



ADMINISTRATIVE REGULATION

AND PROCEDURE

Title: CAPITAL EQUIPMENT PHYSICAL INVENTORIES

Code: GG0204

Policy Reference: B0108

Background

MATC policy B0108, "CAPITAL ASSET ACCOUNTING" establishes the importance of conducting periodic cycle counts of capital equipment. The procedure of cycle counting will help in safeguarding capital equipment belonging to the college. It will confirm that equipment in the accounting records physically exists and can identify equipment that is obsolete, no longer needed by the College, or that was improperly recorded. These counts can also help to provide reasonable assurance that the accounting records reflect materially the total value of capital equipment reported in the financial statements.

Selection process

Partial physical inventories in the form of cycle counts will be performed on an ongoing basis. The MATC Capital Accounting & Budget Manager will organize the counts and will select the group of equipment for each cycle count. The minimum number of units selected per fiscal year should be approximately 10 percent of the total number of tagged units that have individual acquisition values of \$5,000 or greater. Each selection will be by department but will be limited to a given area of the College. For example, a department that has equipment at multiple campuses might only have its equipment counted at one campus, and possibly only one building at that campus during a given cycle count. This area limitation is necessary due to time constraints, practicality, and efficiency. The selection for each count will be in the form of an equipment listing downloaded from the capital assets database based on acquisition value, department/program, campus, building, and floor.

Inventory process

The MATC departments or programs are responsible for safeguarding their capital equipment. Since the employees within the departments or programs are the most knowledgeable about equipment they use, their help in locating and identifying equipment is needed by the Capital Accounting & Budget Manager. Each department or program will be responsible for providing at least one contact person that is knowledgeable about the equipment and its whereabouts. The Capital Accounting & Budget Manager and the department/program contact(s) will locate the equipment on the listing in order to confirm its: 1) existence, 2) current location, and 3) ability to function. Equipment that cannot be located, or that cannot be made to function in order



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to provide benefits to the College must be written off in the accounting records using form GG0201-2 Appendix B. In order to maintain proper segregation of duties, the Controller must approve all write offs in the accounting records.

Office of Responsibility: Finance Division/Business Office

Last Reviewed: Jul-2021