

CONCORD UNIVERSITY BOARD OF GOVERNORS

Policy No. 12
Policy on Fixed Asset Inventory
Effective Date: 05/04/2005

Section 1. GENERAL

1.1 Scope:

This policy provides direction for establishing and maintaining fixed assets including protocols for receipt, control and disposal. The University is required to maintain a list of all fixed assets as noted below, and the University must include the depreciated value of these assets in its audited financial statements each year.

1.2 Effective Date: May 4, 2005

Section 2. POLICY

2.1 It is the policy of the University that the records and accounts of all fixed assets including disposal will adhere to GAAP (Generally Accepted Accounting Principles), as prescribed by the American Institute of Certified Public Accountants, (AICPA), the directives issued by the Concord University Board of Governors, the Higher Education Policy Commission, the West Virginia Legislature, and other State policy and procedures as applicable.

2.2 This Operational Policy and Procedure is in compliance with WV Code §18B-5-7, Disposition of Obsolete and Unusable Equipment, Surplus Supplies and Other Unneeded Materials, and WV Surplus Property Disposition Policy & Guidelines, April 1996.

Section 3. DEFINITIONS AND PROCEDURES

3.1 Fixed Assets are capital acquisitions with a useful life of more than one year and a dollar value exceeding \$5,000. Fixed Assets with a value of \$5,000 or more will be depreciated and tagged. In addition, computers and computer related equipment with a value of \$500 to \$4,999, and all other equipment with a value of \$1,000 and \$4,999, will be tagged for identification but not included in the list of capitalized assets.

3.2 The Inventory Control Clerk is a person designated by the Vice President of Business & Finance to be responsible for tagging and maintaining the records of fixed assets.

Section 4. RECEIPT OF ASSETS

4.1 The Inventory Control Clerk will maintain the computerized Fixed Asset Inventory Control Management System as needed with the University's Banner Accounting Software Module.

4.2 All fixed assets must be received through the receiving department located in the Physical Plant Building-Receiving Department, telephone number 304-348-5166.

4.3 The receiving department will be provided a photocopy of the purchase order or invoice issued by the Procurement Officer and processed by the Accounts Payable department to aid in tracking asset acquisitions. The Controller will review purchase orders and invoices for new assets and forward to the Inventory Control Clerk on a monthly basis.

4.4 The Inventory Control Clerk will complete the State of West Virginia "*Added Property Form*" (Exhibit A), assign an asset number and tag the asset.

4.5 The end user of the asset will sign the receiving form indicating receipt of the asset.

4.6 All asset-receiving forms will be maintained by the Inventory Control Clerk.

4.7 The Inventory Control Clerk will enter the data in the Fixed Asset Management System.

Section 5. MOVEMENT OF INVENTORY AND DEPARTMENT GUIDELINES

5.1 The Inventory Control Clerk is ultimately responsible for tracking the movement of all fixed assets.

5.2 These guidelines apply to fixed assets as defined in 3.1.

5.3 A *Request for Approval to Move Form* (exhibit B) must be completed and approved by the manager before inventory is moved.

5.4 The form will be forwarded to the Physical Plant, (for large items), who will arrange the movement. The form will also be copied to the Inventory Control Clerk.

5.5 Transfer/movement of inventory between departments will require the approval of both managers.

5.6 The temporary movement of inventory, for a period less than one month, between classroom/shops/labs on the same campus will not require the form.

Section 6. MOVEMENT FOR SERVICE OR REPAIR

6.1 All assets leaving Campus premises for service must have a *Loan Note/Service Removal Form* (Exhibit C) attached to the asset if the service period is longer than five working days.

6.2 A copy of the form will be forwarded immediately to the Inventory Control Clerk.

6.3 The Inventory Control Clerk will regularly follow up on all forms to ensure that assets have been returned.

6.4 The authorized signing person shall be the Department or Area Manager. A Manager may delegate this authority to another staff member upon written notification to the Inventory Control Clerk.

Section 7. LOAN OF ASSETS

7.1 University fixed assets will not be loaned to staff or others for personal use.

7.2 University fixed assets within each department may be loaned with the approval of the Department Manager under the following conditions:

- to staff for work related activities.
- to staff for participation in work related training programs.
- to Government funded agencies or organizations for business and/or emergency use.

7.3 Any request for loan of assets not covered in (7.2) above will require executive approval.

7.4 The loan of fixed assets will be permitted only when such assets are not required by the University and will be subject to immediate return if University activities require their use.

7.5 The loan of fixed assets will be recorded on the *Loan Note/Service Removal Form* (Exhibit C) which will be approved by the manager or designate.

