

## Oklahoma State University Policy and Procedures

### INVENTORY OF FIXED ASSETS

3-0125  
ADMINISTRATION  
& FINANCE  
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#### INTRODUCTION AND GENERAL STATEMENT

1.01 Asset Management maintains a fixed assets system with the necessary records to produce a current inventory of all movable equipment for which the University is accountable. Each item is appropriately marked and coded to be readily identified and located with ease.

1.02 Asset Management is administered by the Assistant Director, Asset Management, whose line of administrative responsibility is through the Director of Budget Operations to the Associate Vice President for Administration and Finance.

#### PURPOSE AND SCOPE

2.01 The purpose of Asset Management is to establish and maintain a current inventory of movable equipment in custody of the University, including but not limited to the item nomenclature, location of each item in the inventory, the original cost of the item, accumulated depreciation and the source of funding used to purchase the item.

2.02 An item shall be classified as an equipment inventory item or fixed asset if it has a useful life of two years or more with an acquisition cost of at least \$5,000 and is a complete and independent item which does not lose its identity or become a component part of another item.

2.03 Contractual agreements governing some grant or contract funds and acquisitions from federal or state excess property pools require equipment items not meeting the University's definition of equipment to be held as accountable property. In these instances, the agreement conditions prevail over OSU policy. By reference, Policy and Procedures Letter 3-0127, Federal Property Management Standards, is made an integral part of this policy and procedures letter.

2.04 The following high risk items shall be place on the fixed assets inventory regardless of acquisition value. Examples (not all inclusive) of high risk items are:

- All Vehicles
- All Watercraft (motorized)
- All Self-Propelled Equipment
- All Firearms

The following high profile items shall be placed on the fixed assets inventory if their individual value is between \$500.00 and \$5,000:

- Laptop Computers
- Facsimile Machines
- Digital Cameras

- Global Positioning Systems
- Plasma/LCD Televisions/Monitors
- DVD/CD/VCR/DVR Equipment
- Portable Multimedia Equipment

## **UNIVERSITY POLICY AND STATE LAW**

3.01 This policy assigns the department head the responsibility and accountability for all property and equipment purchased by, constructed for, gifted to, or assigned to a department and forms the basic principle of the Fixed Assets system. The department head is charged with the responsibility of verifying departmental inventory records, reporting changes to inventoried property or equipment, and for establishing and maintaining records and controls of all equipment, inventoried and noninventoried, under the provisions of this policy. Department heads may not delegate this responsibility; however, departmental custodians should be appointed to assist department heads in fulfilling their responsibilities. All custodians should attend at least one Fixed Assets training class scheduled during the school year to keep abreast of changes in the Fixed Assets system. It is essential that all employees recognize the concept of institutional ownership and accountability with departmental responsibility.

3.02 Transfer of equipment shall not be made from department to department without reporting such activity to the Asset Management. Transferring equipment from one university department to another university department shall require completion of a Fixed Assets Transfer form (Exhibit 1) to transfer accountability to the new responsible department. Equipment location may be updated by departmental custodian on screen 535 of the Fixed Assets System.

3.03 As a state-supported institution, the University is required to conform to State Law, Title 74, Section 110, Paragraph 1 (as amended May 2002). The amended section defined the terms of the statute, giving the Director of the Department of Central Services the ability to establish rules and specify capitalization thresholds on tangible assets for state government agencies. The reporting threshold the Director of Central Services for the State of Oklahoma establishes for an entity is generally \$500, but may be approved to a level not to exceed the Federal capitalization rate specified on the Office of Management and Budget Circular A-21 or future federal circulars or regulations as amended. For the Oklahoma State University system, the approved capitalization threshold is \$5,000.

3.04 Equipment procured with OSU Foundation funds or donated to the OSU Foundation or to the University for its use and benefit is accountable property provided that the criterion set forth in Paragraph 2.02 is met. The Foundation shall establish a fair market value (acquisition value) for each item which is received as a gift. The acquisition value for gifts to the University shall be established by the administrator(s) of the receiving division(s) or unit(s), subject to review by Asset Management. Notification of gifts shall be submitted to Asset Management by the Foundation in a timely manner.

3.05 Department heads shall take, or cause to be taken, a biennial physical inventory of all equipment for which he/she is accountable (Exhibit 2 and 2a). There is no provision for waiver of the biennial inventory requirement. Such verification is required by State Statute. Failure to comply with the required verification process in the established time frame may result in a reduction or loss of that department's equipment budget until said department has completed

such verifications successfully. A complete list of each department's Fixed Assets Inventory is available at the end of each month electronically on ePrint.

