

Scottsboro City Schools

Inventory

Procedures Manual



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Inventory Policies

Scottsboro City Schools Inventory Policies provide guidelines to account for all buildings, land, and equipment regardless of the method of acquisition or source of funding.

Permanent inventory records are created for the purpose of maintaining a current and accurate physical inventory, providing required reports for yearly audits, and monitoring damage and vandalism in order to file appropriate insurance claims. Our inventory system includes a complete description of each asset, its acquisition date, cost, location, condition and other detailed information. An item is considered an “inventory item” if it falls into certain land, building, equipment, or vehicle categories and if it meets certain cost and useful life criteria as described below. Every inventory item is assigned a control number, tagged with a bar code label, and entered into the accounting software in a timely manner.

Inventory Item Criteria

To be considered an “inventory item” and included in the Scottsboro City Schools’ records, an item must meet the following criteria for cost and useful life:

- Land automatically meets the criteria of inventory.
- New construction and renovation costs must meet or exceed \$50,000. Items representing construction in progress are not added to the building value until the construction or renovation is complete.
- Purchased items must meet or exceed \$5,000 for capital assets and \$300 for inventory assets with the exception of selected high-risk assets. Purchased items must have a useful life of one or more years.
- Donated items must meet or exceed an estimated market value of \$300 and have a useful life of one or more years. (To include Selected High Risk asset inventory.)

Definitions

Inventory Assets are defined as any item of equipment with a unit cost of \$300.00 up to \$4,999.99.

1. It is tangible in nature.
2. It has a useful life of greater than one year.
3. It must be tracked for state or regulatory purposes.

Capital Assets are defined as non-expendable assets with a unit price of \$5,000.00 or greater.

1. It is tangible in nature.
2. It has a useful life of greater than one year.
3. It must be tracked for state or regulatory purposes.

High-Risk Assets are defined as any item with a unit cost of \$100.00 to \$499.99 and are identified within the Fixed Asset System for the purpose of tracking.

Examples of high-risk assets:

1. Televisions, cameras, computers, printers (\$150.00 or more), copiers, camcorders
2. Power drills, lawnmowers, power saws, leaf blowers, weed eaters, floor machines
3. Two way radios

Building Improvement Assets are defined as major maintenance projects on existing buildings.

Examples of building improvement assets:

1. Remodeling building components
2. Replacing heating/air conditioning units (*Replace vs Repair*)
3. Roofing and ceiling
4. Kitchen items such as walk in freezers and hoods
5. Surveillance cameras

Land Improvement Assets are defined as any structure or up-grade to existing land.

Examples of land improvement assets:

1. Driveways, parking lots, sidewalks
2. Fencing, retaining walls
3. Replacing sod and greenery (*i.e. Baseball/Softball/Football Fields*)
4. Statues, structures, flagpoles
5. Outdoor lighting

Land- Real property- land tracts.

Capital Leases- All Fixed Assets that are being acquired under a lease or purchase agreement.

Capitalization Level- The level at which Fixed Assets is reported for financial statement purposes (equipment costing \$5,000 or more, building improvements costing \$50,000 or more).

Construction in Progress- is all building expenditures from facilities under construction *must be completed* during the current year.

Shipment of New Purchases

1. If the inventory items are shipped and processed through the Central Office, the Inventory Coordinator will barcode and enter the inventory data into the accounting software. The Inventory Coordinator and Technology personnel will work together to distribute the inventoried items to the designated sites as assigned. The recipient will verify receipt of inventoried items being received by signing an **Acknowledgement of Goods Receipt** and returning it to the Inventory Coordinator at the Central Office.
2. If items are purchased at the local school level, the Local School Designee, IF the Inventory Coordinator is unavailable, will barcode the item and send the required documentation back to the System Inventory Coordinator.
3. All systematic documentation will be recorded by the Inventory Coordinator.

Local School Designee Responsibilities

- Complete the **New Purchase Form** for all new inventory items purchased at their respective school site.
- Frequently check ALL Inventory forms and complete all missing information before processing. (And returned to the Inventory Coordinator within 7 days.)
- Assist employees with completing transfer and/or reassignments, deletion, and property removal forms after permission is granted.
- Barcode various items as requested by the Inventory Coordinator.
- Distribute and collect the physical inventory count sheets for the bi-annual audits performed in December and May, before the end of the school year.
- Assist the Inventory Coordinator with other inventory responsibilities as needed.