Section 8. TEMPORARY WORK SITES

8.1 University assets assigned to a temporary training work site of two months or less will be recorded on the *Loan Note/Service Removal Form* (Exhibit C) and signed out to the staff member in charge of that training work site.

8.2 University assets assigned to a temporary training work site for more than two months will be recorded on the *Loan Note/Service Removal Form* (Exhibit C).

8.3 The manager, in consultation with the Director of Physical Plant, will ensure the availability of proper insurance for the asset at the temporary work site.

Section 9. DISPOSAL OF SURPLUS/OBSOLETE ASSETS

9.1 On an annual basis, a list of requests for disposal will be compiled by the Inventory Control Clerk who will provide the Controller with the composite list.

9.2 The Inventory Control Clerk will make a recommendation for disposal through transfer, dumping, public tendering, or auction as outlined below:

9.2.1 The fixed assets to be returned to Dunbar/Surplus Property.

a. Declarations of unusable surplus that is no longer of use to the University, and not in the automotive category, will be submitted to the Inventory Control Clerk.

b. The University's Fleet Manager will be responsible for the disposal of surplus automotive items. Contact with the Dunbar office will provide instructions as to the disposition of the asset dependent upon the condition of the asset.

9.2.2 The fixed assets to be temporarily stored (for re-use.)

9.2.3 The fixed assets that are no longer usable due to breakage, obsolescence, or other causes may be disposed of in the manner that is most efficient and cost effective.

9.3 The Procurement Officer will plan and conduct all off-campus dispositions of fixed assets.

9.3.1 Disposition of obsolete/unusable materials shall be accomplished by one of the following:

- a. Transfer to other governmental agencies or institutions by exchange or trade
- b. Sale as junk

c. Other

9.3.2 At least ten days prior to disposition or transfer, a newspaper ad shall be placed as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty Nine of WV Code §18B-5-7, in the county in which the equipment, supplies, and materials are located.

9.3.3 The disposable materials may be sold in whole or in part, at public auction or by sealed bid, or may be transferred, exchanged, or traded the same to other governmental agencies or institutions, (if by transfer, exchange, or trade, then without advertising), in whole or in part, as sound business practice may warrant.

9.3.4 All sales of commodities made during the preceding six months shall be reported to the legislative auditor, (bi-annually.) The report shall include a description of the items sold, name of the buyer to whom each was sold, and the price paid by the buyer.

9.3.5 The materials must also be removed from active records by the Inventory Control Clerk.

9.4 Any funds realized from the disposal will be deposited to general capital revenues of the University and NOT back to the department disposing of the asset.

9.5 Once the disposal process has been initiated, the asset tagged for disposal is not to be moved to another location, under any circumstances, unless approval is granted by the Inventory Control Clerk and provided that a temporary storage site is available.

Section 10. DONATED ASSETS

10.1 The disposal process of donated assets will follow the direction that may be prescribed by the donors/otherwise, disposal will follow the procedures in Section 9 above.

Section 11. STOLEN/MISSING ASSETS

11.1 Any missing asset will be reported immediately to the Public Safety Department by the Department Manager with the physical possession of the asset prior to the theft, and a copy should be sent to the Inventory Control Clerk. The Security Department will complete *Police Department Complaint Report*, (Exhibit E).

11.2 The Inventory Control Clerk will arrange for the removal of the record of the missing assets from the College file.

11.3 Once there is clear evidence that the missing item has been stolen; the Public Safety Department will make the appropriate report to the BRIM for insurance reimbursement if the cost of the asset is within a significant amount. *Insurance Loss Notice Form*, Exhibit F, is attached.

Section 12. TRADE-IN OF ASSETS

12.1 The Inventory Control Clerk must be notified in writing by the manager if an asset is traded for a newer asset.

12.2 The Inventory Control Clerk will remove the record of the traded asset from the Fixed Asset Management System and notify Accounting of the amounts.

12.3 The new asset shall be recorded at the asset value without consideration of the trade. The traded asset will be removed and the trade-in value journalized to the general ledger.

Section 13. ASSET VERIFICATION

The Controller will have the authority to conduct random spot checking of fixed asset inventory upon notification to the Inventory Control Clerk.

Section 14. MONTH-END PROCEDURE

14.1 At month-end or as requested, the fixed asset record will be reconciled to the General Ledger and submitted to the Controller for review.

Section 15. YEAR-END PROCEDURE

15.1 The Inventory Control Clerk will be responsible for conducting a physical inventory of fixed assets as recorded in the accounting records of the University. Any discrepancies within the records should be reported to the Controller. The buildings may be inventoried on a rotational basis so long as all properties are inventoried within a three year period. Attestation shall be made using exhibit D, *Inventory Management Certification Cover Sheet*.