Northeastern Illinois University Property Control Project

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ASSERTIVE INDUSTRIES

Agenda

- Introductions
- NEIU / Assertive Industries Background
- Key Regulations
- Goals & Objectives/Scope of Project
- Roles & Responsibilities
- Key Metrics
- Challenges and Improvement Opportunities
- Radio Frequency & Bar Code Technology
- Reconciliation/Accounting for – Demo portal
- Learnings and Obstacles (What to do differently)
- Next steps
- Questions

Northeastern Illinois University

Background - NEIU

- Northeastern Illinois University – Founded 1867
- Three Locations – Chicagoland area
- Most Diverse Public Comprehensive university in the Mid-west
  - Hispanic Serving Institution (HSI)
  - African American, Hispanic, Asian & Native American students represent roughly 60% of the Student Body
  - Over 100 Countries are represented in the student body.
- Approximately 7,000 students
- 1,010 Employees (June 30, 2021)

ASSERTIVE
INDUSTRIES
ASSET MANAGEMENT DIVSION
KRAFT
EQUIFAX
Sun
Whirlpool
FOX FACTORY
USS
MUSC
MEDICAL UNIVERSITY
of SOUTH CAROLINA

ASSERTIVE INDUSTRIES

More Than a Quarter Century Track Record

Asset Management Division

- Policy and Procedure Reviews for Best Practices Implementation
- Physical Inventory Services
- Accurate Financial Reporting, Audit Compliance & Reduced Taxes
- Barcode & RFID Technology Implementation with ERP System Integration
- Certified Fixed Asset Reconciliation Reports
- Surplus Asset Management, Sale Lease Back, Cost Segregations

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Key Regulation

- Fiscal Control Internal Auditing Act(FCIAA) (30 ILCS10/Article 3) requires Internal Controls are established and maintained which shall provide assurance:
  - resources are utilized efficiently, effectively,
  - Obligations and cost are in compliance with applicable law;
  - **funds, property, and other assets & resources are safeguarded against waste, loss, unauthorized use & misappropriation**;
  - **transfers of assets, resources or funds applicable to operations are properly recorded & accounted for to permit the preparation of accounts & reliable financial & statistical reports & to maintain accountability of the State's resources;** and
  - Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities & that no unauthorized funds exist.

Joint Commission on Administrative Rules (JCAR)

TITLE 44: GOVERNMENT CONTRACTS, GRANTMAKING, PROCUREMENT AND PROPERTY MANAGEMENT

SUBTITLE D: PROPERTY MANAGEMENT

CHAPTER I: DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

PART 5010 MARKING, INVENTORY, TRANSFER AND DISPOSAL OF STATE-OWNED PERSONAL PROPERTY

Part 1510 Summary

- 5010.105 Definitions
- 5010.110 Policy
- 5010.120 Applicability
- 5010.200 Definition of Equipment
- 5010.210 Marking of State-Owned Equipment
- 5010.220 Inventory of Equipment
- 5010.230 Required Entries on Inventory Records
- 5010.240 Definition of Required Entries
- 5010.250 Demolition
- 5010.260 Cannibalization
- 5010.310 Transaction Codes
- 5010.311 Loss of Value
- 5010.320 Vehicle Reporting

Part 1510 Summary (continued)

- 5010.400 Equipment Inventory Reporting
- 5010.410 Types of Inventory
- 5010.435 Report of Equipment Purchased on the Installment Plan
- 5010.440 Fund Codes Used on Agency Report of Acquired New Properties & Additions Form
- 5010.460 Annual Inventory
- 5010.470 Reporting “On Location” Equipment for Annual Inventory Report
- 5010.480 Reporting U.S. Property on Annual Inventory
- 5010.485 Inventories of Facilities Scheduled for Closure
- 5010.490 Discrepancies
- 5010.500 Evidence of Theft found During Annual Inventory
- 5010.510 Property Control Information Processed on Electronic Media
- 5010.520 Access to Automated Property Control Systems

Goals & Objectives NEIU Project

Protect University Assets:

1. Improve the efficiency of operations relative to property control, including the reduction of manual processes – reduce errors.
2. Improve the accuracy of records – Assignment of proper locations, departments, values, and standardization of descriptions etc.
3. Improve the timeliness of recording assets or a change of status of assets.
4. Retag all inventory that requires numeric tags with improved technology. (RFID and Bar code scanning technology)
5. Simplifying the process – reducing the number of categories of assets (~180), and not having to physically touch every asset in the annual process (however we can still account for it)
6. Maintain and improve reporting capabilities-upload/download-Interface with existing technologies (Banner) and CMS
7. Flexibility to modify processes if regulations change

Who this project Impacts

- Property Control Department – Monthly, Quarterly, Annual Reporting, Daily duties
- Controller's Office – Financial Reporting – quarterly, annual basis, weekly/monthly review of Accounts Payable Records, Monthly reconciliations
- Facilities – Move/relocate larger items or assist departments, & security and new control numbers for rooms, Secure storage areas/staging of assets (new, surplus, etc.)
- Every department/division of the University who has assets and is responsible for property of the University and safekeeping. Inventory managers play a key role.
- Every employee of the University – responsible for property they use
- Students may be impacted if we do not protect assets for their use. Several large computer and science labs.

