FASOM - Section 8.03: Fixed Assets - Non-Expendable Personal Property

Section 08.03: Fixed Assets -- Non-Expendable Personal Property

Information that is shown with strike-out has been replaced by policy 55.100 Fixed Assets Accounting Policies in the OUS Fiscal Policy Manual. Otherwise, the content of this policy has not yet been transitioned to the new Fiscal Policy format. This will be accomplished as time and resources permit.

A. Definition

[1] Non-Expendable Personal Property

Capitalized non-expendable assets are defined as tangible, personal property which is owned, leased, controlled or possessed by an institution and that meet the following criteria:

- Are not consumed in the normal course of business.
- Have a unit value of $5,000 or more.
- Have a useful life that exceeds one year.

The unit-cost limit does not apply in the following situations:

- When materials purchased are used as part of a departmental reference library for three years or more.
- When an item is included on the equipment inventory as an Attachment to an existing capitalized asset.
- For livestock used for breeding, as draft animals, for dairy or beef production, for experiments or for instruction.
- When an exception to the unit-cost limit has been approved by authorized institution personnel. (When an exception has been granted, an inventory record must be recorded in the Fixed Asset subsidiary and a record of the authorization kept on file.)

Use account code 40101 for asset purchases that meet the above criterion. The following associated costs may also be capitalized:

Freight or excess charges on newly purchased assets if charges exceed $25 (The cost of shipping the asset to a foreign country should not be included in the capitalized value.) All installation expenses. The cost of modifications that increase an asset's value by more than $5,000.

For assets acquired by a lease-purchase arrangement (see account code 40111 (Equipment Lease-Purchase)). For books, periodicals and other reference materials purchased by libraries (see account code 40190 (Library Purchases)).


[a] Attachments & Components

Terminology: Parent asset = Permanent Tag recorded in the Primary tag field on Component or Attachment tags. (Synonymous with Primary tag)

[b] Attachments

Attachments are tangible, personal property that have an integral relationship with a Parent asset (they become one). There is no dollar threshold limit on attachments but they must meet the following criteria:

- Must have same Responsible Chart, Organization, Location, Grant & Custodian as Parent asset.
- Must have same Condition and Title-To as the Parent asset.
- Must have same User status as the Parent asset.
- Must have same Functional Use as Parent asset.
- Must be depreciated and disposed with their Parent asset.

Use account code 40101 for asset purchases that meet the criterion of an Attachment.

Attachments can also be used to reflect changes to an asset where no physical object is involved. i.e. direct pay credit memos, JV’s, "adjustments" from 2.0 conversion acquisition sequences etc.

(Note: Attachment costs are automatically added to the Parent Total Cost and Total Net Book Value. Attachment Funding is displayed on the Parent asset as is the Capitalization data.)

[c] Components

Components are tangible, personal property that are related to, but not an integral part of, an existing asset. (Assets from the old system that were related with suffixes, should be recorded as components.) Components must meet the following criterion:

- Must meet all requirements of a standalone capitalized asset.
- Are not consumed in the normal course of business.
- Have a unit value of $5,000 or more.
- Have a useful life that exceeds one year.
- Are related to, but not an integral part of, an existing asset.
- Are depreciated and disposed of separate from Parent asset.

Use account code 40101 for asset purchases that meet the criterion of a Component.
Components can have different Responsible Organization, Location, Grant, Custodian, Condition Title To and Status codes from the Parent asset.

(Note: Components must be "unlinked" before disposal of the Component or the Parent asset can occur. This is done with the transfer form FFATRAN.)

When purchasing assets that do NOT meet the criterion for capitalized non-expendable assets, attachments or components, use the appropriate (20xxx) supplies expense account codes.

[diagram: Primary, Attachment & Component Relationships]

- Primary Permanent tags can have both Components and Attachments.
- Components can have Attachments but NOT Components.
- Attachments can NOT have Components or Attachments.

NOTE: This diagram has been replaced by policy 55.100 Fixed Assets Accounting Policies in the OUS Fiscal Policy Manual.

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(Note: If an origination tag was made an Attachment in error, it can later be made into a Component or a standalone permanent tag. Components or standalone tags can NOT later be made into attachments.)

EXAMPLE

Printers and monitors are NOT attachments to a computer, they may be components however if they meet the above criterion.

B. Fixed Asset Inventory Reports
**FWRFAAC** - ANNUAL CAPITALIZATION REPORT / PROGRAM ACTIVITY by ACCOUNT WITHIN FUND

Provides a summary of expenditures for selected Accounts (4%) for each Fund within Programs (90001 and 93000) for the selected Fiscal Year and Accounting Period. Replaces FMS reports GA313-01 (YTD Expense by Transaction Code) and GA927-01 (Analysis of Miscellaneous Transaction Codes). Used to complete the Annual Capitalization report and identify amounts needed for JVs to adjust the Investment in Plant (FUND 890000) for Land, Buildings and IOTBs.

