

Caltech

**Property Management
The Equipment Inventory Process
FY2017**

Contacts

Property Services (PS)

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Equipment Inventory

- **Purpose**
 - Internal Controls
 - Compliance
 - Good Business Practice
- **Process**
 - Overview of Equipment Inventory Process
 - Physical Inventory
 - Reconciliation
- **Report**



Equipment Inventory: Purpose

1. Internal Controls

- a) Demonstrate that we have good internal controls that protect Caltech assets.
- b) Demonstrate proper stewardship of Caltech and sponsor funds.

Equipment Inventory:

Purpose (cont'd)

2. Compliance

a) Federal regulations

- 1) CFR 200.312 – “...A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years...”
- 2) FAR 52.245-1 – “...The Contractor shall periodically perform, record, and disclose physical inventory results...”

b) Sponsor terms and conditions

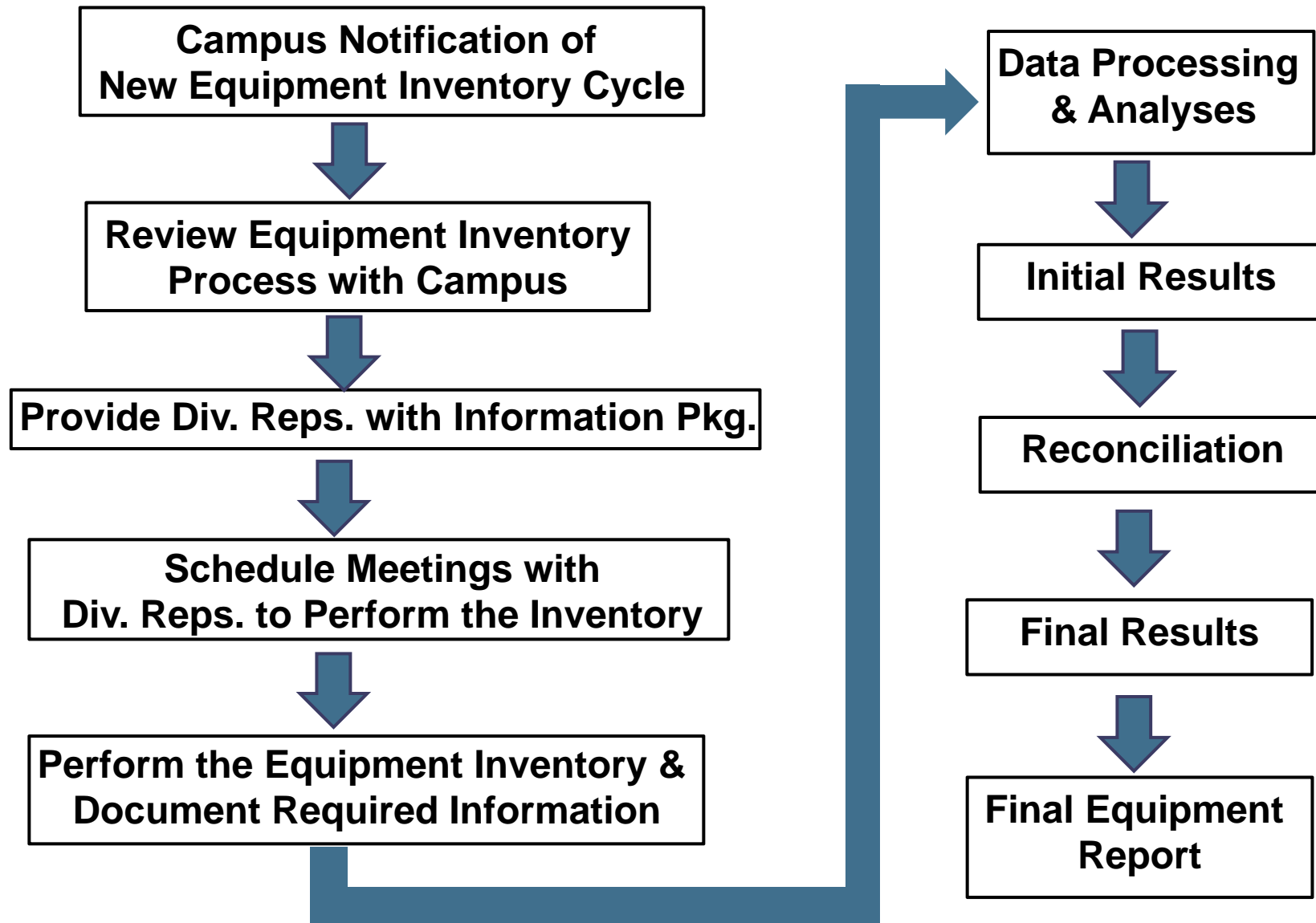
Equipment Inventory:

Purpose (cont'd)

3. Good Business Practice

- a) Verify active equipment information captured in Oracle Fixed Assets system is correct and accurate.
 - Fixed Assets is the institute's official property record
- b) Opportunity to identify and correct any errors.
- c) Improve business processes to reduce errors and risk to the Institute.

Overview Equipment Inventory Process





Equipment Inventory: Process - Physical Inventory

1. Each Division or Academic Department will need to identify an appropriate person to act as the Division Representative for PS to work with during the Equipment Inventory Process.

Equipment Inventory:

Process - Physical Inventory (cont'd)

2. Prior to the day of the equipment inventory, PS will provide the Division Representatives with an electronic report of all equipment currently assigned to the group containing the following information:
 - a) Equipment information (Description, Model No., Serial Number, Manufacturer Name, Asset No., Tag Number, etc.)
 - b) Ownership Title (Caltech owned, Government Owned, etc.)
 - c) Location (Building Name, Room No.)
 - d) Assigned Owner (PI or Staff Name)
 - e) Academic Department
 - f) Date Placed in Service

Equipment Inventory:

Process - Physical Inventory (cont'd)

Alternatively, the divisions can run their own reports using the ETS. Here are the instructions:

- I. Go to [Access.caltech](https://access.caltech.edu) and log in.
- II. Once you log in, you will see a screen similar to the one on the next slide.

Equipment Inventory: Process - Physical Inventory (cont'd)

The screenshot displays a web browser window with the following elements:

- Browser Tabs:** access.caltech Home, Login, Oracle Applications..., https://o...13=CNTRL, Oracle Applications..., PTA Setup: Project..., Policies & Proc..., Document Ove...
- Address Bar:** https://access.caltech.edu/home/home.s#
- Page Content:** A list of links and services, each with a green checkmark icon and a question mark icon. The items include:
 - Caltech Ready:** Create a continuity plan to help your department be prepared for disasters
 - CardQuest:** Book travel and reconcile travel and purchasing card expenses
 - Conflict of Interest:** Disclose interests that may conflict with Caltech duties
 - Cost Transfers:** Request, approve, and process Cost Transfers
 - Data Warehouse (Cognos):** Campus reporting tool for administrative systems
 - Equipment Image Viewer:** View a photo of Caltech-tagged property
 - Equipment Tracking:** Caltech's capitalized equipment inventory management
 - FAMIS Read-Only:** Manage Facilities services such as maintenance and construction
 - Financial Queries:** PTA Query, Salary Cap Calculator, Equipment Screening, Concurrent Request Queue, etc.
 - GL Balances and JE Detail Query:** Query GL account balances and view journal detail
 - Oracle Applications:** Institute-wide financial and human resources management
 - Patent and Copyright Agreement:** Provides direct access to the Patent and Copyright Agreement
 - RapidRecon Lookup:** Query your past Purchasing Card (PCard) expenses
 - RapidRecon Read-Only:** Query your past Purchasing Card (PCard) expenses
 - Repository for Administrative Documents and Records (RADR):** Share administrative documents with others at Caltech
 - TechMart Purchasing:** Online ordering and purchase requisitioning system
- Communications Services:** A section header followed by a link for **Box**.

