



UNIVERSITY
of ARKANSAS
AT PINE BLUFF

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FIXED ASSET POLICIES & PROCEDURES

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WHAT ARE CAPITAL ASSETS?

Capital assets include: land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, and works of art and historical treasures. A capital asset is to be reported and, with certain exceptions, depreciated.

LAND

Land is capitalized but not depreciated. Land is recorded at historical cost and remains at that cost until disposal.

Land improvements include items such as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fencing, outdoor lighting, and other non-building improvements intended to make land ready for its intended purpose.

BUILDINGS

Buildings are recorded at either their acquisition cost or construction cost.

Building improvements that extend the useful life should be capitalized. Examples of building improvements include roofing projects, major energy conservation projects, or remodeling and replacing major building components.

CONSTRUCTION IN PROGRESS

Construction in progress is capitalized and not depreciated.

LIBRARY HOLDINGS

If library books are considered to have a useful life of greater than one year, they are capital assets and are depreciable. In certain situation, library books may be considered works of art or historical treasures and could be reported as such.

VEHICLES

Vehicles are capitalized, inventoried and depreciated.

ARCHIVES AND COLLECTIONS

Works of art and Historical treasures are recorded at historical costs and are depreciated.

EQUIPMENT

Equipment is defined as “all tangible property with a unit cost of **\$5,000.00 or more**” except land, buildings and improvements to land or buildings.” Items purchased from Marketing and Redistribution, Federal Surplus Property, and similar sources may be entered into the system at a unit cost of less than \$5,000.00 if the item has an expected life of two (2) or more years and would have cost \$5,000.00 or more if purchased from another source.

EQUIPMENT LESS THAN \$5,000.00

Items with a purchase price of \$5,000.00 or less, are considered NON-CAPITAL if they are part of, or used with a group or set. Examples of these items are: sets of tools, kitchen utensils, groups of chairs, hospital linens, dining room sets, motel and lodge sets of items, including surplus property, library books and publications, also items which are issued out of a central location such as specialized tools. These items should be capitalized as groups or sets at total cost. Any additions, which increase the total value of the set or group, should be capitalized. A list of the contents of the sets or groups disregarding unit price is maintained by the agency for internal control and audit purposes.

DONATIONS/GIFTS

Equipment donated to State agencies becomes the property of the State of Arkansas (UAPB and never given to an individual as “personal”) and is accounted for and disposed of according to the procedures set forth in the State Accounting Procedures Manual.

All donated equipment is assessed at the fair market value at the time the donation is received. Donated items determined to have no value for its manufactured purpose is treated as consumable materials.

Donors may set restrictions on the use and disposition of donated property. In such instances, the donor’s guidelines shall be followed. Supplemental records will be maintained to prove use and disposition.

FIXED ASSET PROCEDURES

Processes

The primary focus of property accounting at UAPB is two-fold: 1) to know what we have and 2) to maintain collaborative accountability with the general ledger for all new acquisitions. Following are the various phases a new acquisition goes through from purchase to disposal. This procedure is designed to reconcile the UAPB Equipment Inventory Listing with the Accounting Department's General Ledger.

From Purchase To Disposal

Property Control is responsible for all equipment from the time it is received on campus and maintains a file on all decal equipment. The requester is asked to come over and verify that the equipment is correct and is what was ordered. If the inspection is not done within two working days, the Property Control Manager at her discretion may authorize the attachment of the decal without the requester's signature.

Equipment purchased through the University accounts must bear a state decal before it leaves the Central Stores. After the decal is attached, the equipment is delivered to the ordering department for acceptance. Central Stores then takes responsibility for accepting the equipment and authorizing payment. When all paper work and decaling is completed, Property Control will approve the equipment for delivery. There are occasions when equipment is delivered directly to the buying department. Instances in which the equipment is so large and heavy as to be impractical for the warehouse to handle and when the equipment must be installed by the vendor are handled on a case-by-case basis in cooperation with Property Control.

Assembly

Equipment requiring assembly will be assembled by Property Control at the Hazzard Annex and then delivered to the department. An exception is when the equipment is large or complex and requires professional assembly. In this case, craftsmen from the Physical Plant will assist with the assembling. The requesting department will be charged an appropriate assembling fee. All furniture is to be: 1) fully assembled; primarily in the Central Stores area (or there should be a statement on file that the department does not desire assembling) 2) tagged with a property tag and 3) delivered to the requesting department.

