

Comprehensive Standard 3.11.1

The institution exercises appropriate control over all its physical resources.

☒ Compliance Partial Compliance ☐ Non-Compliance

Physical Resources

The Department of Purchasing reports to the vice president for business affairs and is responsible for the procurement of supplies, equipment, services, and construction, as well as for managing the central receiving, stockroom, inventory control, and surplus property functions [12].

The Department of Purchasing has the additional responsibility of coordinating with the various university departments for the procurement of all goods and services. This coordination has a double-edged purpose. The first is to ensure that units of the university follow the state's procurement code where applicable. The second is to ensure that departments are following university policies and procedures. In a decentralized organization such as U of L it is paramount that the purchase staff be good communicators, trainers, and facilitators. The purchasing staff is very professional and performs this function well. Several purchasing staff members are certified purchasing managers (CPM). The Department of Purchasing serves as a channel through which bids and quotations are handled [13].

The Office of Inventory Control maintains up-to-date records of any university property having a value of \$1,000 or more and provides reports for state and federal compliance requirements. This information is also used as the university's official book of record for insurance purposes. Inventory control also stores, protects, and disposes of unusable state property in compliance with state statutes. Kentucky state law requires the university to conduct periodic audits of inventory, including fixed assets [14]. To comply with this statute, university departments report inventory fixed assets annually. Fixed assets are defined as durable goods with an original cost of \$5,000 or more.

To perform the inventory, departmental business managers are required to download a report of fixed assets from the university website. The assets exhibited on the report are compared to the actual assets on-site, and discrepancies or changes are noted. The department administrator signs the verification report and returns it to the property and inventory control office. The property and inventory control staff reconciles the returned inventory reports to the fixed asset records database to ensure that departments have accounted for all assets. Follow-ups are made with departments who fail to complete annual inventory requirements.

The physical plant department has responsibility for maintaining facilities on U of L's three campuses and satellite locations. This oversight function includes all buildings, grounds, and infrastructure, as well as the operation of the central steam and chilled water plant on Belknap Campus. Besides the normal operating budget, which is mostly used to perform the routine facility maintenance, central administration has allocated \$1 million to the physical plant department for each of the past three years to correct the most urgent capital renewal and deferred maintenance needs. Moreover, in the years from 1998 to 2002, the university was

allocated a supplemental appropriation from the state in the form of a nonrecurring matching fund to assist in working the backlog of pressing deferred maintenance needs.

The physical plant department utilizes a computerized preventive maintenance work order system (called "Maximo") to assure that all infrastructure, systems, and major operational equipment receive the proper routine maintenance. From this system the physical plant department has developed a preventive maintenance master schedule showing the backlog of projects by type, location, and criticality. This system is further used to record, track, and control work requests. It also serves to record and track preventive maintenance work orders and is used to log and track all maintenance requests from university departments to ensure that the requests are serviced in a timely manner. Work can be requested via the internet or by phone. "Maximo" captures the work order information, and the resultant work is appropriately assigned to the physical plant staff. The system also tracks incomplete work orders for follow-up purposes.

Despite the influx of new funds, there continues to be a significant number of capital renewal/deferred maintenance projects to be addressed. A six-year listing of the most critical projects costing under \$400,000 can be found in the university's agency capital plan [15]. Based on the high priority of deferred maintenance projects by the Kentucky CPE, the university anticipates that it may receive another round of supplemental funding in the form of a matching program in future state budgets [16]. Also, the CPE has recently issued a request for quotation (RFQ) that will result in the hiring of a nationally recognized consultant to perform facility condition assessments on all university buildings statewide. This baseline information, once obtained, will allow for a much-needed comprehensive analysis of facility shortcomings and at the same time provide a realistic projection of the costs of capital renewal and deferred maintenance needs.

The university has implemented the asset management module of the Oracle financial system. Asset management is an online system that allows departments to check the current status of their physical assets and to generate customized reports and queries. As mentioned above, all physical assets with a cost of \$5,000 and greater must be accounted for annually. The asset management system simplifies the process of performing departmental inventories. Because it is an online, real-time system, it affords departments the functionality of accessing their physical inventory records at any time. As part of this effort each department is required to designate an inventory coordinator. The person identified as inventory coordinator is required to participate in asset management training and to show a basic level of proficiency before being allowed to access the asset management system [17].

[12] Purchasing
3_10_4_fn12.pdf

[13] Central Purchasing Policies and Procedures
3_10_4_fn13.pdf

[14] KRS 045A.045
3_10_4_fn14.pdf

[15] U of L's Agency Capital Plan
3_10_4_fn15.pdf

[16] CPE Capital Budget Recommendations
3_10_4_fn16.pdf

[17] Inventory Control, Property Management, and Surplus Property
3_10_4_fn17.pdf
<http://www.louisville.edu/admin/purchasing/invintro.htm>