The Windows taskbar at the bottom shows the system tray with the date and time: 3:49 PM, 11/29/2016.

Equipment Inventory: Process - Physical Inventory (cont'd)

- III. Click on the “Equipment Tracking” link. A new tab with a screen similar to the one on the next slide should open if you are a Division Administrator, assigned with the role of a delegate, or are a “view only” user.

Equipment Inventory: Process - Physical Inventory (cont'd)

The screenshot displays the CALTECH Equipment Tracking System web interface. The browser address bar shows the URL: <https://access.caltech.edu/pls/EquipTrk/f?p=106:1:7877333657201:::>. The page header includes the CALTECH logo and the text "Equipment Tracking System". Navigation links for "Home", "Help", "Exit", and "Logout All" are present. A welcome message reads: "Welcome: Ernest Ngalula. If you are not Ernest Ngalula, please [click here](#)".

The main content area is titled "Home" and contains a "Search" section with three columns of input fields:

- Equipment:** Asset Number, Tag Number, Assignee, Delegate, Status (Active), Division Abbrv, Department, In Service Start, In Service End (with example: DD-MON-YYYY), and Inventoried.
- Equipment Detail:** Description, Manufacturer, Model Number, Serial Number, Major Category, Minor Category, PO Number, Invoice Number, Project Number, and Award Number.
- Location:** Ownership (CALTECH), Site, Building, and Room.

Buttons for "Clear" and "Next" are located at the bottom left of the search form. An "Instructions" box on the right side contains the following text:

Equipment Screening: Use this link to ensure that the same or similar piece of equipment is not already available prior to purchase.

For assistance, please contact **Property Services**.

Equipment Inventory:

Process - Physical Inventory (cont'd)

- iv. For inventory purposes, you can query using Ownership, Location, Division, Building, Room, Division, Assignee, Delegate, and Inventoried (Yes/No).
 - a) **Ownership** – Allows one to filter by ownership of either “CALTECH”, “GOVERNMENT”, or “OTHER.” If you want to see all, regardless of ownership, leave this field blank.
 - b) **Location** – Where the equipment is located. Since we will be physically inventorying only equipment located on campus, you can use “Campus” for the “Site” parameter.
 - c) The **building** field takes building names as the parameters (e.g. Watson Laboratories Applied Physics).
 - d) The **room** field takes room numbers as the parameters (e.g. B215).

Equipment Inventory: Process - Physical Inventory (cont'd)

- iv. For inventory purposes, you can query using Ownership, Location, Division, Building, Room, Division, Assignee, Delegate, and Inventoried (Yes/No). cont'd
 - e) The **Division** Abbrev. Field takes Division abbreviations (e.g. CCE) as the parameters.
 - f) The **Assignee** field takes the PI's name in the format of last name, first name (e.g. Abelson, John N). You can use a % as a wildcard character before or after either first name or last name (% is a wildcard character).

Equipment Inventory:

Process - Physical Inventory (cont'd)

- iv. For inventory purposes, you can query using Ownership, Location, Division, Building, Room, Division, Assignee, Delegate, and Inventoried (Yes/No). cont'd
 - g) The **Delegate** field filters the list by staff assigned as delegates (answerable for a specific PI's equipment) e.g. the delegate for Dr. Kimble's equipment is Scott Curtis. Using Scott's name as a filter will yield a report of all equipment in the database for which Scott is responsible for.
 - h) The **Inventoried** field takes either Yes or No. Use "Yes" to get a list of equipment that have already been inventoried (Found). Use "No" to get a list of equipment that has not been inventoried yet (Outstanding as of the date of the report). Leave the field as blank when running non-inventory reports.

