BUSINESS AND FINANCE DEPARTMENT
General Accounting

Effective Date: 9/1/2026

EQUIPMENT, MOVABLE PROPERTY, AND SENSITIVE ITEMS INVENTORY TRACKING POLICY

Policy Number	503-01
Approval Authority	Chief Financial Officer
Responsible Administrator	Controller
Responsible Office	Business and Finance
Policy Contact	Controller

1.0 POLICY STATEMENT

Tennessee State University (University) is committed to accurately recording, maintaining, and accounting for equipment, movable property, and sensitive or attractive items entrusted to its stewardship. As a higher education institution that receives state and federal funding, grants and subawards, the University must maintain appropriate inventory records and documentation to support compliance with applicable accounting, administrative, federal, state, grantor, and internal control requirements.

This policy establishes requirements for identifying, recording, tracking, physically inventorying, safeguarding, and disposing of equipment, movable property, and sensitive or attractive items.

2.0 IMPORTANCE AND REASON FOR THE POLICY

The University must maintain current equipment inventory records and appropriate internal controls for several reasons:

- By accepting government funding, contracts, and grants, the University assumes the responsibility of complying with specific requirements related to government-owned property. This includes the obligation to identify such property upon acquisition and ensure that it is accurately cataloged and documented in the University's records. Additionally, the University must maintain comprehensive inventory records that track

all property, detailing its condition and location.

- To ensure compliance with established standards, the University must implement strong controls over the usage, maintenance, and eventual disposition of equipment and materials acquired through government, donor, student, and taxpayer funds. This includes developing and implementing policies and procedures that foster responsible stewardship of resources, ensuring that all equipment is properly maintained and utilized in accordance with federal guidelines as well as the expectations of students, their families, donors, grantors, and benefactors.

- Stakeholders expect that the assets acquired by the University will not only be accurately accounted for but also maintained in optimal condition and utilized effectively to support the University's mission. Therefore, effective financial reporting is essential, as the transparent management of these assets demonstrates the University's commitment to fiduciary responsibility and fosters trust with funding sources.

3.0 DEFINITIONS

Accountable Officer - Each Vice President, Dean, Director, or Department Head may serve as the Accountable Officer or may delegate that responsibility to a qualified staff member. The Accountable Officer is responsible for supporting the proper acquisition, inventory, accountability, and disposal of University equipment in accordance with University policies and procedures.

Accountability - Each University department is responsible for all property and equipment in its custody. The Accountable Officer, and ultimately the Vice President, Department Head, or Dean, is accountable for the care, use, and security of the property, sensitive items, or equipment. Each University department is also responsible for ensuring that equipment purchases are necessary.

Capital Assets – Tangible or intangible items, including equipment, property, or furniture, with a cost or value of $5,000 or more and a useful life extending beyond a single reporting period. Capital assets are not consumed through normal use and must be independently identifiable as a distinct asset or functional grouping.

Equipment – Movable tangible property used in operations that is capitalized when it meets the capitalization criteria established for capital assets.

Movable Property – Nonexpendable tangible property that can be relocated because it is not permanently affixed to or integrated into a building or structure. Movable property may include equipment, furniture, machinery, or other similar items, regardless of whether the item meets the capitalization threshold. Examples include computers, freezers, vehicles, centrifuges, rotors, autoclaves, cages, and modular workstations.

Non-Capital Equipment – Tangible property with a useful life extending beyond a single reporting period and a cost or value of less than the capitalization threshold. Equipment items under this threshold may be inventoried and tracked by departments to support their use for University purposes, safeguarding, maintenance, and appropriate disposal.

Nonexpendable Property – Tangible property with a useful life extending beyond a single reporting period that is not consumed or used up during normal use.

Physical Inventory - The process of verifying the existence, location, condition, and assigned department or custodian of inventory items through inspection, count, observation, or other approved inventory procedures, and reconciling the results to the University's inventory records.

Property Custodian – Each department has a designated qualified staff member responsible for maintaining the inventory database of equipment, movable property, and sensitive or attractive items. This individual monitors changes, including transfers to other rooms, staff, or departments, and oversees disposal processes. They also report inaccuracies or missing items and participate in inventory counts as directed.

