



The American University of Kurdistan Policy of Inventory Management

Policy Number: BF002
Effective Date: June 6, 2022

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I. INTRODUCTION

- a. **Authority:** The Board of Trustees (herein referred to as “Board”) at The American University of Kurdistan (herein referred to as “AUK” or “University”) is authorized to establish rules and regulations to govern and operate the University and its programs.
- b. **Purpose:** The purpose of this policy is to provide and ensure the adequate internal control, accountability and safeguarding of all University movable assets. The university will maintain an accurate inventory record of all equipment purchased by or donated to the university.
- c. **Scope:** This policy applies to all departments at AUK holding Inventory.

II. ROLES AND RESPONSIBILITIES

- a. **Responsible Executive:** Vice President for Administration and Finance (VPAF)
- b. **Responsible Administrator:** Department of Finance & Department of Campus Service
- c. **Responsible Office:** Office of Finance
- d. **Policy Contact:** Director of Finance

III. DEFINITION

Accountable Inventory: Tangible, movable, personal property of a non-consumable, non-expendable nature, with a value of \$5,000 or more and which has a normal expected life of one year or more.

Accountable Officer: The administrative head of an operating department/unit to which the property is assigned.

Attractive Inventory: Attractive items are University property costing less than the threshold amount of \$5,000, but which are particularly vulnerable to theft and misuse. "Attractive" items will vary from department to department, but might include such things as laptops, iPads, or video recorders. Departments should evaluate "attractiveness" in the context of their own environment. Factors they should consider include the security of the property location, the size and portability of the item, and its potential resale value if stolen. These items should be marked as University property and catalogued by the user department. Special property tags are available upon request from the Inventory Management Committee.

Computer Software and Related Equipment: Computer software programs valued \$5,000 or more are listed in the property record with a special code. Computers and their associated hardware equipment, such as monitors, modems, disc drives, etc., are normally assigned tags which can be physically affixed to an exterior panel. However, there is a multiplicity of accessory hardware, such as boards, chips, interfaces, modules, etc., that although having a physical form which cannot be individually tagged, are assigned a tag number and the tag is placed on the frame in which the board is installed and connected. The transfer of these items to another location shall be reported first to the IT department and then to the Inventory Management Committee so that a "Transfer" of tag can be completed.

IV. POLICY STATEMENT

The American University of Kurdistan ("University") has established an Inventory Committee for the management of the University Inventory and Property.

V. POLICY PRINCIPLES AND PROCEDURES

A. General Roles and Responsibilities -

1. Inventory Management Committee: The role of the Inventory Management Committee at the American University of Kurdistan is to establish guidelines and procedures governing the accountability, control, transfer, and ultimate disposal of tangible personal property acquired by the University. The scope of its responsibility is to ensure that these procedures are applicable to all accountable property owned or controlled by the University and apply to all personnel responsible for the accountability, control and safeguarding of this property. Duties of the Committee comprise of the following:

- Monitors all acquisitions, inventories, and disposal of property on campus and off campus.

- Meets with top level management to discuss problems regarding their respective department inventories and briefs University personnel as to Inventory policies and procedures pertaining to more effective University Inventory Management practices.
 - Is responsible for the Master Inventory Record.
 - Ensures that a complete physical inventory of all accountable property is taken each fiscal year.
 - Upon request, informs Internal or External Auditors of the status of inventory items.
 - Train the officers assigned to conduct the inventory cycle count.
2. **Office of Finance and Budgeting:** Management of accountability, transfer and disposal of property for which the University has custodial responsibility. Although the Director of Finance has the delegated responsibility for all University property, the custodial accountability and responsibility is actually that of the administrative head (accountable officer) of the operating department to which the property is assigned. This accountable officer may delegate custodial accountability and responsibility to selected members of the unit, but the administrative head remains the responsible accountable officer. Property acquired through international contracts and grants is the accountability and responsibility of the Principal Investigator (PI) and Director of the Office of Grants Management. The PI is the accountable officer until such time as title to the property is transferred to the University or other agency under terms of the grantor. At that time, the accountability and responsibility is assigned to the administrative head of the department to which the property is transferred.
3. **Office of Campus Services and Development:**
- A designated “Accountable Officer” has the custodial accountability for all University property assigned to the office
 - Assign two officers to conduct the inventory cycle count.
 - Dispose of any Equipment and Supplies under section VI.
4. **Other Offices holding University Property:** A designated “Accountable Officer” has the custodial accountability for all University property assigned to the office.