Equipment Inventory: Process - Physical Inventory (cont'd)

For example, below is a screen of a query for all outstanding HHS, Caltech owned equipment.








The screenshot shows a web-based search interface for equipment. At the top, there are navigation tabs: "Equipment Search" (selected), "Orq Admins", "View Only Users", "PS Admins", "PS Admin Actions", and "Inventory Period". Below the tabs is a "Home" link. The main search area is titled "Search" and is divided into three columns: "Equipment", "Equipment Detail", and "Location".

Equipment	Equipment Detail	Location
Asset Number: <input type="text"/>	Description: <input type="text"/>	Ownership: CALTECH <input type="text"/>
Tag Number: <input type="text"/>	Manufacturer: <input type="text"/>	Site: Campus <input type="text"/>
Assignee: <input type="text"/>	Model Number: <input type="text"/>	Building: <input type="text"/>
Delegate: <input type="text"/>	Serial Number: <input type="text"/>	Room: <input type="text"/>
Status: Active <input type="text"/>	Major Category: <input type="text"/>	
Division Abbrv: HSS <input type="text"/>	Minor Category: <input type="text"/>	
Department: <input type="text"/>	PO Number: <input type="text"/>	
In Service Start: <input type="text"/>	Invoice Number: <input type="text"/>	
In Service End: <input type="text"/>	Project Number: <input type="text"/>	
(Example: DD-MON-YYYY)	Award Number: <input type="text"/>	
Inventoried: No <input type="text"/>		

At the bottom left, there are "Clear" and "Next" buttons.

Equipment Inventory: Process - Physical Inventory (cont'd)

Here are the results as of 11/29/2016... Use the “Action button” to either filter, download, or email the report. Use the “CSV” option if you plan to import to Excel.

Image	Asset #	Tag #	Description	Status	Ownership	Div	Org Name	Assignee	In Service Dt	Inventoried	Inventory Dt	Retired Dt	Life-Mths
	1063	000021773	SYSTEM, COMPUTER	ACTIVE	CALTECH	HSS	Caltech	Plott, Charles R	01-SEP-1996	N	01-APR-15		
	1076	000021881	SYSTEM, COMPUTER W/ MONITOR	ACTIVE	CALTECH	HSS		Plott, Charles R	01-AUG-1996	N	01-APR-15		
	1082	000021772	SYSTEM, COMPUTER W/ MONITOR	ACTIVE	CALTECH	HSS		Plott, Charles R	01-SEP-1996	N	01-APR-15		
	142962	000067193	OLFACTORY TEST INSTRUMENT	ACTIVE	CALTECH	HSS	Caltech	Adolphs, Ralph	30-JAN-2013	N	20-APR-15		
	143409	000066754	MULTIPLE EYE TRACKING SYSTEM	ACTIVE	CALTECH	HSS	Caltech	Rangel, Antonio	25-JUL-2013	N	01-APR-15		
	144198	NT000004235	CUSTOM BUILT 4 CHANNEL PHASED ARRAY COIL	ACTIVE	CALTECH	HSS	Caltech	Adolphs, Ralph	24-JUL-2013	N	27-MAR-15		
	144350		UPGRADE TO ASSET # 20039 (SYSTEM, EEG/ERP ACQUISITION)	ACTIVE	CALTECH	HSS		Maoz, Uri Muz (Uri)	05-DEC-2013	N	06-APR-2015		

Equipment Inventory: Process - Physical Inventory (cont'd)

3. The Division Representatives should
 - a) Verify that the information on the Fixed Asset report is correct and accurate, and let PS know if there are any errors in the report.
 - b) Know, or be able to find the location of all equipment they have been assigned to physically inventory during the process.
 - c) Provide PS with physical access to the rooms where the equipment to be inventoried is located.
 - d) Be able to answer inventory related questions regarding each equipment asset, or be able to find the answer to the questions .
 - e) Be available to meet and interact with the PS staff during the process.

