
GDL-U5346.04A Maintaining Department Inventory Guidelines

Purpose

To demonstrate Western’s commitment to proper stewardship and accountability over the University’s assets as required by state rules.

Assets required to be inventoried

Assets required to be included in physical inventories are outlined and defined in state rules and include the following:

1. All assets meeting the state’s capitalization policy (refer to SAAM 30.20.20),
2. Assets with a unit cost (including sales tax and ancillary costs) less than $5,000 identified as small and attractive assets (refer to SAAM 30.40.20), and
3. Art collections, library reserve collections, and museum and historical collections that meet the criteria in SAAM 30.20.22 which are not required to be capitalized, are required to be controlled by means of a perpetual inventory or a recognized cataloging system.

Required Standards

1. Asset Inventory Operations (AIO) will establish a schedule for verifying the condition and location of assets by:
   a. Requesting each Financial Manager of a custodial department to ensure a self-inventory of 100% of their tagged assets:
      i. At least once every other fiscal year when prompted by AIO,
      ii. At the close of a sponsored agreement, and
      iii. When warranted.
   b. Conducting a random spot check by AIO on 5% of the custodial departments who have completed their bi-annual self-inventory to validate the condition, ownership, and location of the assets.

Effective Date: 9/10/18
2. Financial Managers (FMs) are responsible for:
   a. Ensuring compliance with these standards, and
   b. Delegating a department Asset Control Custodian via the Asset Control Custodian Delegation e-form, or
   c. Fulfilling the responsibilities listed in #3 a-d below if an ACC is not delegated.

3. An Asset Control Custodian (ACC) is responsible for:
   a. Maintaining a tagged inventory log with which tagged assets are tracked from point of purchase to surplus/disposal, (see Guidelines for Maintaining Department Inventory)
   b. Following the written instructions when provided by AIO,
   c. Responding within 30 days of notice from AIO, and
   d. Including the financial manager in the official inventory results report.

4. Documentation of the status of an assets must be done accurately and honestly. Instructions for missing assets must be included in the notice to and followed by the custodial department.

5. The AIO is responsible for implementing a timely and ongoing schedule to ensure a regular review of assets and random spot checks are conducted.

6. The ACC, AIO, and Accounting Services will comply with the following procedures in a timely manner:
   a. Conducting Physical Inventory on University Assets by a Custodial Department (PRO-U5346.04A),
   b. Conducting Random Physical Inventory by Asset Inventory Operations (PRO-U5346.04B) when a random spot check will be conducted by AIO.

7. Physical inventory procedures must require sighting of the asset, verifying its location and description as stated on the report provided by AIO, reporting any changes/ discrepancies, and reconciling the asset with the University’s fixed asset system.

8. The notice to a custodial department is to include clearly written instructions including those required by state accounting rules (SAAM 30.45).

9. The Director of Business Services, as the University Inventory Officer, shall ensure the Reconciling Completed Inventory Processes procedures (PRO-U5346.04B) are followed.