B. Inventory Identification -

1. **Taggable Property:** Each item of Accountable and Attractive Inventory shall be physically marked with a bar-coded tag bearing a consecutive number identification. Items, which by their shape or composition do not permit tag identification, will be marked by stylus, pen, or any other practical permanent inscription. The assigned tag number will identify these items in the Master Inventory Record.
2. **Non-Taggable Property:** Items, such as chairs, tables and other pieces of equipment, whose cost falls below \$5,000 will not be tagged. If the committee decides that these items are attractive, special property tags are available upon request from Inventory Management.

C. Inventory Management –

1. **Property Acquisitions:** See Procurement Policy
2. **Property Relocation:** If property is moved and remains under the control of the same Accountable Officer, an Inventory Management Request Form must be completed and submitted to the Inventory Management committee prior to the relocation.
3. **Property Transfers** (All Media Storage Devices must be cleared by Information Technology prior to transfers):
 - The department/unit must complete and submit an Inventory Management Request Form to the Inventory Management Committee prior to transferring any accountable property to another department/unit within AUK
 - The department/unit must complete and submit an Inventory Management Request Form to the Inventory Management Committee Control prior to transferring any accountable property to another institution or agency regardless of reason.
 - Any request to receive accountable property transferred from other institutions or agencies must be approved by the Inventory Management Committee prior to the transfer. Transfers related to international contracts and grants must be approved by the Office of Grants Management prior to the transfer.
4. **Cannibalization:** The use of working parts of an otherwise inoperative or obsolete asset to repair or prolong the useful life of another existing asset.
 - An Inventory Management Request Form must be completed and submitted to Inventory Management for approval prior to cannibalizing accountable property. Principal Investigators (PI's) should refer to the Grantor's requirements
 - If approved for cannibalization, a copy of the form will be returned to the department unless the property is a media storage device. All approved cannibalization requests will be presented to the Office of Finance and Budgeting.
5. **Replacement of Stolen Property:** Departments/units have the responsibility of safeguarding all institutional assets under their control. These departments/units must take the appropriate steps to protect (equipment/etc.) against theft. The protection plan should be formulated in consultation with the Campus Services Department. If property is stolen, the accountable officer must notify the Inventory Management Committee within 24 hours of identifying missing equipment. Stolen property will then be reported to the Campus Services Department immediately upon identifying the theft so they can investigate or take appropriate action. The department head must send a completed set of the related documents to the Inventory Management Committee after securing the department/unit to delete the equipment from the Inventory Master Record. A letter describing the circumstances of the loss should be attached.

6. Off campus Use:

- Accountable property may be used off campus only if such use will further the Mission of the University. Such removal must be authorized by the department/unit's Accountable Officer. An Inventory Management Request Form must be submitted to the Inventory Management Committee each year as long as the property remains off campus. Failure to renew the Off-Campus Form may result in permission for off campus use being revoked. The Inventory Management Committee shall be notified when off campus property is returned to campus
- University personnel using accountable property off campus shall be informed as to the measures to be taken when an item in their custody is lost or stolen, otherwise they may be held personally liable. Personnel may use their personal copy of the Off-Campus Form as their receipt of permission to remove property from campus. If property is lost or stolen, the employee must follow the steps described under the point five.

7. Surplus Property:

- The department/unit's Accountable Officer may request, in writing, that property in their department be declared surplus because it is obsolete, inoperative, unserviceable, and that the continued use is uneconomical or inefficient, or serves no useful function to their operations. For property acquired through a grant or contract, the Principal Investigator (PI) should refer to the grant award requirements.
- If any of the reasons stated above apply, the Department's Accountable Officer shall follow the steps in section VI.