Key Metrics for the Project

- Staffing: Property Control (PC) – 1.5, Dept. Inventory Mgrs. ~ 160
- Departments ~ 230 (one mgr. may handle multiple accounts)
- Unique classes of equipment ~ 180 (340 with different useful life assigned)
- # of Application Users ~ 160 of the application with multiple roles
- Active Assets ~ 8,000 – anticipated with “Ghost” (untagged 10K) – currently ~13,340 – but clean up of <$1,000 hadn’t occurred for everyone.
- Current NBV in system without cleanup ~ $ 57,300,000 (With cleanup closer to $53 M)
- 1.5 Million Square ft. – all 3 Campuses

Property Control Duties

- Train Department Inventory Control (IC) Managers
- Document Policies, Procedures & Manuals
- Obtain Approvals for disposal and reporting to the State - CMS
- Approval of internal/external (CMS)Transfers
- Ensure/Coordinate Physical Inventories are completed
- Tag Assets and support to Department Inventory Managers
- Initial entry into Property Control Application (with supplemental help from Receiving & University Help Desk)
- Arrange for disposal of surplus property – all property regardless of cost should be disposed of through the Property Control Dept.

Controller – Accounting & Financial Reporting

- Accuracy of records for Financial Reporting
  - Entering Cost information for assets, including acquisition & installation charges within the Property Control Application
  - Recording Depreciation
  - Capitalization of assets
- Monthly – Reconcile to Property Control Records – adds, deletes, untagged items. (Control point if something is purchased but not assigned a tag along with the Departments)
- Quarterly/Annual Reporting to State Comptroller's Office

Inventory Managers: Expectations of Departments

- Cooperation
- Responsiveness – Provide department contacts/changes *
- Clean up existing files – remove assets <$1,000, but keep all high risk assets – computers, laptops, tablets, and mobile devices with memory
- Identify untagged assets that should be tagged- laptops, tablets, items purchased during COVID or at any time that may not have been tagged
- Assistance in locating assets tagged & untagged needing tags
- Continue to tag "Property of NEIU" for items not requiring numeric tags sent directly to departments
- Training – staff availability, and timely participation
- Timely review of items when requested – asset listings, policy changes, etc.
- Inventory for this year will be taken as we retag assets. You will be involved in locating assets in the reconciliation process

Vendors

In Logic

- Experts on RFID and Bar Code Technologies
- Training, Configuration & Installation of new database
- Training and supplier of Tags & Scanners

Assertive Industries

- Coordination and actual physical inventory of Assets
  - Verification of Asset Type, Make Model, Serial #'s,
  - Tag Asset & record location with in the Assertive Portal
- Initial validation of data
  - Data Analytics – clean up data, standardize location names/building names
  - Assist & provide tools/reports for the reconciliation process
  - Coordinate with NEIU, InLogic on Data loads

Property Control Challenges at NEIU

- Repeated External & Internal Audit findings
- Staffing – Loss of Property Control Specialist – Nov 2021, Department staffed at 1.5 FTE down from at 6 FTE's. Remains currently at 1.5 FT & Extra Help.
  - New Property Control Specialist: Omar Cardenas
  - Reporting Line Changes: Support Services – Facilities - Risk Management/ Finance and Administration
- Regulatory Changes – State JCAR rules changed in May 2019. Changing the "nominal" value for inventory purposes from $500 to $1,000
- Accuracy of existing records
  - Database controls/no best practices
  - Fields not used appropriately or at all
  - No standard naming conventions
- COVID – Remote work changes - Supply Chain – HEERF Funding
  - Staffing/Turnover for the Vendor on-site

Property Control Challenges at NEIU

- Property Managers & Cooperation
  - Property Control Managers signed off on inventory, but work revealed they had not been done.
  - Property Control Manager turnover
- Historically assets have been tracked and reported at various level – includes all assets over $100, $500, $1000
- High Theft Items- regardless of cost: JCAR requires but never clearly defined - Entity is to establish their own policy. This occurred to include: **automobiles, firearms,** computers, laptops, tablets, mobile devices with long term memory regardless of cost. NEIU has redefined these as High Risk/Theft items.
- Outdated Policies & Procedures (department & university)