Inventory Process Guidance

1. Protocol for inventory purchase requests routing guidelines (technology or general see attachment A).
2. **All technology equipment or items received that qualify for inventory must be tagged/barcoded.**
3. Items that qualify for inventory, purchased at the local school level, will require a form to be completed by the Local School Designee.
4. Central Office: The Inventory Coordinator will extract reports from the accounting and inventory software to locate the items that need to be inventoried. It is essential for only the items pertaining to **inventory** be paid and barcoded with the **designated accounting object codes 490-499**.
5. Local School: The Local School Bookkeeper at each school site will export monthly financial records to the Central Office for the Inventory Coordinator to review. The Inventory Coordinator will verify that any new items purchased for inventory have been tagged/barcoded.
6. Grants/Donations: When the system receives grants/donated items that qualify for inventory, *these items must be treated as a new purchase and issued a tag/barcode*. The School Principal/Local School Designee is responsible for notifying the Inventory Coordinator if the system receives any inventory items by grant/donation within three (3) business days.

REMINDER: ALL ITEMS DONATED OR PURCHASED BY A GRANT TO THE EMPLOYEE/SCHOOL IS THE PROPERTY OF THE SCOTTSBORO CITY SCHOOL SYSTEM AND **NOT THE EMPLOYEE.**

1. Before any inventory is moved/reassigned, permission must be granted from the Inventory Coordinator through the Principal's office and the **Fixed Asset or Disposition** form will be filled out and submitted. The employee is responsible for reporting these item(s) to the Principal/Local School Designee.

EXAMPLES

Example 1: Jane Doe is *reassigning* from room "A" to "B" within the same school.

Example 2: Jane Doe is no longer using iPads in her classroom and another teacher will be receiving them in the same school building.

2. The employee is responsible for notifying the Principal or Local School Designee **immediately** of any item that is stolen, damaged, or needing to be disposed of. ***(If the employee fails to notify the Principal or Local School Designee immediately they could be held liable for damages.)***
3. The Fixed Asset Transfer or Disposition form must be completed if an item is transferred, stolen, damaged, or needing to be repaired or disposed of.
4. Each inventory item's **CONDITION MUST BE CHECKED BY THE DEPARTMENT DIRECTOR and must have a Fixed Asset Transfer or Disposition form completed before the item is disposed of.** Inform the Principal or Local School Designee regarding any technology item that is no longer working and needs to be disposed of. ***(ALL ITEMS MUST BE BROUGHT TO THE CENTRAL OFFICE TO BE DISPOSED OF.)***
 - Every item must be approved by the Board before it can be disposed of.
 - All property including non-inventory items such as furniture and filing cabinets must be approved by the Board before it is disposed of. Inform the Principal or Local School Designee of any item needing to be disposed of.
 - A **Property Pass** form **must** be completed by someone other than an employee that the equipment is assigned to before any school purchased item can be taken off campus.
 - Only items such as laptops, MacBook's, iPads, or Chromebooks can be taken off campus. Students are not allowed to take inventory items off campus unless previously approved by the Principal and the Inventory Coordinator.

- The **Property Pass** form signifies that if an item is stolen, broken, lost, or damaged off of school campus, the inventory holder is responsible for the full replacement value of that item. (*\$500 minimum to offset cost of ordering, inventory, etc.*)
- An inventory audit is conducted two times per year; the first in December and the second in May or by the end of the school year.
- The Local School Designee is given instructions on the audit completion, and is responsible for ensuring the distribution of the inventory list is completed and turned in to the Inventory Coordinator before Christmas Break and before the end of the school year.

Equipment Transfer/Disposal

Any disposals/transfers of inventory must be documented on the **Fixed Asset Transfer or Disposal** form. This includes transfers between school rooms/sites (*same location*), theft, loss, worn out, etc. Information requested on the forms includes item description, bar code number, serial number, and reason for transfer/disposition. If the item is to be transferred to another location, be sure to include the school/site destination. The following special instructions also apply:

1. Transfers outside the school system are prohibited.
2. *No transfers will be allowed for teachers moving from one location/school to another location/school.*
3. All sales of assets must be processed through the system salvage/auction procedure.
4. All thefts, items damaged by vandalism, catastrophic loss or any missing items must be reported to the Inventory Coordinator.