**FWRFAIA** - NON-EXPENDABLE INVENTORY ANNUAL REPORT

Provides a list of assets by Location, within Organization. Totals for records and Book Value by Location, Organization and Chart. Report used to take Annual or Bi-Annual inventory. Certification is printed on the last page for each Organization.

**FWRFAID** - NON-EXPENDABLE INVENTORY DEPRECIATION REPORT

Provides a list of owned assets for selected Organizations by month and year the asset was acquired. Calculates the current year and accumulative depreciation for the selected fiscal year. Replaces FMS report EQ020-EQ329-01 (Annual Claim Date List).

**FWRFAII** - NON-EXPENDABLE INVENTORY INSURANCE REPORT

Provides a list of insured assets by Location, within Organization. Totals for records and Insurance Value by Location, Organization and Chart. Report used to identify insured inventory.

**FWRFAIL** - NON-EXPENDABLE INVENTORY LOCATION (By Building) REPORT

Provides a list of assets by Location (2nd level, building) and totals for records, Book Value and Insurance Value by building Location within Chart. Report used to identify assets within buildings.

**FWRFAIM** - NON-EXPENDABLE INVENTORY OVER $1 MILLION INSURANCE REPORT

Provides a list of assets over $1 million in Insurance Value by Location within Organization. Totals for records and Insurance Value by Location, Organization and Chart. Report used to identify high value assets on inventory.

**FWRFAIN** - NON-EXPENDABLE INVENTORY NON-OWNED INSURANCE REPORT

Provides a list of non-owned insured assets by Location, within Organization. Totals for records and Insurance Value by Location, Organization and Chart. Report used to identify non-owned insured inventory.
FWRFAIP - NON-EXPENDABLE INVENTORY INVESTMENT IN PLANT REPORT

Provides a list of owned assets and their Book Value. Totals for records and Book Value by Location, Organization and Chart. Report used to identify assets included in the General Ledger Investment in Plant (FUND 890000) Equipment (ACCOUNT A8002). May include Museum assets (ACCOUNT A8003).

FWRFASA - NON-EXPENDABLE INVENTORY ANNUAL REPORT

Same as FWRFAIA with the option to select range of Organizations or specific Organizations (up to six).

FWRFASL - NON-EXPENDABLE INVENTORY LOCATION (By Building) REPORT

Same as FWRFAIL with the option to select range of Locations or specific Locations (up to six).

FWRFASN - NON-EXPENDABLE INVENTORY NON-OWNED REPORT

Same as FWRFAIN except all non-owned assets are selected. Option to select range of Organizations or specific Organizations (up to six).

C. Property Control and Accountability

To assist in the identification and control of property, the following is done:

- Each item is assigned an inventory number and entered on the asset inventory file.
- An identification tag is attached to the asset.
- Department records indicating custody, location, changes and disposition are maintained.

[1] Accountability for Property

The department head or other designated official is accountable for all property purchased for or assigned to his or her department. This person is also responsible for ensuring the proper use, care and maintenance of property until released from his or her responsibility by an approved Property Disposition Request (PDR).

[a] Storeroom Control

The employee in charge of a storeroom is responsible for all property under his or her control. He or she will keep inventory records current and maintain a record of the assignee and location of the property that is checked out.
[b] Loan of Property

Property loans between departments and institutions are encouraged when cost savings will result. Loans between institutions are subject to approval of the lending institution’s business manager.

[c] Use of Institution property

Institution property is intended for institution use, not for private purposes. Exceptions must be approved by the institution executive or his or her designee. When use of a building or other facility by an outside organization is approved, such as for a community or state gathering, the approval to use related equipment installed in the facility is implied.

[2] Property Identification

Each asset is assigned an inventory number and tagged for identification.

[a] Marking Methods

When feasible, an easy-to-read metal identification tag must be affixed to each asset. Each tag should contain the following information:

- Inventory number (This should be embossed or engraved on the tag.)
- Institution name

The tag should be attached using one of the following methods:

- With screws, nails or rivets, when practical
- With a good quality adhesive that will provide a permanent bond (Adhesive-backed metal tags are suitable for most office furniture.)
- When it is not practical to affix metal tags directly to the asset, the tags may be attached with wire or the number may be engraved on the asset.

When none of the above methods is suitable, an alternative that will provide permanent identification may be used.

[b] Identification Tag Location

Identification tags or markings should be affixed to assets where they are visible but not subject to damage or apt to interfere with use of the asset. Tags should be located in the same place on
similar items. They must not be positioned where they may be hidden when the asset is put into service (e.g., on the side of a file cabinet).