Equipment Inventory: Process - Physical Inventory (cont'd)

4. Scheduling

- a) PS will schedule a day and time with the designated person to perform the inventory.
- b) Depending on the volume of equipment assets and the number of rooms, the physical inventory may take more than 1 day per research group.

Equipment Inventory:

Process - Physical Inventory (cont'd)

5. What will happen on the Inventory Day?
 - a) PS will work with the Division Representatives to physically locate all equipment on the list and verify and/or update any equipment information that has changed since the previous inventory.
 - b) PS will scan the information appearing on the Equipment Tag into a hand held scanner.
 - c) PS will verify that the room number agrees with the room number in the Fixed Asset System and the most recent floor plans.
 - 1) See slide 23 for more information on next steps when the room number does not agree.

Equipment Inventory: Process - Physical Inventory (cont'd)

5. What will happen on the Inventory Day? (cont'd)
 - d) PS will need to identify and document any equipment that has not been used within the last 12 months.
 - e) PS will need to verify that the funding agency that paid for the government owned equipment has formally approved all work that is performed using that equipment.

Equipment Inventory: Process - Physical Inventory (cont'd)

5. What will happen on the Inventory Day? (cont'd)
 - f) PS will be gathering additional information on equipment that is located in a room that is different than the room indicated in the Fixed Asset system.
 - 1) The Division Representative will be asked to provide an explanation as to why the equipment is not located in the room as specified in the Fixed Asset system and why PS was not notified regarding the change in location.
 - 2) The explanation will be documented and contribute to the statistics included in the Final Inventory report provided to senior management.

Equipment Inventory: Process - Physical Inventory (cont'd)

5. What will happen on the Inventory Day? (cont'd)

g) PS will be looking for

- 1) Equipment being used that has no equipment TAG, and does not appear in the Fixed Asset System.
- 2) Equipment that has been retired but is still in use.
- 3) Equipment that is no longer being used, but is kept for parts that have been or will be used for other equipment.

Equipment Inventory: Equipment “Not Found”

Accounting treatment for equipment that is not found:

1. Just like the 2015 inventory cycle, any equipment that is not found without an adequate explanation will not be immediately retired, but instead will be included on a list of assets to be re-investigated again the following year to verify that the equipment continues to be not found.
2. Caltech cannot claim any depreciation associated with this “not found” equipment in the indirect cost rate study even though the equipment will not be retired immediately because we cannot show the equipment was in use.

Equipment Inventory: Equipment “Not Found”

Accounting treatment for equipment that is not found:

3. If the “not found” equipment is not located in the following year, then a final official explanation as to why the equipment was not found will need to be provided and the asset will be retired.
4. The official explanation as to why the asset was not found will contribute to statistics that will be included in the Final Inventory Report provided to Senior Management.

Equipment Inventory: The Reconciliation Process

What will happen after the Inventory Day?

1. PS will provide the Division Representative with a list of any equipment items that appeared on the inventory list but were not found and any additional information that may be needed.
 - a) The Division Representative will be given 2 weeks to locate the missing equipment. Contact PS if more time is needed.
 - b) If the “Not Found” equipment is located, then the designated person will contact PS to arrange a time for PS to physically see the equipment and obtain updated inventory information.
 - c) Based on the information gathered while trying to locate these assets, the Division may determine that some of the assets should be retired.
 - a. An official explanation regarding why the equipment was not found and should be retired must be provided in order to retire these assets. Explanations will be documented and contribute to a not found asset retirement statistic included in a Final Inventory Report.

Equipment Inventory: The Re-Inventory Process

The re-inventory process will start in February 5, 2018.