Improvements/Opportunities

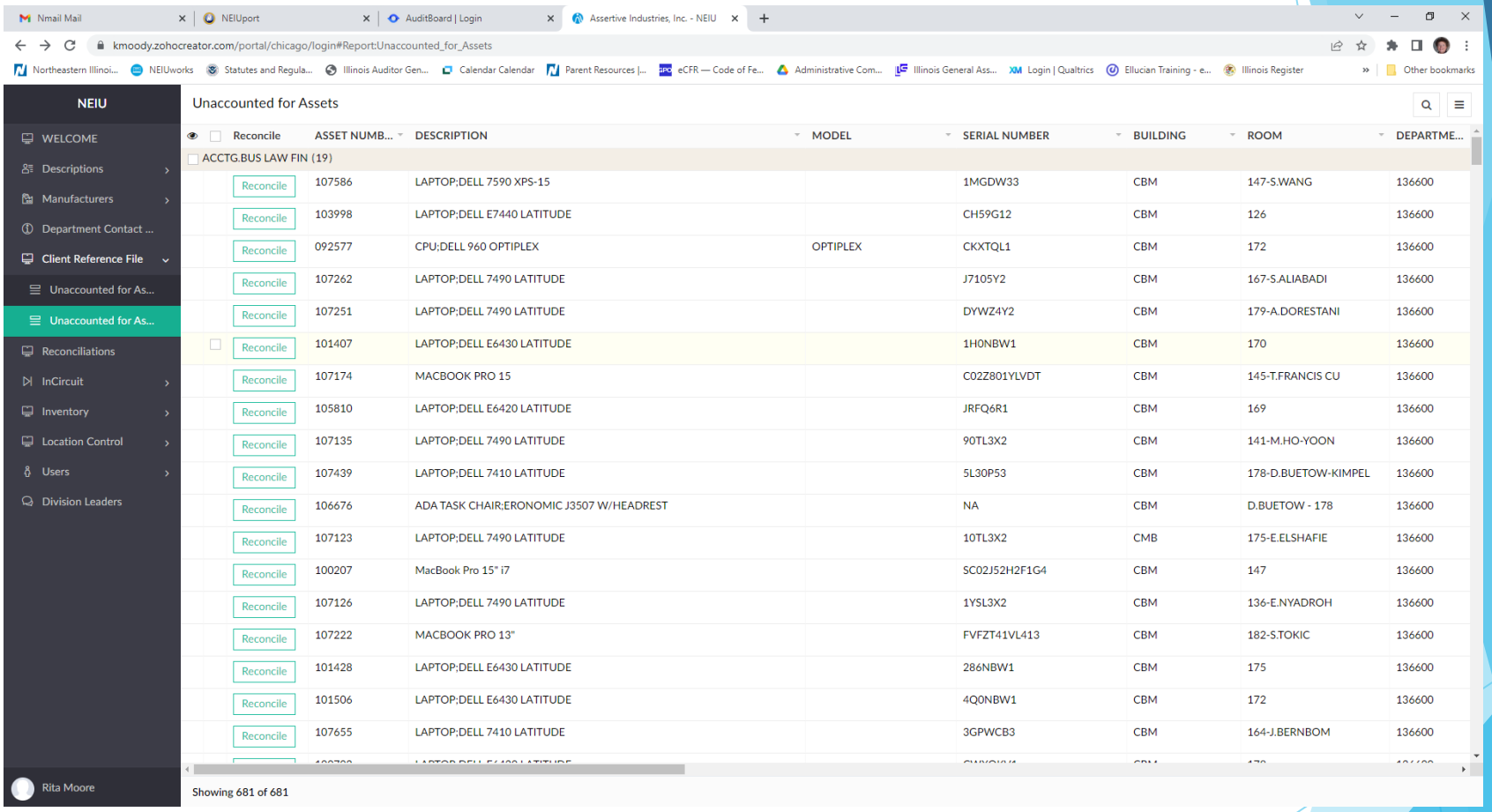
- New Vendor/Database (New Application): InLogic/ RFTrack Application
- Implementation Assistance: Assertive Industries (Retagging, database file, reconciliation process, Data Analytics Support)
- Fresh Database with proper Database Controls
  - Standards for data entry (limited freeform fields)
  - Separate Fields – Make, Model, Serial #'s, Brand, Vendor - will be used – not all in one field
  - Unique Location #'s – Control #'s (barcodes – room, building, locations)
- Improved Technology: Multi Tech Tag
  - RFID Tags – scanning – Radio Frequency Wave
  - Bar Code – scanning – Line of sight
  - Printed asset # (readable format)
- Standards for location of tags on assets
- Photo Catalog of assets
- Improved Processes/Best practices
  - Better Segregation of Duties
  - Property Control Staff – taking inventory
  - Limit classification of assets

