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STATE UNIVERSITY  
— EST. 1900 —

# **Fixed Asset and Inventory Control Policy and Procedures Manual**

May 1, 2018

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# I. OVERVIEW

## A. PURPOSE

The purpose of this Policy and Procedures Manual is as follows:

- To provide adequate internal control over capital and sensitive equipment and help ensure the safeguarding of University assets.
- To meet the requirements for University System of Maryland (USM) institutions to document their inventory policy in accordance with USM Policy 240.0 VIII-1.10 – Policy for Capitalization and Inventory Control (issued by the Chancellor, June 19, 1989, revised by the Board of Regents, June 9, 1995, July 7, 2000, June 19, 2014).

### General Information:

The Asset Management Personnel (AMP), in the Controller's office, under the Vice President of Administration and Finance recommends the following:

- Academic Departments: Department Chairs are the Property Officers (PO) for Fixed Assets located within their departments. They may assign responsibility to a Business Manager (BM). Where there is no designated BM, the department chair may designate responsibility of managing the department's assets to the appropriate personnel. However, the Department's Chair is ultimately responsible for all fixed assets therein.
- Administrative Departments: Department Directors are the Property Officers (PO) for the equipment located within their departments. They may assign responsibility to a Business Manager (BM). Where there is no designated BM, the department director may designate responsibility of managing the department's assets to the appropriate personnel. However, the Director is ultimately responsible.
- The Business Manager (BM) manages the assets and their record keeping.
- All Business Managers and those assigned to manage department assets (Accountability Officers) are responsible for reporting their department's asset information to the Asset Management Personnel.
- All Property Officers must notify the AMP as to who has been designated as the Accountability Officer (AO). When there is a change the AMP must be notified accordingly.

- The Asset Management Personnel (AMP) are responsible for managing and conducting a campus-wide physical inventory observation once every TWO years.
- The Asset Management Personnel (AMP) must ensure that all departments conduct an inventory count in June and December of every year and provide a report to the AMP. [*ref: sec.III, part C*]
- Each Accountability Officer is required to maintain an accurate inventory of all property within his/her area of responsibility.
- All departments including the information technology department (ITD) and procurement department must notify AMP of new capital and sensitive assets purchased upon approval of the purchase order. [*ref: sec I part B and C*]
- All departments must ensure that an employee separating from the University accounts for the return of all University assets in their custody. Such assets include, but are not limited to, technology equipment such as computers, and office equipment. Separating employees must have their department heads, the ITD, and the AMP sign-off on the separation asset accountability form to be obtained from the AMP.

## **B. RESPONSIBILITIES OF THE CONTROLLER'S OFFICE**

The Controller's Office is responsible for the following:

- Determining what items shall be classified as capital or sensitive equipment and applying the appropriate accounting standard in the University's financial records.
- Maintaining central records of all capital and sensitive equipment (including firearms) by recording all equipment additions, disposals, and adjustments in People Soft Asset Management System (AMS).
- Asset Management Personnel must run queries every month to determine whether capital or sensitive asset purchases have been made.
- All tagging of assets will be performed by the Asset Management Personnel.
- Providing training in the proper procedures in the use of the People Soft AMS.
- Conduct physical inventory of all capital and sensitive inventory at least once every two years.



- Maintain accurate records for audit purposes.
- Reconcile the AM system with the General ledger

## **C RESPONSIBILITIES OF THE PROCUREMENT OFFICE**

- Deliver all computer and computer related items such as IPADs, Tablets, etc. to ITD, NOT to the department requesting it.
- The procurement office must designate a Business Manager or Accountability Officer who will liaise with the AMP.
- Ensuring accurate account coding for equipment acquisitions on purchase orders.
- Ensuring University departments follow proper procedures for the repurposing, transfer, and disposal of University property.
- The procurement department MUST provide the AMP with copies of manual purchase orders (i.e. PO's not created in PeopleSoft) issued for capital and sensitive item purchases.

## **D RESPONSIBILITIES OF INFORMATION TECHNOLOGY DEPARTMENT (ITD)**

The Office of Information Technology is responsible for the following:

- Notify AMP upon receipt of any computer or computer related equipment received.
- Ensuring that each item of capital and non-capital computer equipment is tagged.
- Capturing acquisition information as to description, cost, etc. and providing same to the Asset Management Personnel to facilitate updates to PeopleSoft AMS.
- Ensuring University departments follow proper procedures for the repurposing, transfer, and disposal of computer equipment.

## E PEOPLE SOFT ASSET MANAGEMENT SYSTEM

### What is AMS?

The Asset Management System (AMS) is the asset database module of People Soft Financials (PSF). All capital assets and sensitive items as defined by the University are recorded in AMS.

