



# Physical Inventory Procedure

Procedure #: 110.6

Rev.: 1

Effective Date: June 15, 2018

**Related Policy:** [Capital Equipment Policy](#)

**Functional Owner:** Property Control, Business Services

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### I. Procedure Statement

Periodically, Department Property Administrators (DPAs) must inventory capital equipment in their department's custody. Property Control coordinates inventories, including scheduling, training, and providing capital equipment lists to facilitate the process. DPAs must oversee or supervise the work of employees who conduct inventories within their department. Employees who conduct inventories must verify items by direct sighting unless the items are off-campus, in which case an email from the responsible person is sufficient.

### II. Who is Affected by this Procedure

This procedure applies to all UW-Madison departments. It should be understood by Department Managers, DPAs, Department Chairs, Directors, Deans, and employees responsible for equipment.

### III. Procedure

The following steps represent the overall process of conducting a physical inventory and reconciliation:

1. Property Control schedules departmental inventories each fiscal year. Departmental inventories are spread out over the entire year skipping June and July due to fiscal year end. The selection criteria for annual inventories will follow UW System Administrative Policy 334.C.

2. Property Control will notify DPAs of upcoming inventories and propose an inventory timeline with a start and completion date at least one month in advance, with a copy to the divisional Chief Financial Officer.
3. If a proposed schedule or timeline is not feasible, DPAs can request to reschedule. Property Control will be as flexible as possible, recognizing the need to achieve full coverage each year.
4. DPAs may delegate work to other employees (including student employees) so long as the DPA supervises the work. To inventory a department's items, employees must:
  - a. Observe the item by direct sighting.
  - b. Document their observation of the item. Property Control will facilitate this documentation by providing a barcode scanner and/or capital equipment list.
  - c. If items are off-campus, employees must obtain written confirmation from the items' responsible person indicating that the item is still intact, are in his or her custody, and identify/confirm present location.
  - d. If items are on loan to another institution as part of an active UW loan agreement, employees should indicate this. Loaned items are not subject to inventory.
5. Property Control coordinates inventories including training and providing equipment lists. Property Control uses a two-phase approach:
  - a. Initial search.
  - b. Final search for unaccounted items and subsequent reconciliation.
6. Property Control will first request that the DPA conducts an initial search. At the start of the initial search, Property Control provides a capital equipment list, barcode scanner, instruction sheet, and due date by which to return the scanner to Property Control.
7. During the initial search, DPAs or others supervised by the DPA use the scanner to verify items by scanning the tags affixed to equipment.
8. Upon the due date, Property Control collects the barcode scanner and loads results to update the capital equipment inventory records.
9. When items are not accounted for during the initial search (this outcome is expected at most departments due to volume and sharing equipment amongst researchers), Property Control will request the DPA conduct a final search for the unaccounted items. Property Control provides a printed unaccounted items listing. The DPA has 15 business days to complete the final search and return documentation to Property Control.
10. During the final search, DPAs or others supervised by the DPA should check items off the printed list by hand as they verify them.
11. If unaccounted items are determined to have been disposed of, DPAs should attempt to determine what happened to the item, completed a Disposition Request Form indicating the reasons for disposal, and attach supporting documentation to the disposition. (e.g. a pick-up request form if items disposed through SWAP).
12. If unaccounted items cannot be found and DPAs cannot determine what happened to them, DPAs should indicate the items as lost on the Disposition Request Form. . A concerted effort should be

made to find items before simply declaring the items “lost”. The Department will attest to these efforts on the Disposition Request Form by marking the attestation boxes under the lost section of the Disposition Form.

13. For all disposed items, DPAs must sign and obtain the signature of the Department Chair, Director, or designee on the Disposition Request Form. Two signatures are required to ensure adequate segregation of duties in authorizing removal of unaccounted items that were determined to have been disposed or lost during the final search.
14. Upon the due date, Property Control collects the completed unaccounted items listing.
15. Property Control reviews all losses to determine eligibility for removal from records as “lost”. Property Control may allow items to be removed as lost if:
  - a. they do not belong to a sponsor, and
  - b. they are more than three years old since the date of acquisition.
16. If Property Control determines that an item is ineligible to be removed from records as “lost”, Property Control will ask that the department notify the UW Police Department. Property Control will require a copy of an official police report before deactivating the item from records.
17. Property Control will enter all results into records and provide a summary of department’s inventory results to the DPA, with a copy to the Department Chair/Administrator and divisional Chief Financial Officer.

#### IV. Contact Roles and Responsibilities

	Dept Employees	DPA	Dept Chair/Dir/Designee	Prop Cont
<b>Physical Inventory</b>				
1) Schedule departmental inventories each fiscal year.				X
2) Notify DPAs of upcoming inventories at least one month in advance of start date, with copy to divisional Chief Financial Officer.				X
3) If the proposed schedule is not feasible, request to reschedule inventory.		X		
4) Conduct or supervise other employees to conduct inventory.		X		
5) Provide training and equipment lists.				X
6) <b>Initial search:</b> Provide DPA with barcode scan gun and instructions.				X
7) <b>Initial search:</b> Use barcode scan gun to scan tags affixed to equipment or approved alternative location.	X	X		
8) <b>Initial search:</b> Pick up scan gun.				X
9) <b>Final search:</b> Give DPA unaccounted items list (items not scanned).				X

	Dept Employees	DPA	Dept Chair/Dir/Designee	Prop Cont
10) <b>Final search:</b> Use list to check off items as they are found.	X	X		
11) <b>Final search:</b> If item has been disposed of, indicate how disposed and attach support if available.		X		
12) <b>Final search:</b> If item cannot be found and cannot determine how disposed, indicate item as lost.		X		
13) <b>Final search:</b> Sign Disposition Request to authorize disposals and/or loss removals/de-activations.		X	X	
14) <b>Final search:</b> Pick up completed unaccounted item list from DPA.				X
15) Scrutinize losses. Use judgement to allow or disallow loss removal.				X
16) Enter results into records and provide summary to DPA, with copy to Department Chair and divisional Chief Financial Officer.				X

#### V. Definitions

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- [Capital Equipment Definitions](#)

#### VI. Related References

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- [Capital Equipment Policy](#)

#### VII. Revisions

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