Fixed Asset Purchases

Initiating & Authorizing

Requisitions for capital asset purchases are initiated at the departmental level using the same procedures as all other purchases. **After receipt of an approved requisition, the Purchasing Department generates a purchase order which is reviewed and signed by the Purchasing Director.**

Purchasing staff assigns object codes when POs are processed. Purchasing staff also assigns a fixed asset flag of "Single" or "Multivalued" on all requisitions for fixed asset

purchases. Purchasing mails one copy of the PO to the vendor, files a copy, sends two copies to Accounts Payable and a copy to the department initiating the requisition. An additional copy is sent to the Central Store if the PO is for equipment and non-capitalized items.

If the purchase requires bids, the requisition is held in the Purchasing Office until bids have been received. Then the PO is processed.

Upon delivery of the equipment, the Property Control/Warehouse Manager tags the asset and completes and submits a property control form to Accounts Payable.

Recording & Processing

Property Control uses Inventory Manager Software to maintain its subsidiary listing of fixed assets. The Property Control/Warehouse Manager enters asset detail information into the system.

Invoices for capital asset purchases are matched with purchase orders and receiving documentation prior to payment. Upon receipt of the property control form, the accounts payable clerk matches it with the invoice and purchase order.

When Accounts Payable forwards a copy of the invoice and the property control form to Accounting, the fixed asset information (tag #, capitalize status, asset type, asset category, asset description, serial number, and acquisition method) is entered on the Fixed Asset Maintenance (ASST) screen.

From the ASST screen, the Acquisition Information Maintenance (ACQM) is detailed into to enter the acquisition date, acquisition cost, and salvage value.

For assets that have been previously capitalized, accumulated depreciation dates and amounts are entered by detailing into the Depreciation Maintenance (DEPM) form from the ACQM screen.

When the capitalization process is completed, journal entries are reviewed by the Assistant Controller before being posted to the general ledger from the Fixed Asset Module.

Reconciling & Reporting

At the end of each month, the Property Control/Warehouse Manager prints a detail listing of additions and sends to Accounting to reconcile with the general ledger balance. The Assistant Controller and the Controller review and approve the reconciliation.

Capital assets are reported net of depreciation on the Statement of Net Assets.

The Property Control/Warehouse Manager performs a physical inventory of fixed assets annually. She researches any discrepancies, obtains approval for disposition if necessary and adjusts subsidiary records.

Disposals

Initiating & Authorizing

Department managers approve asset disposals prior to submission of the M & R request form to DF&A. The Property Control/Warehouse Manager prints a Department of Finance surplus form from the DFA website and provides the following information: tag no., asset description, reason for deletion, course of action for disposal (trade-in, stolen, DFA approved disposition – sold, taken to Marketing and Research (M&R), or missing property). She submits the form to DFA and she's notified of approval/disapproval via email.

If an asset is to be traded-in, the vendor's name, identification of the replacement asset, and trade-in value must also be listed on the surplus form.

M&R solicits bids for vehicle sales. For other asset sales, the Property Control/Warehouse Manager solicits bids and submits them to DFA with the surplus form. After DFA approval, she contacts the winning bidder. The winner bidder gives a check or money order payable to M&R to the Property Control/Warehouse Manager and picks up the asset. The Property Control/Warehouse Manager makes a copy of the check or money order and files it with the surplus form. She sends the check or money order and a copy of the surplus form to M&R.

If DFA approves delivery of the deleted asset(s) to M&R, then a UAPB maintenance employee takes the asset(s) and paperwork (i.e. vehicle title) to M&R in Little Rock. M&R signs the surplus form in acknowledgement of receipt of the asset.

Recording & Processing

After M & R has approved the deletion, the Property Control/Warehouse Manager disposes of the asset in the Inventory Manager software which removes the asset from subsidiary records.

The Property Control/Warehouse Manager sends a deletion form to Accounting who removes the asset from the general ledger.