Audit Requirements

In an annual audit, there are three major areas of information that must be produced:

- A. Additions to Inventory
The identification of purchased assets such as Land, Land Improvement, Buildings, Building Improvements, Equipment, Vehicles and donated equipment.
- B. Deletions from Inventory
The reasons for disposals are trade-ins, sold, stolen, missing, and damaged.
- C. Reclassifications
The reasons for reclassifications include approved movement of inventory items.

Responsibilities

The System Inventory Coordinator will be responsible for:

- Scheduling and coordinating the physical inventory.
- Supervise and conduct a thorough inventory in accordance with the guidelines of Scottsboro City Schools.
- Reconciling any exceptions, such that the results provide a complete accounting of all Capital Assets, Inventory Assets, and High Risk Assets in the Scottsboro City School System.
- Maintaining District Assets and Inventory System.
- All capital assets entered into the accounting software.

Principal Responsibilities

- It is the Principals responsibility to investigate any missing/stolen items.
- The Principal must enforce the rule that no item belonging to Scottsboro City Schools can be taken or removed from campus without an approved **Property Pass** form and no inventory has been moved without prior permission of the Inventory Coordinator.
- The Principal will certify that all physical inventory has been conducted by receiving and signing an **Inventory Certification Form** yearly.

Vehicles

The Chief Financial Officer and the System Inventory Coordinator are responsible for maintaining current vehicle assets. The Transportation Supervisor is responsible for maintenance and annual inspections on all transportation/maintenance equipment/vehicles including reporting any damages or sales. Upon receipt of any licensed vehicle, the following information will be needed:

1. Copy of purchase order
2. Vehicle identification number
3. Copy of title

Procedures

Who Tags

- System Inventory Coordinator
- Local School Designee (possible if the Inventory Coordinator is unavailable)

Where to Tag

- Classroom/Administration Equipment:
 1. TV's, Projectors and cameras- back or best visible position
 2. Computers /Monitors - back or best visible position
- Operating and Maintenance Equipment:
 1. Generators, Air Compressor, Table & Radial Arm Saw, Vacuum Cleaners, and Floor Buffers-front or best visible position
 2. Welding Machine- front or best visible position
 3. Drill Press, Band Saws- front or best visible position

Kitchen Equipment (Appliances)

- Kitchen Equipment usually does not have assigned barcodes. The serial number is used for identification in this circumstance. The below is a list of the few appliances that will be barcoded.
 1. Refrigerators- front top
 2. Mixing Bowls- serial number
 3. Oven- serial number

Items unable to have a barcode placed on them will be assigned a barcode and listed on a system-wide list maintained at the Central Office. Real property, buildings, and land assets will not have a barcode label but will be entered into the system inventory for cost purposes.



Example of Bar Code Tag:

White Tags – General Purchase/Yellow Tags – SPED/Blue Tags – Federal Programs

Donated Assets:

When an item is donated, proof of original cost would be helpful. If proof of cost is not available, the Chief School Financial Officer or Director will establish a value according to fair market value.

The following information needs to be made available to include in the Donated Assets record.

- Description of donated item, condition, quantity, year, make, model, and donor's name.

Donated items must fall under the category of being \$300.00 or more, or a TV, CPU, Digital Camera, or small technology items (approved by the Chief Schools Financial Officer). **All donated items become the property of the Scottsboro City School System.**

Required Actions for Surplus:

Inventory Surplus: A **Fixed Asset Transfer or Disposition** form must be completed and approved by the Program Director, Principal and Inventory Coordinator. The Inventory Coordinator will compile the list of items and give to the Superintendent's Secretary to be placed on the Board agenda. No item may be disposed of until the Board has approved it.

Auction/Salvage Sale:

Auction/Salvage sales are developed from items that are old, worn out, broken, or non-repairable. The items will be gathered together by a designated person/department determined by the Superintendent.

Auction/Salvage Sale Process:

The Superintendent's written approval is required before any items are released for pick-up.

1. Items are scheduled for pick-up by the Superintendent's designee.
2. Salvaged items are delivered to a designated location, (O'Brien at the Page Administrative Building or other designated area) and stored until an Auction Sale is scheduled.
3. Once items are delivered to the designated area, they are to remain idle, inventoried and secured pending preparation of the sale. An auction/sale disposal listing is developed by the System Inventory Coordinator.

Federal Fund Guidelines:

Records must be maintained that include a description of the item, the property number, serial number, fund source, purchase order number, acquisition date, cost and location.