8. Inventory Cycle Count:

- A semi-annual inventory count of the University's Accountable and Attractive Property shall be conducted by the Inventory Management Committee. The Master Inventory Record includes all the Accountable and Attractive Property assigned to each department/unit. It includes the following information for each item: Tag Number, Description, Department/Unit, Activity or Project, Building and Room Number where the item is located, Purchase Order Number, Cost, and Date Acquired.
- The Inventory Management Committee shall maintain an accurate and current listing of all Office and Project (PIs) Accountable Officers.
- Departments/units shall grant access to the Inventory Management Committee personnel to conduct the semi-annual inventory. If a department has special needs, such as security in sensitive areas, arrangements with the respective Accountable Officer will be made to schedule access to those areas.
- Unscheduled inventory verifications may be made by an internal or external auditor and the Inventory Management Committee. The audit may be of the total listing or a spot check of a certain category of equipment, such as computers, cameras, etc. It is the accountable officer's responsibility to locate the property requested by the auditors and/or the Inventory Management Committee.

Steps for the Inventory cycle count –

- I. Notify Department Heads for inventory count. The Inventory Management Committee will notify the Department Heads 24 hours' prior that an inventory count will be done.
- II. Freeze Inventory Storage Activity. Stop all deliveries from the storage location, and also segregate all newly-received goods where they will not be counted. Otherwise, the inventory records will be in a state of flux during the inventory count, and so will not be entirely reliable.
- III. Instruct two designated inventory count officers. Have the two Facility services officers count the inventory, and instruct them in their counting duties. These duties involve having one person count inventory while the other person marks down the information on a count tag. One copy of the tag is affixed to the inventory, while the team retains the other copy.
- IV. Assign count areas. Assign a specific range of bins to each count team. Note these locations with a highlighter on a map of the warehouse. The inventory clerk should maintain a master list of which areas of the warehouse have been counted, and which teams have been assigned to each area.
- V. Create an inventory count report. Send the inventory count results to the inventory management committee.
- VI. Investigate unusual results. The inventory management committee looks at the inventory count report and the inventory master record for any discrepancies and unusual information, and investigates the tag entry associated with each one.

D. Disposal of Equipment and Supplies

1. Disposal Documentation

- The request for disposal of equipment and supplies shall be documented on the Inventory Management Request Form. The completed form shall be sent to the inventory committee for processing.
- The Vice President of Administration and Finance shall approve disposals of equipment and supplies.
- The Inventory Management Committee shall notify the Department of Campus Services and Development to transport the surplus item(s) to the designated storage area(s).

2. Method of Disposal

- If a department wishes to dispose of supplies and equipment by means other than sale, the Inventory Management Request Form shall be completed and an explanation shall be indicated. The Inventory Committee shall secure the VPAF approval if re-needed.
- The inventory committee shall establish the fair market value of the items to be disposed of and shall consult with the appropriate experts in the field in case of intrinsic or historical values.
- The inventory committee shall prepare tender documents and the scrap items lists that accompany the tender and all other documents needed to carry out the sale.
- Items are sold as is/where is, and the purchaser shall be responsible for all costs relating to their removal from AUK property.
- The Department of Finance and Budgeting shall prepare the bill of sale which the purchaser shall pay at the Cashier's desk within seven days. Items not paid for and collected within seven days of the date of sale may

be resold or otherwise disposed of at the discretion of the Inventory Committee.

3. Donations

- The University may decide to donate surplus equipment or supplies when fair market value cannot be obtained through the sale of such items or where it is deemed to be in the interest of the University to donate such items instead of scrapping them.
- All donations shall be reviewed and approved by the Inventory committee and Vice President of Administration and Finance.

VI. POLICY HISTORY

- a. **Approved by:** Board of Trustees
- b. **Adopted:** June 6, 2022