When the Property Control/Warehouse Manager sends a deletion form to Accounting, the asset record is flagged for deletion on the Fixed Asset Disposal Maintenance screen

(FXDM), where the disposal date, disposal method, disposal price, and/or disposal cost are entered.

When the disposal process is completed, journal entries are reviewed by the Assistant Controller before being posted to the general ledger from the Fixed Asset Module.

Reconciling & Reporting

At the end of each month, the Property Control/Warehouse Manager prints a detail report of asset disposals and sends to Accounting to reconcile with the general ledger balance. The Assistant Controller and Controller review and approve the reconciliation.

See physical inventory details above.

Gifts

Initiating & Authorizing

Department receiving gift completes gift form and submits to the Property Control/Warehouse Manager for processing. Information regarding the estimated fair market value of the asset is provided by the donor.

Recording & Processing

Assets are identified as a gift in the subsidiary ledger. Gifts are entered into the subsidiary ledger and the general ledger in the same manner as purchased assets. See Purchases.

Reconciling & Reporting

Gifts are included in the monthly additions report. See above for details.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

Buildings	30 years
Infrastructure/Improvements	20 years
Library holdings	10 years
Vehicles	5 years
Equipment	5 to 10 years
Computer equipment	3 years
Computer Software	7 years
Archives and Collections	15 years

The Controller is responsible for monitoring the estimated useful lives and depreciation methods. Any modifications are approved by the Vice Chancellor of Finance and Administration.

Depreciation is calculated in the Fixed Asset module using the information that was entered on the ASST, ACQM, and DEPM screens.

The Assets Depreciation Report (FXDR) allows Accounting to select capitalized assets that are slated for depreciation and to view the journal entries that will result from their depreciation. Depreciation is completed using the Calculate/Post Depreciation (DEPR) form. Journal entries are reviewed by the Assistant Controller and Controller before being posted to the general ledger from the Fixed Asset Module.

Reporting Responsibility

All deans, directors and department heads are responsible for the moveable equipment within their departments and are expected to exercise reasonable care in securing and maintaining such property.

The Inventory Control Manager should be notified in writing whenever the following situations occur: 1) equipment is moved to a new room or building in the same department; 2) equipment is transferred to a new department; 3) equipment is broken or worn out; 4) equipment is no longer needed by the department; 5) the equipment is missing or has been stolen. In making the report, please indicate the property decal number assigned to the equipment so that the change can be properly executed. Forms for reporting the transfer of equipment to another department may be obtained through this document on the web. In those instances where equipment has become surplus to the needs of a department, a complete description including decal number, location and statement of condition of the equipment should be included in a memorandum to the Inventory Control Manager indicating the availability for redistribution or removal. Appropriate steps will be taken to dispose of such surplus property as authorized by law.

Monthly Balancing of the General and Subsidiary Ledger

On a monthly basis, balances in the general and subsidiary ledgers are reconciled. The balance sheet is signed accordingly.

Computing Cost of Equipment

For the purpose of computing the cost of a piece of equipment, any taxes and freight charges paid will be added to arrive at the total cost for that item. The inventory cost will be computed as follows: $\text{item cost} + \text{taxes} + \text{freight} = \text{inventory value of the item}$. In the event that several items are purchased and paid for on the same voucher, any taxes and freight paid will be pro-rated to each individual piece of equipment. The total dollar value entered on the equipment inventory addition form must equal the total amount of the invoice when all items on the invoice are to be capitalized. In the event that all items on the invoice are not to be capitalized, the total dollar value entered on the equipment inventory add form must equal the portion of the total amount of the

invoice for payment, including the prorated share of any taxes and freight that is by definition equipment.

Back Orders (Partial Orders)

Back orders or partial orders occur on a purchase order when a piece of equipment fails to arrive with the original order. At that time, the Inventory Control Manager will alert the Accounts Payable Supervisor by indicating on the form in "RED" that the form is incomplete and writing the word "PARTIAL" on the control form, and checking those items not yet in using RED ink. Only the items that were received will be added to the UAPB Equipment Inventory listing. Once the Accounting Supervisor is in receipt of the form, she will copy the same and forward it back to the Warehouse Supervisor as #0001 (or whatever the control number is) indicate "P" for partial and give the same information to Accounting and Inventory to indicate that the form is incomplete for equipment delivery.