Improvements - Continued

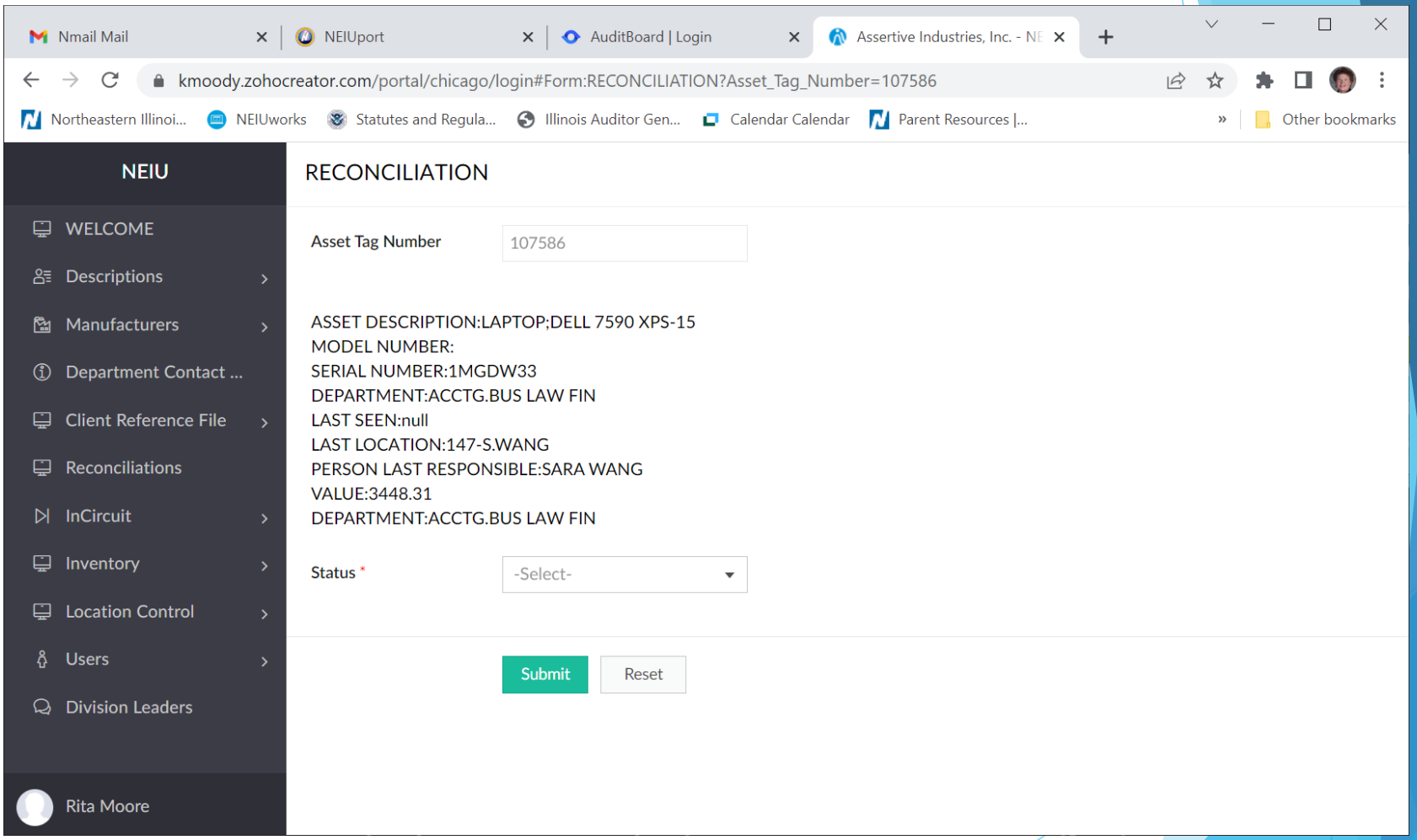
- Full Inventory will occur with evidence of when it occurred.
  - Date of last seen will be recorded
  - Reduce the time needed to perform annual inventory.
    - RFID tags read simultaneously when an area is entered.
  - Lost items will show up in the records wherever they are scanned, as long as they are in an area that is being inventoried. Less time spent looking for lost items.
  - Accurate information will be recorded with less opportunity for manual reading or recording errors.
  - Property Control staff will conduct the majority of the annual inventory
- Better accountability
- Catalog with pictures of Assets