3.06 Title 62, Section 120.3, reads in part:

“In connection with every cash sale of state equipment, for the purpose stated in this Act, the purchasing officer of department, institution, or agency shall either publicly advertise the sale of equipment or secure at least three (3) bids in writing.... The record of sale, including the bids received, shall be considered a matter of public record and shall be maintained for a period of not less than ten (10) years.”

For the Oklahoma State University system, the purchasing officer will be the Asset Management Office.

3.07 Selling, trading, or deleting from inventory any item of University-owned or non-owned equipment is not within a department head's authority. This responsibility and authority has been assigned specifically to the Asset Management Office. This policy also applies to the disposal of scrap, salvage, broken or obsolete equipment, and surplus supplies.

3.08 Policy and Procedures Letter 3-0126, Disposition of Surplus Property, explicates University policy for disposal and handling of surplus, inoperative, or obsolete equipment. This policy statement also defines the requirement for handling excess or salvage materials and supplies.

3.09 When changes occur in department heads, the outgoing department head is responsible for informing the incoming department head of his/her responsibility and accountability for equipment in custody of the department. A physical inventory should be conducted verifying the presence of the items on the department's most recent inventory listing. The outgoing department head should get a receipt from the incoming department head acknowledging transfer of equipment responsibility and accountability.

3.10 The use of University equipment by individuals or organizations for activities not directly connected with the University is prohibited. University-owned or controlled equipment shall not be removed from the University premises except in cases where such equipment is to be used in the line of official duty. A Memorandum of Agreement for OSU Equipment Checkout for University Business at Non-University Locations is available if university owned equipment is removed from University premises for use in official capacity. (Exhibit 3)

3.11 The use of University vehicles is restricted to official University business.

## **PROCEDURES**

4.01 The department head is responsible for all equipment purchased for or assigned to the department and shall promptly report any acquisition, transfer, or loss of equipment to the Asset Management.

4.02 Stolen equipment should be reported to the OSU Police at once. A Fixed Asset Disposal form (Exhibit 7) should be completed and submitted to Asset Management to update the equipment data base. A copy of the Police report detailing the theft should accompany the completed disposal form.

4.03 Purchase of inventory items is the most common method of acquisition. When a purchase is made and the equipment is received, the item is to be reported in the Fixed Assets System. This is accomplished by downloads from the University's Accounts Payable system or from invoice information provided to Asset Management from departments making purchases. Asset Management is responsible for reviewing all information downloaded from Accounts Payable or invoice information. Following that review, the following steps are taken:

- A. Asset Management will complete the following information from the accounting claim document, augmenting information as necessary for the completion of the Asset Control Sheet (Exhibit 4) and record departmental custodian contact:
  1. Custodian Department - Automatically populated after Custodian Department number is entered in the Fixed Assets system. List of Custodian Names and Numbers are available on the Budget and Asset Management website: <http://vpaf.okstate.edu/BAM/index.html>.
  2. Custodian Department Number - The custodian department inventory number that is responsible for the control and use of the equipment being inventoried. Asset Management is responsible for the maintenance and update of all custodian department numbers.
  3. Acquisition SL account and sub code- This information reflects the departmental account(s) used to acquire equipment. If equipment acquired by means other than purchase, this field may be left blank.
  4. Class Code, Acquisition Method, Condition, and Acquisition Date – These items detail particular information about the asset being reported in the Fixed Assets system.
  5. PO Number, Claim Number, Bank, Unit of Measure, Vendor, Vendor Number, Invoice Number, Make, Model and Serial Number - These spaces contain purchasing and accounting information pertaining to the equipment acquisition. Much of this information is automatically populated by the download from the Accounts Payable system. Should the acquisition be a manual entry to the Fixed Assets system, the information will be obtained from the invoice documents or any other documents that support the acquisition being added to the Fixed Asset system.
  6. Item Description – Asset Management will provide a description of the asset being included in the Fixed Assets system. While the class code provides a general description, Asset Management staff will provide a more detailed description that will incorporate commonly used naming conventions for ease in future searches of the Fixed Assets system for certain equipment items.
  7. Building - The building in which the equipment is located. Building codes are available on the Budget and Asset Management website: <http://vpaf.okstate.edu/BAM/index.html>.