Property Asset Manager – This individual, appointed by the Chief Financial Officer, is responsible for coordinating the activities of the Property Inventory Management Team. This team plays a vital role in providing support services to the University community by managing and overseeing the accountability of all University-owned assets, including equipment and furniture. The person in this position is accountable for ensuring compliance with relevant regulations.

Property Inventory Management Team - This team is responsible for coordinating, tracking, and managing equipment throughout the University. The Property Inventory Management Team includes members from Facilities (Planning, Design, and Construction), Central Receiving, Procurement, General Accounting, and the Office of Technology Services (OTS).

Sensitive Minor Equipment / Attractive Property – These items are classified as movable and are particularly susceptible to theft. They possess a cost or fair value (for donated items only) ranging from $1,500.00 to $4,999.99, regardless of funding source. Items below this threshold may also be classified as sensitive or attractive property due to their portability, incorporation of new technology, data sensitivity, or potential for personal use.

Surplus Property – University property that is no longer needed, useful, or serviceable to the department that has custody of the item and is available for transfer, reassignment, sale, disposal, or other approved disposition in accordance with University procedures.

4.0 PROCEDURES

I. General

An annual physical inventory process will be conducted for equipment, movable property, and sensitive or attractive property, with the results reconciled with the Property Inventory Management Team.

Each department is responsible for confirming the location of its inventory items and certifying that the property remains both useful and necessary for its operations. The individual responsible for verifying the location of an inventory item must be distinct from the physical custodian of the item.

Any discrepancies between the physical inspection and the inventory records must be investigated to determine the corrective actions required by the Property Inventory Management Team.

II. Responsibilities

A. Chief Financial Officer (CFO)

Has general oversight for the care and custody of property and equipment belonging to or in the care and custody of the University.

B. Controller's Office

The Controller's Office provides oversight of property records and related tracking activities, including:

1. Recording and updating University property records for movable equipment and sensitive/attractive items.
2. Removing items from property records when the items have been reported lost, stolen, destroyed, transferred, disposed of, or otherwise approved for removal.
3. Supporting department verification and certification of annual equipment listings.
4. Coordinating with the Property Inventory Management Team to resolve discrepancies and support accurate property records.

C. The Property Inventory Management Team

Coordinates, tracks, accounts for, and manages movable property and sensitive/attractive items.

At a minimum, the team includes personnel from Facilities, Central Receiving, Procurement, General Accounting, and the Office of Technology Services (OTS).

D. Vice Presidents, Deans, Department Heads, and Principal Investigators

Administer and implement property inventory controls in their respective areas, including:

1. Communicating obligations regarding the use, maintenance, and safekeeping of property under the control of their respective departments or units.

2. Providing instructions regarding the acquisition, use, transfer, and disposition of inventory equipment and government property for which colleges, departments, and units are responsible.

3. Retaining responsibility for the care, maintenance, records, and control of property in their custody, including property acquired under the terms of a contract or grant.

4. Supporting the Property Custodian or designated individual in accurately documenting the location of each item in departmental records, keeping equipment movement records current, and notifying the Property Inventory Management Team of changes in building location or custody.

5. Providing appropriate physical security for property in their custody, including locking areas containing equipment after business hours or when not in use and taking special precautions when handling high-value or portable equipment.

E. Vice Presidents, Deans, and Directors

Vice Presidents, Deans, and Directors are responsible for equipment in their respective colleges or departments that has not been assigned to a specific department or Property Custodian.

F. Property Custodians

Property Custodians support departmental property tracking and the physical inventory process by updating departmental records, monitoring changes in location or custody, reporting inaccuracies or missing items, assisting with annual inventory activities, and notifying the Property Inventory Management Team when sensitive or attractive items need to be added to University property records.

III. Physical Inventory Process

The physical inventory process involves four major phases to support the proper recording, movement, verification, and disposition of equipment and other property subject to tracking under this policy.

A. **Acquisition, Identification, and Asset Tagging:** Equipment acquired by purchase order will be entered into the inventory management tool. Central Receiving will indicate the date received and other required data, assign a property number, and apply asset tags. General Accounting will record the appropriate journal in the accounting system.

Equipment acquired through donation, transfer, grant, contract, or another approved method should be reported to the Property Inventory Management Team for recording and tagging, as applicable.

