



EDINBORO UNIVERSITY OF PENNSYLVANIA

Policy: FACILITIES INVENTORY

Policy No. C069

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Recommended for Approval by: 
Gilbert Brown,
Vice President for Finance and Administration

Approved by:  on 9/16/16
H. Fred Walker, President Effective Date

Review Date: As Required

INTENT

The intent of this policy is to provide guidance in the administration of inventory of equipment, tools, supplies and materials inventories maintained by the Facilities Department. Each commonwealth agency is vested with the control, care, and security of all inventories within the organization regardless of the dollar value and regardless of whether the inventory is recorded in the agency's financial statements.

The intent of the Inventory Control System at Edinboro University is:

- To ensure that sufficient quantities of equipment, tools, supplies and materials are on hand to meet University needs.
- To ensure funds are not needlessly tied up in excessive inventory.
- To ensure inventory is protected from loss due to damage, deterioration, obsolescence and pilferage.
- To ensure supplies and material inventories are accurately reported in the financial statements as required.
- To ensure the cost/benefit of implementing and maintaining inventory records does not result in unnecessary time and effort inventorying low dollar value items.

RESPONSIBILITIES

PASSHE institutions of higher learning with inventories of \$1,000,000.00 or more are required to establish formal inventory systems to account for the purchase, use and value of inventory items.

The Edinboro Facilities Department is charged with the responsibility of establishing procedures for the implementation and administration of the inventory system.

Edinboro Facilities Department employees will carry out the day to day duties and activities for the inventory control system as assigned by Facilities management.

DEFINITIONS

Average cost - accounting term that is sometimes referred to as unit cost or weighted average cost.

GAAP - Generally Accepted Accounting Principles. GAAP is created by various authoritative bodies including the Committee on Accounting Standards, the Accounting Principles Board, the Financial Accounting Standards Board, the American Institute of Certified Accountants and the Emerging Issues Task Force. There is also a special standard setting body for government called the Governmental Accounting Standards Board. These bodies establish the conventions, rules and procedures to define accounting practices at a particular time with respect to financial presentation.

Physical inventory - the items on hand as of a particular date included as inventory items. Items may be equipment, tools, supplies and materials.

Periodic Inventory Method - an accounting convention whereby the physical inventory on hand is counted at a particular date and recorded for financial statements.

Perpetual Inventory Method - an accounting convention whereby inventory records are maintained continuously and all additions and issuances out of the inventory are recorded. A physical count of the inventory is taken periodically and the inventory records are compared to the physical counts.

Lower of Cost or Market - an inventory pricing convention which states that when pricing inventory for financial statements, the inventory should be priced using cost data unless the values of inventory has decreased, in which case the inventory would be priced at market value.

POLICY

Inventory of equipment, tools, supplies and materials will be stored in properly secured storage areas as appropriate considering inventory value, physical requirements and turnover rates. This inventory will be consolidated into locations as established in the inventory procedures.

Security of storage areas will be accessible by authorized personnel as indicated in the Policy D005 SECURITY AND ACCESS TO CAMPUS BUILDINGS AND FACILITIES.

Designated storage locations will be defined for inventory storage.

Inventory will be valued using actual purchase price for single items (usually larger one of a kind items) and average purchase price for items where more than one is purchased for inventory.

Economical purchase quantities will be established based on desired on hand amount, price breaks, lead times, shelf life and historical turnover rates. Minimum and maximum on hand quantities will be developed also considering these characteristics.

PROCEDURES

The inventory control system must be computerized for entry and maintenance, preferably in a system that integrates with other complimentary University computer systems.

Facilities materials inventory must be consolidated into a centralized storage location, currently Lawrence Towers B and the common area between Lawrence Towers A and B. Any change in the centralized storage location must be approved by the Director, Facilities Management & Planning. All materials stored at other locations on campus must be brought to this centralized storage location for classification, counting and entry into the inventory system. There may be a few exceptions where inventory may be in remote locations such as in maintenance vans. These exceptions are still treated as part of the inventory control system, and any such exceptions must be approved by the Director, Facilities Management & Planning.

Storage rooms/areas will be labeled indicating their general contents: HVAC, Electrical, Plumbing, Common Tools, Custodial Supplies, etc. The detailed inventory record will indicate the room, shelf or other designated location of actual items.

All equipment, tools, supplies and materials received should be counted and inspected upon receipt, with discrepancies promptly reported following the Commonwealth Procurement Handbook Part II Ch 37 "Goods Receipt."

Inventoried equipment, tools, supplies and materials required to replenish or establish a new inventory item will be ordered following the Commonwealth Procurement Handbook.

Issuances from inventory must be supported by signed requisitions, where applicable, or entry into a log set up for that particular material. Dispensing of gasoline and diesel fuel require entry into a log recording the date and time the fuel is dispensed, employee number who is fueling the vehicle, the vehicle number receiving the fuel, the odometer reading on the vehicle, and the amount of fuel dispensed. The paper log is currently located on the gas pump.

A periodic physical inventory count must be taken annually at fiscal year-end for inventoried items. Physical inventory may be taken at any time if there are reasons to suspect discrepancies in quantities.

Inventory records shall contain the following information:

1. description of item
2. storage location
3. minimum and maximum quantities
4. reorder quantity
5. date and quantity of additions
6. date, number and quantity of reductions-requisitions
7. inventory deletions/adjustments and explanation
8. balance on hand