8. Room - The custodian department will provide the room number where the equipment is to be located.
- B. The Fixed Assets system will, in most cases, provide the cost via the Accounts Payable download. When an asset is added to the Fixed Assets system manually, the cost as provided on the purchase document will be entered.
- C. The Fixed Asset inventory tag is provided to the custodian department along with two copies of the Asset Control Sheet. The Asset Control Sheet contains a summary of all screens completed to record the inventory asset. The departmental custodian shall apply the asset tag to the **front upper right hand corner or to a highly visible area on the front of the asset**. The asset control sheet should be compared to the asset to ensure that all information is correctly recorded. If there are any changes needed on the asset control sheet, the custodian should indicate those corrections in the appropriate area(s) of the asset control sheet, and then have the department head sign the certification stating asset has been tagged and the custodian department assumes responsibility for the asset. One copy of the asset control sheet is retained by the custodian department, and the signed copy with any corrections is returned to Asset Management. Noted corrections will be made and completed control sheet is filed with the historical custodian files in Asset Management.

4.04 Acquisition of Fixed Asset items may be secured by construction, gift, transfer or “other.” Each department head must report such transactions to Asset Management by providing copies of the gift record or purchase document(s). If the inventory items are acquired by construction, gift or “other,” the inventory change request form is to be initiated by the acquiring department. The addition of equipment by transfer reporting procedure is explained in paragraph 4.07a.

4.05 Procedures for equipment acquired by donation through the OSU Foundation shall be as follows:

- A. Upon receiving notification of donated equipment from the OSU Foundation, as detailed in paragraph 3.04, the donated items shall be reviewed for compliance with the University’s definition of equipment contained in paragraph 2.02.
- B. Based on information provided by the OSU Foundation, an Asset Control sheet and record shall be generated by Asset Management to add donated items meeting the definition of fixed asset. The Asset Control sheet shall be coded with an owner code of “H” indicating donated, restricted University equipment.
- C. A letter (Exhibit 5) together with the asset tag and asset control sheet shall be sent to advise the responsible department head of the notification of donated equipment as well as the IRS rule which requires the University to hold donated items valued at \$5,000 or more for two years from the date of receipt (IRS Reg. 1.170A-13T Section 6050L) before being released from IRS reporting requirements. A copy of this letter shall be maintained in the Fixed Assets responsible custodian file.

- D. The donated equipment shall be tagged and placed on OSU Fixed Asset inventory by Asset Management.
- E. Any property released for disposition by a department will be reviewed to determine if it was donated to the University. This review will key on the owner code explained in Section b above for items held for no less than two years from the date of donation. For items donated and held for a period of greater than two years, a search of information available to Asset Management shall be made to determine if gifting restrictions may be lifted. If information is not available to Asset Management, the responsible custodian may be asked to review donation documents or obtain release from donor to dispose of gifted item.
- F. A letter (Exhibit 4) will be sent to the OSU Foundation advising them of the disposition request for any equipment item coded "H."
- G. Should there be no response to the notification in Section E above by the stated cutoff date, Asset Management will proceed with the disposition of the property in accordance with University policy as detailed in OSU Policy and Procedures Letter 3-0126, Disposition of Surplus Property.
- H. Asset Management will make a periodic review of equipment carrying the "H" owner code to ensure the coding is correct. Items donated more than two years previously will be updated to indicate owner code "G." Code "G" will identify donated equipment which the University can dispose of without IRS penalty to the donor.
- I. Should there be restrictive covenants set at the time of donation of equipment not covered herein, the OSU Foundation shall notify Asset Management of the restrictions at the same time that notification of donated equipment is sent to Asset Management. The restrictive equipment shall be maintained on file by Asset Management. Such equipment shall carry the "H" restrictive owner code in accordance with the restrictive covenants rather than the limitations stated in Section h above.

4.06 Removal of items from the inventory lists may be requested by notifying Asset Management via completion of the Fixed Asset Disposal form (Exhibit 7). All Fixed Asset Disposal forms must be approved with signatures of the department head and appropriate dean or vice president. Fixed Asset Disposal forms removing items due to theft must be accompanied by a police report. Custodian departments requesting disposal due to loss totaling ten (10) percent or more of the custodian department's total Fixed Asset inventory will be reported to the Vice President for Administration and Finance and to either the Department of Internal Audits or Fraud Deterrence and Compliance for further review and possible department audit and/or disciplinary action. If the disposal request originates in a division or department that does not have a dean, removal must be authorized by the appropriate vice president.