Portal Reconciliation Functionality

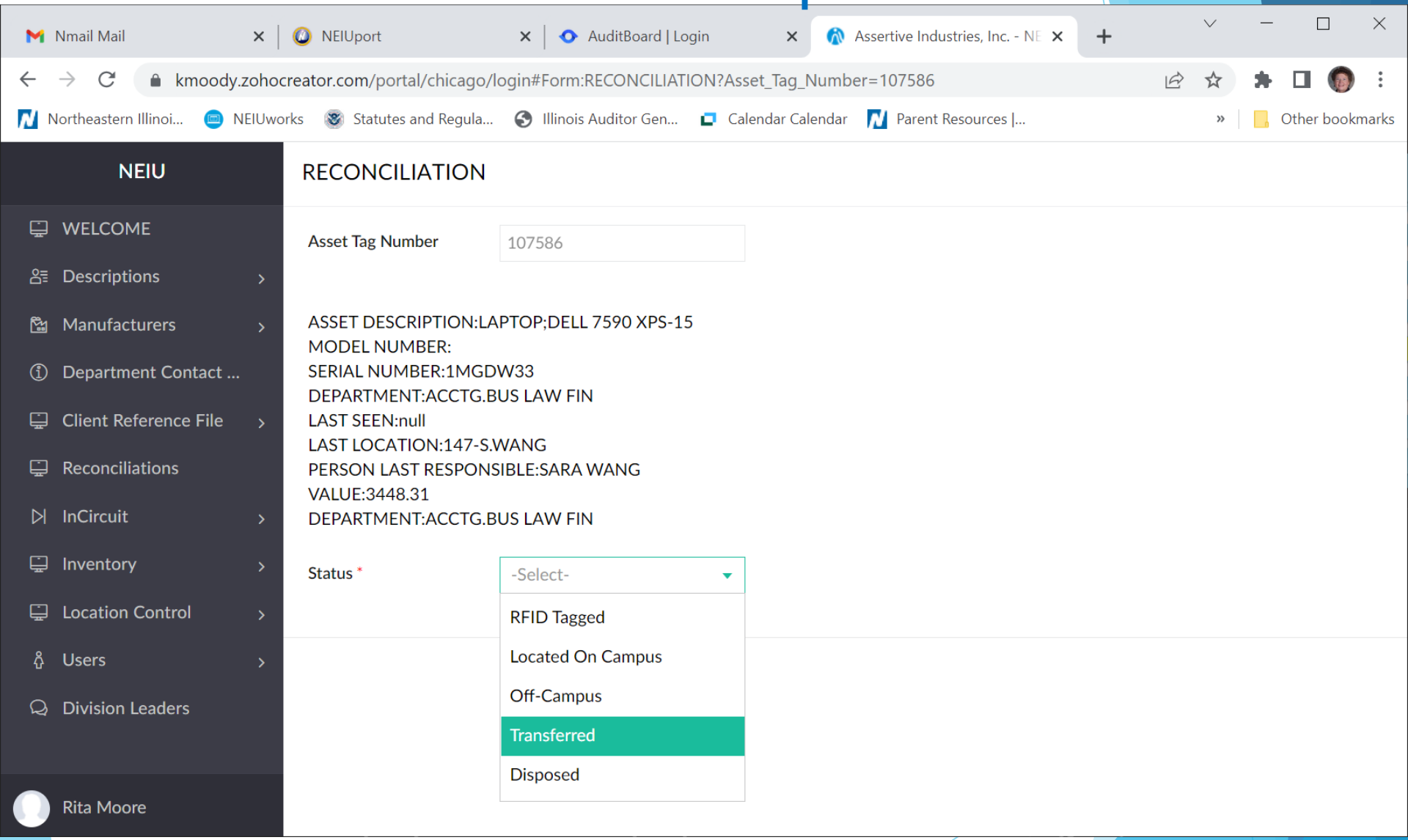
Unaccounted for Assets



Reconciliation Screens



Reconciliation Options



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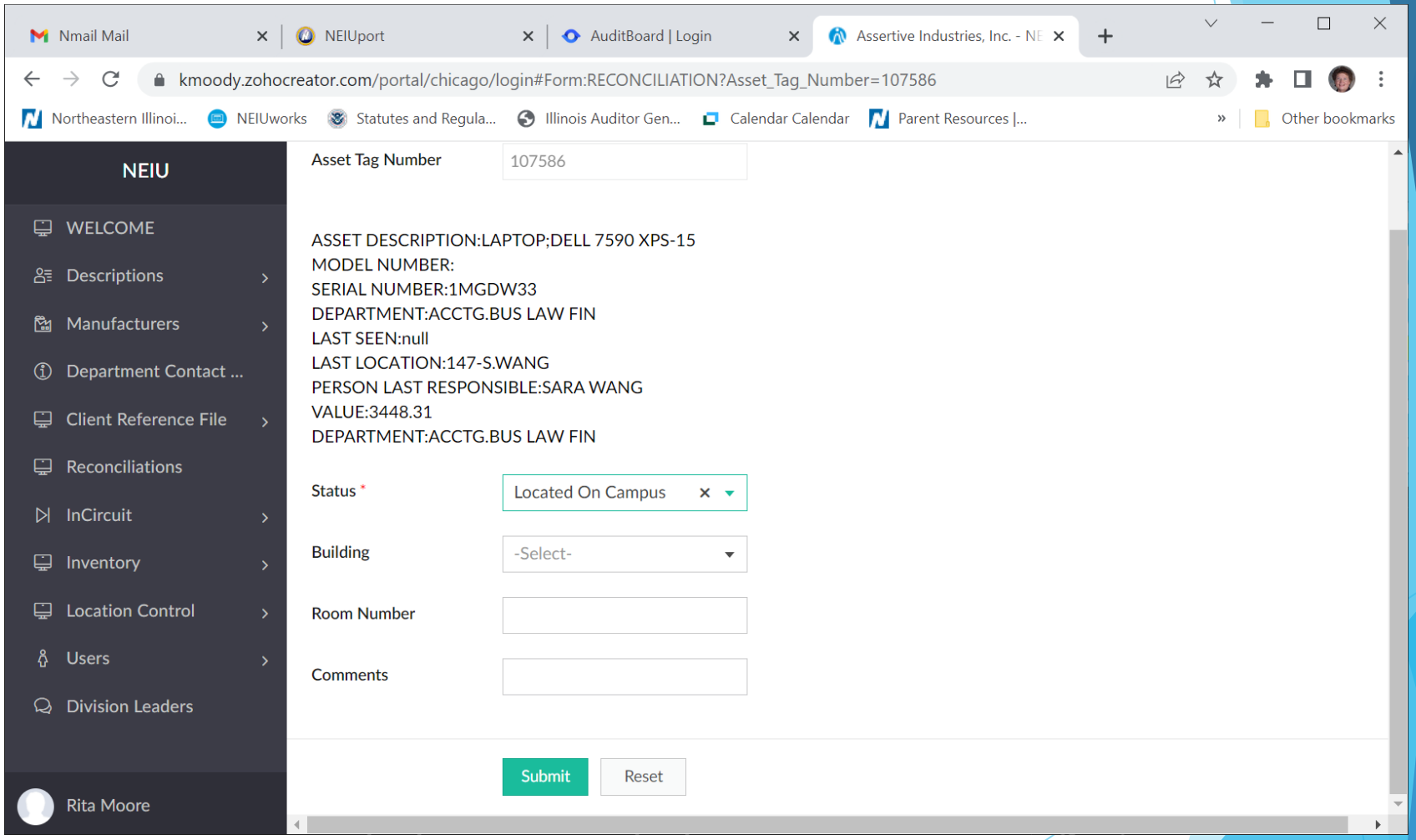
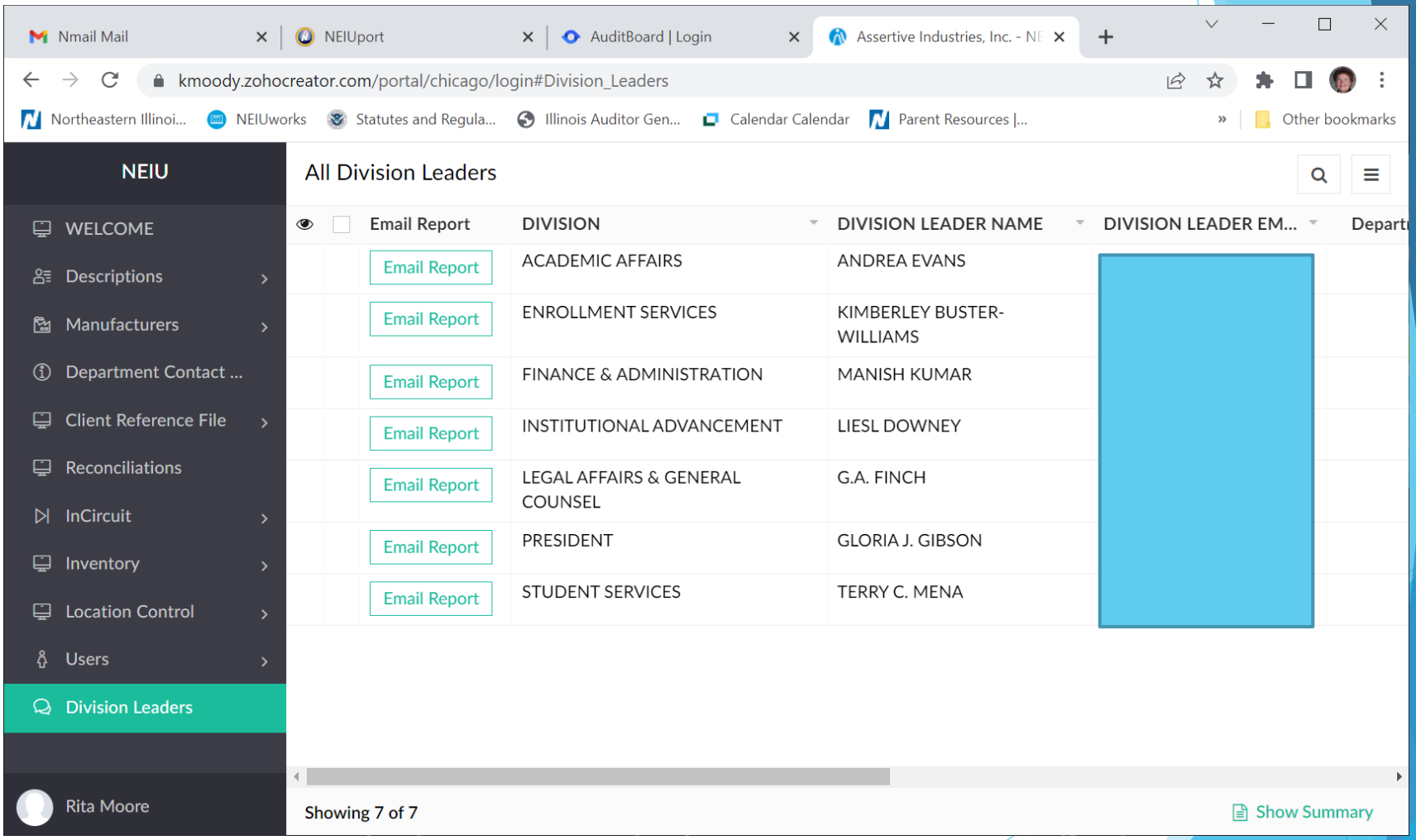


Divisional Reporting Tools



RFID & Bar Code Technology

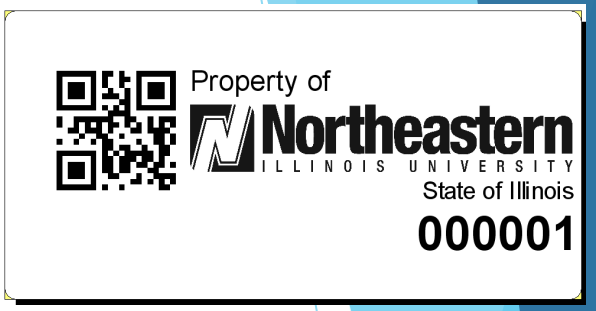
Radio Frequency Identification

- Radio Frequency Identification (RFID) is the wireless non-contact use of radio frequency waves to transfer data.
- Tag – with an antenna, computer chip and bar code
- Reader – Scanner, Mobile device with App, number - eye
- Tags Read Range – range from near contact to 30 meters
- Passive tags- High Frequency – won't read until scanned
- Tag Cost $1 - $100 (ours cost approximately $1.00 – $2.60)
- Ability to walk in room and pick up all tag numbers within minutes or seconds
- Bar Code Scanning – optional – phone can scan or visually view assigned number. Line of sight requires scanning each barcode
- Can identify assets that you aren't actually looking for within a location. (Find lost assets if they are tagged)