Off-Campus Equipment

Whenever it is clearly in the line of an individual's job duties to use University equipment off campus, the Equipment Located Off-Campus Form should be completed, approved and on file in the Inventory Control Manager's office prior to the equipment being taken off campus. This form should also be completed for Partnership programs. **REMEMBER, LOCATING EQUIPMENT OFF CAMPUS, IS THE EXCEPTION, NOT THE RULE.**

What Happens If Equipment Is Missing?

It is the responsibility of the executive head of every State Agency to maintain a record of all property belonging to the State of Arkansas. All new acquisitions are to be added promptly to the inventory and all items lost, stolen, destroyed or sold must be subtracted.

When an agency is unable to locate property contained on its property records, one of the following possibilities must be considered:

1. The property was turned in to the proper disposal agency and the property records were not correctly posted.
2. The location of the property on the records is erroneous or it was relocated and the new location was not recorded on the records.
3. The property has been lost.
4. A theft has occurred.

When property on record cannot be located, the Inventory Supervisor conducts a thorough search in the following manner:

1. From the agency property records, obtain the full identification of the missing property and last recorded location.
2. Conduct a search of property disposal and transfer documents to see if the property could have been turned into Marketing and Redistribution or transferred to another agency.
3. Check the last recorded location and adjacent areas. An interview should be conducted with all individuals assigned to the area where the missing property was last located according to the property records.
4. Establish if the property involved has been loaned temporarily to other activities. If so, the activities identified should be searched in an attempt to locate the missing property.

If the above action fails to locate the missing property, it will be noted on the Inventory Report that exhaustive means were taken to locate the property and were unsuccessful.

If at any time during the search, it is suspected that a theft has occurred, the matter is brought to the attention of the Vice Chancellor for Finance who informs the Chancellor. The Chancellor will direct the Office of Public Safety to conduct an investigation. The Public Safety report will serve as the basis for deleting stolen property from the records. It is very important that each department maintain its own current equipment control file including the serial number, decal, description, and purchase date. This helps in confiscating stolen property.

When theft is **not suspected** and the missing property cannot be located, the Inventory Supervisor prepares a report based on the findings and makes a recommendation.

If during the Inventory process, the missing property is located, the proper location will be recorded on the property records. Further investigation will cease; however, the Inventory Supervisor will submit her report to the Vice Chancellor detailing the circumstances in which the property was located and making appropriate recommendations.

Deletion of Stolen Property

If equipment is stolen, traded in or otherwise turned in to M&R, the Deletion Form is sent to Accounting for the proper adjustment in the general ledger. If no police report or other recognized authorization is available, the Inventory Department will submit a report to the Vice Chancellor for Finance and Administration for request to delete the equipment.

Deterioration and Obsolescence

Whenever an item of equipment becomes inadequate, is outdated or is deemed by the user department to no longer be of any intrinsic value, the Deletion Form is sent through the cycle. The Moving Request Form from the department is the document verifying that this action has occurred. The equipment is stored in the Warehouse awaiting the proper disposal. Although the form passed through the cycle, no Accounting or Property Control transactions are made until we are in receipt of a disposal ticket.

Exit Inventory

Whenever a department head (or supervisor) leaves or the department ceases to operate, an on-site audit is conducted by the Inventory Control Manager. Upon completion of the audit, a printout verifying the findings in the area is signed by the departing individual, the new director and the Inventory Control Manager. A copy of the same is made a part of the permanent record of both offices.

Procedures for Property Disposal/Redistribution

The following procedures should be followed when disposing or redistributing University property:

1. The decision to dispose of property should be made by Property Control and Central Receiving since they are in the field and can advise the requester what property can be redistributed or what should be scrapped.
2. Once the determination is made by Property Control to scrap or otherwise dispose (turn in to M&R), staff from Central Receiving will complete the "Request for Inventory Assistance Form" for the scrapped property.
3. Once the site is verified by the Inventory Staff for accessibility and M&R requirement regarding the time and date is confirmed, the first phase of the project, which is writing up the equipment, begins. A member of the Central Receiving department must be available throughout the process to verify the information on the form. The same individual will be present on the day that M&R picks up the equipment.
4. If the section listed as "M&R Requirements" is not complete, the Inventory Director will return the form to Central Receiving with written notification of the same.
5. Once the Property Accountability and Disposal list has been compiled and signed, it is the responsibility of Property Control to contact M&R to arrange the date and time of the pickup. A time and date that is convenient for both site showing and assistance in loading the truck must

be established. At the set date the Central Receiving staff members who wrote the initial form and the Inventory Control Manager along with two/three other Central Receiving workers will be present. The team of Central Receiving and Inventory Control will make sure that what is picked up is what is on the list. The two/three other staff from Central Receiving will assist M&R with loading the truck.