Real Property:

- 1) Use: Except as otherwise provided for by federal statutes real property will be used for the original authorized purpose as long as needed for that purpose. Also, the grantee or sub grantee shall not dispose of or encumber the title or other interests.
- 2) Disposition: When real property is no longer needed for the originally authorized purpose, the grantee or sub grantee will request disposition instruction from the awarding agency.
- 3) Retention of Title: Grantee retains the title after compensating the awarding agency.
- 4) Sale of Property: Sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.
- 5) Transfer of Title: Transfer title to the awarding agency or third-party designated/approved by the awarding agency.

(Items 3-5 must be verified with program directors)

Equipment:

Equipment with a unit price of \$300.00 and above or identified as a high-risk item. These items are to be maintained and monitored by the Inventory Department.

- 1) Equipment shall be used by the grantee or sub grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.
- 2) Property must be maintained so that it includes a description of the property, a serial number, fund source, department, acquisition date and cost of property.
- 3) A physical inventory of the property must be taken and the results reconciled with the property records at least once every year.

A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of property. Any loss, damage, or theft shall be investigated.

(Must be verified with program directors)

Important Tip:

When turning in a Fixed Asset Transfer/Reassigned or Disposition form/ Property Pass or Device Check-out, make sure a barcode number AND a serial number is listed.

490-499 Non-Capitalized Equipment (Less than \$500 and meets the following criteria)

Note: Criteria of Equipment

1. The item retains its original shape and appearance with use.
2. Under normal conditions is expected to serve its intended purpose for longer than one year, and;
3. Is non-expendable; that is, if the item is damaged or some of its parts are worn out, it is more feasible to repair the item than to replace it with a new unit.

491	Non-Capitalized Instructional Equipment
492	Non-Capitalized Furniture and Fixtures
493	Non-Capitalized Non-Instructional Equipment
494	Non-Capitalized Audio/Visual
495	Non-Capitalized Computer Hardware
496	Non-Capitalized Library/Media
497	Non-Capitalized Laboratory
498	Non-Capitalized Athletics and Physical Education
499	Other Non-Capitalized Equipment

500-599 Capital Outlay

The group of object codes includes costs for acquiring fixed assets, including land or existing buildings; improvements of grounds; initial equipment; additional equipment; and replacement of equipment.

510-519 Real Property (Use only in function 7000 range)

511	Land
512	Land Improvement
513	Buildings- Purchased
514	Buildings- Constructed
515	Building Improvements
519	Other Real Property

520-539 Personal Property

520-529	Machinery-Complex Systems	530-539	Vehicles		
		531	School Buses	532*	Service Vehicles
		533*	Automobiles	539*	Other Vehicles

540-589 Equipment

541**	Furniture and Fixtures	542**	Audio/Video
543**	Laboratory	544**	Library/Media
545**	Computer Hardware	547**	Athletic & Physical Education
548**	Tractors/Mowers		
549	Traffic Control Devices		
589**	Other Equipment		

Protocol for Inventory Purchase Requests Routing Guidelines

Requests for Technology Equipment

1. Request a quote from the Technology Department.
2. Fill out a Purchase Order and receive approval from the Principal.
3. Submit Principal approved Purchase Order to the Central Office for CSFO and Superintendent approval signatures.
4. Once approvals are granted PO's will be entered by the Finance Department.
5. The white and yellow copy of the PO will be returned to the Tech. Department so that the order can be placed.
6. The pink copy of the PO is kept by the Finance Department until item(s) are ordered and received.
7. Once item(s) are received, the Inventory Coordinator will tag the item(s).
8. The Inventory Coordinator will tag the item(s) and the Tech. Department will configure item(s) for use.
9. Dissemination will follow.

General Purchase Items

1. Fill out a Purchase Order and receive approval from the Principal.
2. Submit Principal approved Purchase Order to the Central Office for CSFO and Superintendent approval signatures.
3. Once approvals are granted PO's will be entered by the Finance Department.
4. The white and yellow copy of the PO will be returned to the requestor so that the order can be placed unless the order is to be placed by the SPed. Department or Federal Programs Department.
5. The pink copy of the PO is kept in the Finance Department until item(s) are ordered and received.
6. Once item(s) are received, the Inventory Coordinator or the Local School Designee will tag the item(s).
7. The requestor will sign the yellow copy of the PO and submit along with any accompanying documentation such as packing slip to the Finance office for payment processing.