1. PS will provide the Division Representative with a list of all equipment items that appeared on the inventory list but were not found at the end of 2017 inventory.
 - a) The Division Representative will be given 2 weeks) to locate the missing equipment. Contact PS if more time is needed.
 - b) For any equipment that is located, the designated person will contact PS to arrange a time for PS to physically see the equipment and obtain updated inventory information.
 - c) At the end of the re-inventory process, all equipment that has not been located will be retired.
 - 1) Retirement of high-risk equipment will require additional information from the Divisions before those assets can be retired. See the next slide for more information...

Equipment Inventory: The Re-Inventory Process (cont.)

The re-inventory process will end in February 23, 2018.

2. PS will request the following information from Divisions for the high-risk equipment that has not been located at the end of the re-inventory process:
 - a) A description of steps taken to located the missing equipment.
 - b) An explanation for each of the “not found” equipment as to why the equipment could not be found.
 - c) A corrective action plan documenting measures that will be implemented on a go-forward basis to ensure all equipment within the Division’s responsibility can be accounted for throughout the equipment’s lifecycle.
 - d) Completed retirement form(s) for all equipment not found during this re-inventory process.
 - 1) ETS may be used to retire the equipment.

Equipment Inventory: Equipment Risk Classifications

Equipment is classified as “High Risk” if it is either:

- Government owned equipment, or
- Other owned equipment, or
- Caltech owned equipment with a residual value of \$15,000 or more.

Equipment is classified as “Low Risk” if it is

- Caltech owned equipment with a residual value of less than \$15,000.

Note: The residual values used for the purpose of the 2017 inventory are based on the values in Caltech books as of January 1, 2017. The values will not be recalculated or revised during the inventory cycle.



Equipment Inventory: Report

- FY2017 Final Inventory Report & Results
 - Information we will be including in the Report
 - Statistics on
 - Government Owned Equipment
 - Equipment Not Found
 - Equipment Movement
 - Retired Assets
 - Useful Lives
 - Areas of Concerns
 - Areas for Improvements

Equipment Inventory: Post Inventory Data (2015)

	2015 Post Inventory Analysis											
	Asset Count				Asset Values							
					Original Cost				Residual Value			
Division	Found	Retired	Not Found	% Resolved	Found	Retired	Not Found	% Resolved	Found	Retired	Not Found	% Resolved
BECKMAN INSTITUTE	104	3	0	100.0%	\$7,155,751	\$24,672	\$0	100.0%	\$3,060,023	\$5,864	\$0	100.0%
BIOLOGY	1513	83	43	97.4%	\$51,287,227	\$4,955,699	\$672,703	98.8%	\$13,706,492	\$612,321	\$159,278	98.9%
CHEMISTRY	1170	14	49	96.0%	\$58,206,501	\$640,064	\$1,795,033	97.0%	\$24,370,483	\$434,154	\$241,757	99.0%
ENGINEERING	1490	88	135	92.1%	\$68,823,395	\$3,076,409	\$4,691,175	93.9%	\$20,494,324	\$565,896	\$1,260,481	94.4%
GEOLOGY	1033	37	0	100.0%	\$39,636,539	\$837,112	\$0	100.0%	\$16,642,606	\$215,662	\$0	100.0%
HUMANITIES	41	1	0	100.0%	\$5,207,022	\$5,117	\$0	100.0%	\$2,405,590	\$0	\$0	100.0%
OTHER	713	64	8	99.0%	\$74,676,287	\$887,939	\$88,837	99.9%	\$9,648,753	\$69,424	\$12,004	99.9%
PHYSICS/MATH/ASTRONOMY	1678	84	39	97.8%	\$256,705,659	\$5,080,740	\$2,324,854	99.1%	\$136,644,792	\$1,388,670	\$798,740	99.4%
Grand Total	7742	374	274	96.7%	\$561,698,381	\$15,507,753	\$9,572,602	98.4%	\$226,973,064	\$3,291,991	\$2,472,260	98.9%
** Resolved = Found + Retired												

Observations:

- I. 3.3 percent of the assets were not found.
- II. 1.1 percent of the assets, by residual values, were not found.