Benefits of RFID

- Improve accuracy by eliminating reliance on manual input
  - Eliminates the transposing of numbers and reduces chances of human error.
  - Can Identify Assets tags that may not be visible to people
  - Streamlines operations by enabling process improvement
  - Improves the accuracy for compliance & regulatory reporting
  - Can read tags simultaneously
  - Line of sight not required – However, metal & liquid interference may impact ability to read or the read range
  - Improve asset utilization & visibility

TAGGING



- Printed Bar Code (1 Dimension & 2 Dimension)
- Can be read by scanner (RFID) or phone/tablet application (Bar Code) Physically read printed number –still an option
- Must be in line of sight or can type in a number to find asset
- Scanners can now differentiate type of entry – manual typed in vs scanned for reporting
- NEIU # will be an 8 digit # - first two 62 – last six are the asset #
  - Chip is encoded with all digits so when it reads the RFID chip it will register 8 digits – printed tag will only list the 6 digits
  - Stayed with 8 digits to be compatible with Banner if we implement this module in the future.
- 4 LTE version of application – installed on Android Phones for checkout

Variety of Tag Types/Sizes

NEIU Tags

Property of
Northeastern
ILLINOIS UNIVERSITY
State of Illinois
000016

vizinex RFID
Sentry Duo II
AST1-160-0001

Property of
Northeastern
ILLINOIS UNIVERSITY
State of Illinois
011251