Recommended tag locations:

- General: on the front, near the upper left corner
- Desks: left hand side panel of the kneehole
- Chairs: center of rear edge of seat or back
- Other assets with exposed legs: at the top of the left front leg, on either the front or the side

  Machinery and vehicles: near the manufacturer's name plate (Licensed vehicles need no identification tags.)
- Rugs: underneath at opposite corners

[3] Non-Expendable Personal Property Inventory

In accordance with Department of Administrative Services Administrative Rule 15-010-01 and established OSBHE policy, each institution must take a physical inventory at least biennially.

[4] Asset Inventory Changes

The Asset Inventory System provides a means of maintaining a perpetual inventory of all fixed assets owned or controlled by OSSHE. The following guidelines apply to additions and changes to non-expendable personal property listed on the Fixed Assets inventory:

- Newly purchased items are added as temporary assets when an institution processes invoices for payment. Within Banner, institutions convert these temporary assets to permanent assets.
- Within Banner, institutions add items received through gifts and loans as permanent assets.
- Changes to items already on the inventory as permanent assets are initiated within Banner by institutions.

To add other assets to the inventory (e.g., land, buildings and improvements other than buildings), Institutions prepare and forward a Real Property Transaction Report (Form CO-355) to the Controller's Division.

[5] Asset Inventory Status Query
Information regarding any asset listed in the Fixed Assets System may be viewed in Banner by following these instructions:

1. Select FWIAMST (Fixed Asset Master Query Form) at the *FINASSET menu.
2. Type in the asset tag number.
3. Press the "Execute Query" function key.

The asset tag number entered will appear, and all information stored for the corresponding asset (general information, acquisition detail and funding source) will appear, including any text related to the asset.

A hard copy may be obtained by entering the series of keystrokes defined as "print screen" for the system being used.

[6] Property Disposition Request

When disposing of state property such as furniture, livestock, vehicles, moveable machinery, moveable tools, or equipment and building fixtures, an institution is required to prepare a Property Disposition Request form (PDR). The PDR is used to clear accounting records and property inventories when an item is sold, traded in, transferred, lost, stolen, etc.

The instructions below apply to the corresponding elements on the PDR:

1. Type of Request: Check one box only. A separate form is required for each category reported, (e.g., "Excess or Surplus," "Lost or Stolen").
2. Department: Enter the name of the institution department to which the property being disposed of is assigned (e.g., UO Science Department).
3. Agency Number: Enter the agency number assigned to the institution by the Department of Administrative Services.
4. Unit or Division: Enter the name of the institution division of which the department in 1 is part (e.g. College of Liberal Arts).
5. Date: Enter the month, day and year the PDR is prepared.
6. Inventory Number: Enter the inventory identification number assigned to the property being disposed. Include separate line entries for numbers with suffixes (e.g., Items 10456A and 10456B must each appear on a separate line).
7. Quantity and Unit: Enter both the quantity and units, if applicable (e.g., 11, 1 dozen, 2 gross, 3 case, etc.).
8. Description: List the chart of accounts, organization, location, description of property, title-to, serial number when available, manufacturer, make, model, etc. If disposing of a vehicle, include year, make and vehicle identification number (VIN).
9. Year Acquired: Enter the year the item was purchased or acquired.
10. Acquisition Cost: Enter the cost of item at the time of purchase or acquisition.
11. Estimated or Inventory Value: Enter the appropriate value. When using for an insurance claim, enter the Insurance Fund value.

12. Resale Price or Trade-In Received: Enter the appropriate figure when notified of final disposition of property.

13. Recommended Disposition: Indicate recommended disposition and trade-in if any. List Purchase Request or Contract Release Order number if disposed item is being replaced. Record circumstances of loss or theft and describe action taken to attempt recovery. Attach police reports and additional letters of explanation if necessary. When applicable, enter Insurance Fund claim number.

14. Signature of Accountable Person: Signature of person physically responsible for equipment. Must be different from person signing for #15 and #17.

15. Signature of Department Head: Signature of department head or delegate. Must be different from person signing for #14 and #17.

16. Make Disposition as Follows: This is completed by the Department of Administrative Services or authorized institution personnel. It indicates how the disposal was handled or should be handled.

17. State Surplus Property Manager: Signature of authorized institution representative of State Surplus Property. Must be different from person signing for #14 and #15. Only signatures that appear on an approved Authorization for Signature form (Form C0-126) for this area of responsibility are sufficient. For items disposed of through OSU Surplus Property, this block must be stamped "OSU Surplus Property Maintains SPD."

18. Receipt Number: Enter the receipt number if item is sold at auction.

19. Purchase Order No.: Enter the purchase order number if item is a trade-in.

20. Signature: When an item is scrapped, enter the signature of the person making disposition.

Note: This electronic document supersedes all previous versions and is subject to change.

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(strike-out added 11/12/03)