6. Should a further disposition be needed at that time based on the original listing, it shall be the responsibility of Inventory to request the disposition from M & R (e.g., Scrap auction). As soon as the disposition has been approved and a date and time set, Property Control or Central Receiving will show all items to be sold to prospective bidders. The Property Control Manager or staff from Central Receiving will serve as the official contact for the site showing.

What to do When Returning Equipment

Whenever there is a need to return equipment, whether it is a defective new acquisition or equipment for repair, the following procedures apply:

1. The first step is to notify Central Receiving to return the equipment; complete the "Return Equipment Form."
2. For equipment to be repaired, the requester must return the equipment to the vendor at the department's expense. After the equipment has been repaired and returned to the requester, he/she must notify the Property Control Manager to assure inventory accountability. Failure to do so leaves the requester liable during an audit. The requester must keep Property Control abreast of what is happening with the repair, if the repair has not been made within a reasonable time frame.
3. For defective equipment, if the discovery is made within the first ten (10) days of the delivery to the campus, the equipment will be returned at the vendor's expense. If the discovery is made later than the first ten days, it will most likely be returned at the requester's expense.
 - a) The return should be for the exact brand and model of equipment and all at the same cost. The requester cannot arbitrarily authorize additional cost.
 - b) Whenever the exact equipment is not available, the requester may request equal equipment if the original purchase order was a small order (less than \$5,000 requiring no bids). Equal is defined as the replacement model of the defective unit but it must be at the same cost as the defective unit. Equal does not mean other merchandise

equal to cost such as the replacement of a defective television for 1 camera and 2 VCRs. This type of replacement is prohibited.

- c) If equal equipment is not available, or is available but at a higher cost, the requester must return the equipment with assistance from the Office of Procurement and Central Receiving and restart the ordering process. This is to be done when the defective equipment has not been paid for.
- d) If the defective equipment has been paid for, upon receipt of a letter of explanation relative to the defective equipment, the Office of Procurement will request a credit or an amended invoice from the company for the difference, if the adjustment plus the base cost is less than \$5,000.00.
- e) If the defective equipment was a part of a bid and the low bidder cannot satisfactorily replace the same, the Office of Procurement will inquire of the next higher bidder to see if he can provide the initially requested equipment. If so the defective equipment will be returned and a new purchase order will be issued to replace the defective equipment.

Forms:

Equipment Inventory Control

Addition Form

Equipment Inventory Control

Gift Form

Moving Request Form

Whenever there is a need to move equipment from one department to another or within an office, the Moving Request form should be completed by the requesting department indicating the name of the equipment, the decal and serial numbers. Signatures should be obtained by the requesting department, the department receiving the property and finally by the Central Receiving staff. After the form has been completed, the move is executed by the Central Receiving department and the form submitted to the Inventory Control Manager.

Equipment Located Off-Campus Form

Use this form only, when it is clearly in the line of your responsibility to use equipment off-campus.

Report of Theft Form

Gold Sheet

Whenever property cannot be decalated due to its nature, the "Gold Sheet" is given to the requester with the decal number affixed to it. A copy of the same is to remain in the Inventory Office.

Property Identification Form

This form is used when a decal cannot be affixed to a particular piece of property, e.g., the equipment is used under water; the items are too small to decal; the property is exposed to extremes of heat or cold.

Personal Property Form

On occasion, personal property such as fans, heaters, pictures, etc. are brought to the work place. When these items are to remain on campus for the duration of the employee's tenure, a "Personal Property Form" should be completed and on file in the Inventory Control Manager's office. Where possible, receipt(s) for the property should be attached to the form. This assures that during the Inventory Control Manager's audit, these properties can be clearly distinguished.