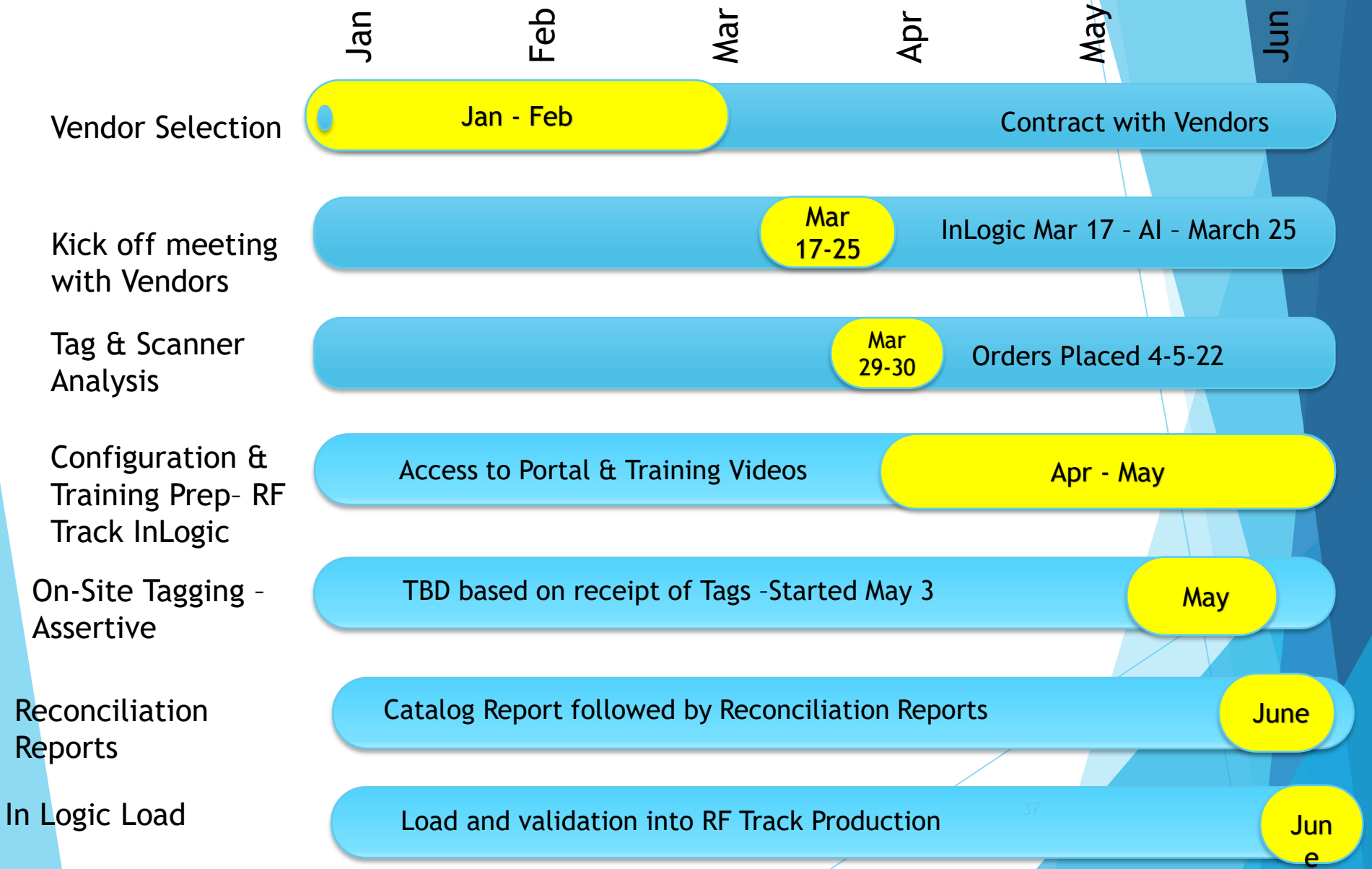
Demonstration of Scanner

- Inventory multiple tags throughout the room
- Finding a specific Tag

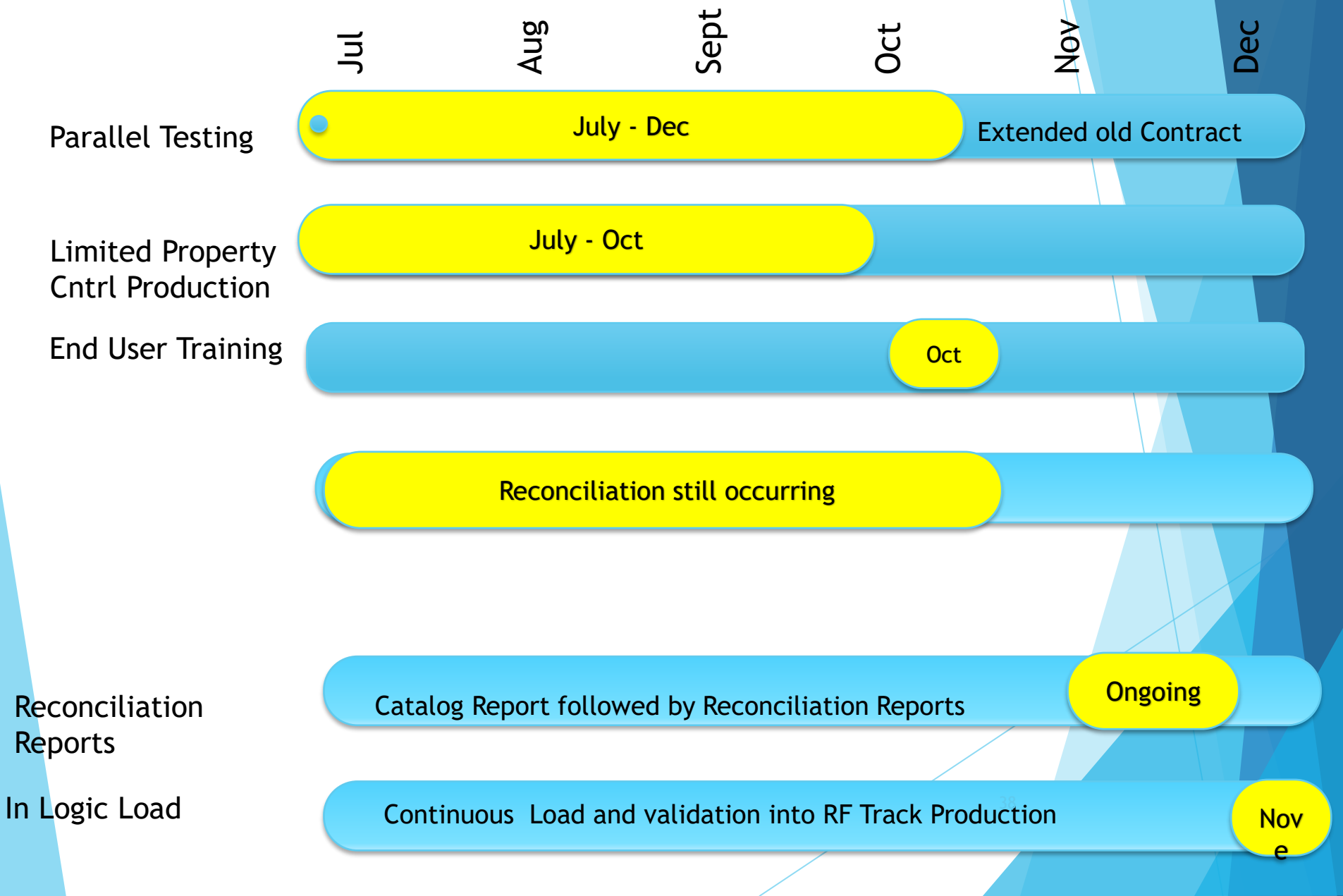
Return on Investment

- Strategic Plan: Automation enabling process improvement
- Significant reduction in hours for performing Annual Physical Inventory
- Fewer “Lost & Missing” items
- Expertise obtained in consultants tagging and learning from Best Practices – Higher Ed and other industries
- Reduction in annual application support fees
- Improved internal controls

Budgeted Timeline



Actual Timeline



Improvement Opportunities/Considerations

- Planning for keys and access to areas
  - Master Keys
  - Coordination for High Security Areas
  - Other Activities occurring on Campus
- Coordinate hiring with vendor - Student Employees
- Planning Consideration for timing of tagging
- Ask enough technical questions – SSO
- Establish Standards early
- Plan for surplus storage
- Continuous communication

Additional Items to Address

- Update of Property Control Policy
- Update the Property Control Manual
- Additional training for Property Control staff, Accounting Staff and Inventory Managers
- Transition to new application fully complete by 11/1/2022
- Reporting – Annual Certification to CMS (regular reporting has continued throughout the project)
- Finalize and validate Catalog
- Map Buildings within RFTrack

Contact Information

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Questions