4.07 Other equipment removal situations are to be handled in the following manner:

- A. Interdepartmental Transfer – An interdepartmental transfer is movement of equipment from one university department to another. Transfer of equipment to another department is accomplished by completion of a Fixed Asset Transfer request. The

inventory number, item description, and related information are completed by the department originating the transfer. The Fixed Assets transfer form is to be signed by the releasing department head. The department retains a copy and transmits the remaining copies to the receiving department. On the receipt of the Fixed Assets transfer form, the receiving department is to enter the responsible custodian department, building and room number in the spaces provided. The receiving department head is to sign the change request form accepting responsibility and accountability. The department retains a copy and transmits all remaining copies to Asset Management, which will update the Fixed Assets inventory file.

- B. Trade-In - If an item is used as a “trade-in” on new equipment, the inventory tag is to be removed and attached to the Fixed Assets disposal form. Use the trade-in code R6 in the “RC” column and, in the body of the disposal form include the purchase order or requisition number of the new equipment on which the old item was used as a trade-in. Place the inventory number and item description in the appropriate columns for item traded-in on the disposal form. The department head and dean are to sign the form indicating disposal request for release of custodian responsibility and accountability. The department keeps a copy of the disposal request and transmits the remaining copies to Asset Management. The new item will be added to the Fixed Assets system and tagged after notification of payment for the new equipment has been received by Asset Management.
- C. Returned to Title Holder - If the removal occurs by returning the equipment to the title holder (an agency other than the University), the code R7-Returned to Title Holder is to be used and an explanation entered in the space provided. The inventory number and description are to be shown and the form signed by the department head and dean. The asset tag is to be removed by the department and attached to the Fixed Asset Disposal form. A copy can be retained by the department, with all other copies transmitted to Asset Management.

4.08 Any equipment that is classified as R4-Surplus-Operative or R5-Salvage is to be moved to the surplus warehouse for sale at public auction or should be sold by sealed bid, online public auction or may be offered for reutilization by governmental agencies in the State of Oklahoma. The Fixed Asset Disposal form should be completed providing all information requested on the form. If an asset does not have an asset tag number, the departmental custodian should assign a number to it, marking it so it is identifiable by Physical Plant Surplus staff or others that may look at it. That number should also be listed on the disposal form in lieu of an asset tag number. The condition of the item, estimated market value and reason for disposition should be listed as well as a contact person to assist in the efficient pickup of surplus items by personnel of Physical Plant Surplus. Asset Management will contact Physical Plant Surplus staff for equipment pick-up after the Board of Regents prescribed processes for departmental notification has occurred, allowing the requested disposition to be removed from the custodian department. In the case where the disposing custodian department wishes surplus to be handled by sealed bid, online public auction or some other means of disposal receiving special Board approval, the surplus items will remain with the responsible custodian department until all sales are completed.

4.09 **Under no circumstances should any equipment be thrown out or given away.** Any exception to this will be decided by the Assistant Director, Asset Management or their designee.

4.10 Purchases or acquisitions of equipment from the Oklahoma State Agency for Surplus Property or Federal Excess Personal Property (FEPP) require special care in reporting. The following criteria are to be used in selecting which items are to be included in the Fixed Assets inventory system:

- A. All items having government acquisition unit cost of \$5,000 or more, regardless of service charge, unless there is written authorization to cannibalize the item.
- B. All motor vehicles, aircraft, or items listed as high profile or high risk regardless of value
- C. Title of item(s) added from these two sources shall be determined at the time of acquisition.

4.11 Inventory records on items procured from surplus property will be maintained in the same manner as other property in the custody of the University.

4.12 A complete listing of inventory items is available to each department head at the end of each month by custodian number on report TBM300 which is available on ePrint.

4.13 All departments, without exception, are required to conduct a biennial physical count of inventory using an inventory listing as a guide. Any differences between the listing and the actual physical count must be reported to Asset Management. Certification of biennial inventory is required. The Inventory Verification Report is attached as Exhibit 2.

4.14 Inventory Verification Reports must be completed and returned to Asset Management no later than the due date stated in the letter accompanying the blank Verification Report. Departments are allowed approximately ten weeks from the time Asset Management distributes information to complete the Verification Report. Failure of custodian departments to complete the verification in the timeframe provided may result in a reduction or loss of equipment budget until such time that the verification requirement is successfully completed.

4.15 Departmental equipment inventory may be annually tested for compliance with state law and University policy by the Department of Internal Audits.

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