Equipment Inventory: Post Inventory Data (Yr. 2011 - 2015)

	2011 - 2015 Post Inventory Analysis											
	Retirements		Movements		Retirements		Movements		Retirements		Movements	
	Asset Count	% Count	Asset Count	% Count	Asset Count	% Count	Asset Count	% Count	Asset Count	% Count	Asset Count	% Count
Division	2011				2013				2015			
BECKMAN INSTITUTE	10	5.62%	9	5.36%	6	4.92%	20	17.24%	3	2.80%	11	10.58%
BIOLOGY	171	10.78%	392	27.70%	76	5.05%	274	19.16%	126	7.69%	429	28.35%
CHEMISTRY	69	8.66%	177	24.31%	60	5.52%	221	21.54%	63	5.11%	267	22.82%
ENGINEERING	271	16.81%	348	25.95%	92	5.84%	373	25.13%	223	13.02%	344	23.09%
GEOLOGY	144	14.39%	80	9.33%	123	14.14%	156	20.88%	37	3.46%	88	8.52%
HUMANITIES	8	36.36%	2	14.29%	1	3.13%	7	22.58%	1	2.38%	16	39.02%
OTHER	54	7.39%	5	0.74%	66	8.68%	30	4.32%	72	9.17%	58	8.13%
PHYSICS/MATH/ASTRONOMY	203	11.49%	303	19.39%	194	10.76%	241	14.98%	123	6.83%	186	11.08%
Grand Total	930	12.09%	1316	19.46%	618	7.97%	1322	18.52%	648	7.72%	1,399	18.07%
Cycle-over-Cycle changes						-34.1%		-4.8%		-3.1%		-2.4%
***Retirements in 2015 assumes all "not-found" items will be retired in 2016												

Observations:

- I. 8 percent of the assets were not found.
- II. 8 percent of the assets, by residual values, were not found.

2015 Equipment Inventory: Summary Outcome

- The equipment physical inventory was completed and closed on August 8, 2015 (a subsequent re-inventory phase followed in summer of 2016 and improved the numbers presented below).
- 97 percent of 8,390 assets were located or retired. The located assets represent 92 percent of \$562M in original costs and \$227M in residual value (or net book values) as of the start of the inventory.
- Four percent of the assets were retired over the fiscal year or during the inventory. The total number of retired assets represent of \$15.5M in original cost and \$3.3M in residual value.
- Three percent of the total number of assets inventory were not located. This number represents \$9.6M in original cost and \$2.5M.

FY2017 Equipment Inventory: Areas of Concern

- Shipment of equipment not reported to Property Services.
 - There were multiple instances of campus staff shipping equipment (in some instances government owned) and Property Services was not promptly notified.
 - There were multiple instances of campus staff receiving equipment through loans, donations, transfers, etc. and Property Services was not notified prior to the move or upon receipt of the equipment.
 - This implies not all divisions/end-users are following Caltech's policies and procedures for Property Management. This is a problem because it shows a lack of good internal controls and an audit or self-assessment might show Caltech is not being compliant with federal regulations in regards to Property Management, and not fulfilling the Institute's fiduciary role as custodians of government and/or sponsor property.

FY2017 Equipment Inventory: Areas for Improvement

Property Services plans to:

1. Continue efforts to partner with Divisions/end-users to ensure compliance with Caltech's Property Management Policies and Procedures and federal regulations.
2. Partner with Divisions/end users to gain a better understand of why there are so many "Not Found" equipment assets and why so many "unreported equipment movements" continue to occur with the goal of identifying actions that can be taken to reduce the number of these cases from occurring in the future.
3. Continue to emphasize the need for Campus to understand the importance of keeping Property Services informed with any administrative issues concerning any equipment at Caltech.



This presentation will be posted at:

[http://finance.caltech.edu/
Cost_Studies/Training_Materials](http://finance.caltech.edu/Cost_Studies/Training_Materials)



Questions?