B. **Physical Verification:** The Property Custodian and designated staff will physically inspect each asset at least once a year. The initial steps in this phase involve planning and organizing the inventory counting process. This includes determining the specific assets to be inventoried, assigning roles to team members, and establishing a timeline. Proper preparation also requires ensuring that all inventory tools and systems, such as barcode scanners or inventory management software, are ready for use.

   A computerized list of equipment will be provided to each Vice President, Dean, Department head, and Property Custodian as appropriate. The list will include the following information:

   - Acquisition date
   - Asset description
   - Asset tag number
   - Assigned user
   - Cost and/or book value
   - Department
   - Location
   - Purchase order number
   - Room
   - Serial number

   It is the responsibility of the Dean, Department Head, or designated individuals to locate and inventory the equipment.

C. **Record comparison:** The results of the physical counts are compared to the University's property records to identify any discrepancies. It involves identifying missing items, untagged assets, surplus items, classification errors, and items requiring disposition.

D. **Resolution of discrepancies:** Identified discrepancies are investigated and resolved, which may involve adjustments to the asset records or replacement of lost or damaged items.

   Equipment may be removed from University property records when items are traded, sold, lost, stolen, destroyed, permanently transferred, disposed of or become surplus to a department’s needs. The removal must also be supported by appropriate documentation and recorded in the University’s capital asset records in accordance with applicable accounting and asset disposition procedures.

Surplus property typically refers to University-owned equipment, materials, or tangible assets that are no longer required by the department currently utilizing them or are designated for replacement. The department is not permitted to transfer, dispose of, sell, donate, or otherwise relinquish such property without prior approval from the Property Asset Manager and Controller, in accordance with the University's inventory procedures and guidelines.

The Business and Finance Office will provide the department with a corrected and updated equipment listing within 45 days of completing the annual physical inventory, after the certifying document from the department has been submitted to the Property Inventory Management Team.

IV. Sensitive and Attractive Property

Although sensitive or attractive property is not capitalized, it should be inventoried at least annually.

Some common examples of sensitive/attractive property are:

- Cameras
- Cellular/smartphones
- Computers (desktops, tablets, and laptops) including network servers *
- Computer monitors
- Communications equipment
- Firearms and other weapons
- Microscopes
- Miscellaneous motor vehicles (e.g., golf carts)
- Musical instruments
- Portable printers, scanners, projectors
- Spectrum analyzers
- Switches/Routers/Hubs
- Televisions and other audiovisual equipment
- Trailers
- Vector scopes
- Watercraft related items
- Waveform monitors

** All computers, tablets, and related technology equipment that will connect to the University's network must be purchased and inventoried through the OTS, regardless of funding source, to ensure they comply with the minimum standards for network security.*

A. Identification of Other Sensitive and Attractive Property

The University may classify additional items or categories of property as sensitive or attractive property when risk, operational, or compliance factors support additional tracking, even if the items are not otherwise identified by this policy or related University procedures.

The Property Inventory Management Team, in consultation with the Controller's Office, may use professional judgment, documented review, or an approved assessment tool to support classification decisions. Factors considered may include, but are not limited to, the nature of the item, susceptibility to theft, loss, misuse, or unauthorized use, and the potential impact to the University if the item is lost, stolen, damaged, or misused.

Items or categories identified through this process may be added to University property records and tracked as sensitive or attractive property.

B. Tracking and Recording Sensitive and Attractive Property

Once identified, the Department's Property Custodian should notify the Property Inventory Management Team of the new sensitive/attractive items that need to be tracked. The items should be added and tracked using tools such as an Excel spreadsheet and/or the University's asset/inventory management system. Information captured should include:

- Acquisition date
- Asset description
- Asset tag number
- Assigned user
- Cost and/or book value
- Department
- Location
- Purchase order number
- Room
- Serial number

Photos of the property can also be attached to internal department records, if desired. Property tags will be issued for the item by central receiving or the department, depending on how the item was procured.

5.0 AUTHORITY AND REFERENCES

TCA § 49-8-203, et seq.; U.S. Government Accountability Office Standards for Internal Control in the Federal Government GAO-14-704G (the "Green Book") and the State of Tennessee Internal Control and Compliance Manual for Governmental Entities and Other Audited Entities in Tennessee.

This policy is issued under the authority of the CFO and is enforced by the Controller's Office. The CFO is responsible for oversight of compliance with this policy and for approving any exceptions.

6.0 HISTORY

Policy 5.08.19 TSU Movable Property Reconciliation Policy