MEMORANDUM

TO: Academic Senate

FROM: John Nixon, VP for Administrative Services

SUBJECT: Proposed revision of Policy 3-041, Tracking certain types of non-capital equipment below the $3,000 threshold

DATE: February 1, 2019

1. Proposal background:

This is a proposal to revise University [Policy 3-041](https://regulations.utah.edu/administration/3-041.php) “Accountability for Noncapital Equipment.” This memo refines a proposal which was earlier presented to the Senate Executive Committee and then discussed as part of the Intent Calendar of the Academic Senate in December 2018, and now will appear on the Debate Calendar for the Senate meeting of February 2019.

Findings from a recent State Legislative Audit1 led to a new Regents policy applicable to the University; and findings from a related University Internal Audit2 recommended changes in procedures for accounting for certain equipment below the current purchase threshold of $3,000. For the University to best respond to those audit outcomes and comply with the new Regents policy, it will be necessary to slightly revise the wording of University [Policy 3-041](https://regulations.utah.edu/administration/3-041.php).

1. The State Legislative Audit, and the resulting new Regents Policy:

The State Legislative Audit recommended that:

The Utah State Board of Regents … should create and document a policy specifying requirements for noncapital asset tracking procedures. This policy should plainly define the value and types of assets to be tracked and the methods to be used. This proposed policy should also address the audit recommendation, by creating a system policy that would require tracking and regular review of the following noncapital assets:

1. Assets with an acquisition cost greater than or equal to $3,000.
2. **All desktop computers and laptops of any value**.

In turn, the Regents enacted new [Regents Policy R572](https://higheredutah.org/pdf/agendas/20181115/TABG_2018-11-16.pdf) “Noncapital Asset Inventory & Tracking”. The Policy notes particular importance on accounting for mobile devices which have become storage tools for Personally Identifiable Information (PII). An excerpt from that policy follows:

“Noncapital Asset Inventory: Each institution shall affix an asset tag with a unique identifier to, and maintain an inventory of, the following non-capital assets:

* Assets with an acquisition cost greater than or equal to $3,000.
* **Institution-owned computers and laptops that may contain PII at any point during the institution’s ownership of the asset.**”

PII is defined as “any information that permits the identity of an individual to be directly or indirectly inferred, which if lost, compromised, or disclosed without authorization could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual.”3

1. The University Internal Audit:

The internal audit concluded that policies requiring inventory records should apply to certain devices below current thresholds. Currently the guidance encourages, but does not require, tracking of equipment containing sensitive, restricted, or personally identifiable information. There are significant vulnerabilities in departments where mobile devices are likely to contain restricted or sensitive data. Ideally all mobile devices, regardless of cost, should be inventoried.

1. University response to the audit outcomes—require inventorying/ tracking of University-owned computing devices that may contain Personally Identifiable Information/ Sensitive Information—regardless of the purchase costs of the equipment:

Both audits (and the new Regents Policy resulting from the Legislative Audit) emphasized the need to track noncapital equipment items that “may” contain PII. Therefore, if it is likely that any such devices will ever contain such information, the device needs to be inventoried and tracked. Other such devices, not ever likely to contain PII, are not required to be inventoried and tracked. As a result of all these considerations, this proposal is to make a short but very important addition, of one sentence, to the existing relevant University policy dealing with this issue.

**Note carefully that this Policy governs only the inventorying/ accounting for equipment that is controlled by units of the University.** Based on comments made at the previous meetings with the Senate and its Executive Committee, it appears there was some misunderstanding of the scope of the Policy. Some Senate members seemed to take the impression that the Policy would be applicable to *personal/privately-owned* mobile devices such as laptop computers — devices owned by individual students or faculty members. That is not the case --- **this Policy is only applicable for *equipment owned/controlled by the University of Utah*.** Therefore the proposed new requirement in Policy 3-041 for inventorying and accounting for certain mobile computing devices (likely to contain Personally Identifiable Information--regardless of their cost) **will not be applicable to ‘personal’ devices privately owned by individual members of the University community—but rather only to such equipment for which a unit of the University is “responsible.”**

1. Consultation on the proposal:

This proposal was developed by Jeffrey J. West, in his role as Assoc. Vice President, Finance. It has been approved by John E. Nixon (VP for Administrative Services) and Cathy Anderson (Chief Financial Officer). It was reviewed by the Institutional Policy Committee on Nov. 9, 2018 and December 14, 2018.

1. Proposed revision of Policy 3-041:

[Relevant excerpts of Policy 3-041. Proposed wording changes are shown in standard ‘redline’ font marking—double underline for added text, and double strikethrough for deletions:] Only the affected policy sections are shown herein.

**POLICY 3-041 Accountability for Noncapital Equipment**. Revision 01 [Effective date: April 13, 2010 Upon final approval]

I. Purpose and Scope

To establish University policy for accountability of noncapital **equipment for which**

**departments, units, and colleges are responsible.**

II. Definitions

A. Noncapital Equipment - Equipment having an acquisition cost or donated value

of greater than or equal to $1,000, but less than the $5,000 capital threshold, and

with a useful life in excess of one year. Examples include, but are not limited to,

photographic equipment, **computers,** printers, scanners, etc.

\* \* \* \*

III. Policy

A. Accountability for Noncapital Equipment

1. **It is the responsibility of each department** or unit which acquires**,** holds, or disposes of noncapital equipment to ensure that such property is:

a. Properly recorded when acquired

b. Properly inventoried and safeguarded

c. Properly reported at time of disposal

2. Dollar thresholds are established for verification purposes and overall efficiency of operations in accordance with the Definitions above. This is not to imply that departments and units not also be diligent in **safeguarding items that fall below the dollar threshold - especially where such items contain sensitive, restricted or personally identifiable information. Specifically, such items should be included in noncapital equipment inventory even when the acquisition cost or donated value falls below the dollar threshold.**

3. When the purchase of noncapital equipment has been recorded in the financial system, the department will attach the appropriate inventory tag (where feasible) to the equipment and maintain records of the location and other pertinent information within the department.

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B. Disposal or Transfer of Noncapital Equipment

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5. Equipment containing data storage devices must have those devices destroyed according to procedures established for that purpose.

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E. Verification of Inventory Records

1. Departments will maintain inventory records on noncapital equipment and conduct a biennial inventory on such equipment. **Noncapital equipment must be inventoried if the item is less than five years old and** any of the following apply: a. Items are highly portable **b. Items contain sensitive or confidential data**  c. Items have a high probability for theft or misappropriation.

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VII. History

Revision 0 … Approved by the Academic Senate: March 1, 2010.

Approved by the Board of Trustees April 13, 2010.

[Legislative History](http://fbs.admin.utah.edu/download/guidelines/ExecutiveSumm3-041.pdf.) of Revision 0.

1“Performance Audit of Inventory and Security Controls at Institutions of Higher Education”

2“Security & Accountability for Mobile Computing Devices”

3U.S. Department of Homeland Security (DHS)