### System Features and Benefits

- All purchased capital assets and sensitive items are recorded in the AMS by the Asset Management Personnel of the Controller's Office.
- Each capital asset and sensitive item record contains detailed information about the asset, such as proper description, account number, acquisition cost, acquisition method (e.g., purchase order, gift, loan, and transfer-in), vendor name, manufacturer, model and serial numbers, acquisition date, tag number, location, and custodian of the asset.
- AMS will record capital assets directly into the general ledger and automatically calculate the depreciation of capitalized assets.

## II. POLICIES:

### CAPITAL EQUIPMENT:

Capital equipment for the purpose of this document is defined as moveable property — owned by or assigned to the custody of the University having a useful life greater than one year and a purchase price or other acquisition value of \$5,000 or more. Capital equipment includes all such items whether they are purchased or donated.

### Purchases

The following costs are applied towards the \$5,000 acquisition cost and should be capitalized.

- Any initial modifications, attachments, or auxiliary apparatus that are necessary to make an item of capital equipment useable for its acquired purpose
- Shipping or freight charges, in-transit insurance, and installation cost
- Upgrades, modifications, or enhancement parts that increase the useful life of the equipment by one or more years

The following cost may not be capitalized:

- Equipment repair cost
- Separate warranty cost or maintenance contracts
- Demolition or dismantling cost
- Spare or replacement parts cost

### **Donations to the University**

All equipment donated to Coppin State University must be recorded at the fair value of the equipment on the date of the donation.

### **Acquisition by Installment Purchase or Leases**

All leased equipment must be capitalized if it meets the criteria outlined in Accounting Standard Codification (ASC) 840 which provides that a lease is capitalized if at inception it meets one of the following criteria:

- It transfers ownership to the lessee by the end of the lease term
- It contains a bargain purchase option
- The lease term is 75 percent or more of the estimated economic life of the leased property
- At the beginning of the lease, the present value of the minimum lease payments (excluding executory cost), equals or exceeds 90 percent of the excess of the fair value of the leased property.

The leased equipment is recorded at the total cost net of interest expense (the present value at the inception of the lease).

Capital equipment does not include "fixtures" — i.e., an item that is an integral part of a Campus building — but does include special purpose installations which are readily removable from buildings.

### **REAL PROPERTY**

Real Property includes land, building and building improvements, land improvements (other than building), infrastructure and construction in process. Valuation principle outlined for buildings and building improvement also apply to infrastructure, land improvements and construction in process.

## **A. Land**

### **Purchased**

All land acquired by purchase is recorded at cost. The cost includes:

- I) The amount paid for the land itself
- II) All related acquisition cost
  - a. Title fees,
  - b. Attorney fees
  - c. Broker Commissions
  - d. Cost of real estate surveys
  - e. Cost of razing an old building
  - f. Cost of canceling an unexpired lease
  - g. Payment of accrued or unpaid taxes

### **Donated land**

Land acquired by gift or bequest is recorded at fair market value at the date of acquisition.

### **Land Acquired with building Erected thereon**

For land acquired with a building erected thereon, the cost is allocated between the land and the building in reasonable proportions at the date of acquisition. If the transfer document does not show the allocation, other sources of information may be used such as an expert appraisal or the real estate tax assessment record.

### **Land Improvement**

These include fencing, athletic fields, landscaping or modifications to the land of a permanent nature requiring no or minimal upkeep. These items will be capitalized if their cost exceeds \$250,000. Land improvement has a useful life of 20 years.

## **B. Building**

Building includes all buildings and permanent structures such as fixtures, machinery, and other accessories that cannot be easily moved without disruptions to the basic building structure or services to the building. Buildings should be capitalized at cost.

All buildings including those constructed by Coppin State University, and those purchased or received as donations have a useful life of 40 years beginning on the date the building is placed in service. The cost includes:

- I. Construction cost
- II. Cost of excavation, grading or filling of land for the specific building
- III. Cost of preparation of designs and plans
- IV. Cost of building permits
- V. Interest cost during the construction of the building

Renovations that replace all internal and external structures of a building should be considered a new building and depreciated as such.



**C. Building Improvement**

Significant additions, alterations, renovations or structural changes that extend the useful life or enhances the existing building and which exceed \$250,000 in cost should be capitalized.

**D. Infrastructure**

Infrastructure includes roads, bridges, curbs, water, sewer and utility distribution systems which exceed \$250,000 in cost should be capitalized.

**E. Construction in Process (CIP)**

This includes all cost associated with building, building improvement, or land improvement construction projects that are not completed at the end of the fiscal year.

- The department of Facilities and Capital Planning and the AMP of the Controller's office will meet regularly during the fiscal year to discuss the status of future and on-going projects:
  - For larger long-term projects AMP of the Controller's Office shall be assigned as a member of the project committee and shall attend all committee meetings for the duration of the project.
  - For smaller short-term projects, the Facilities and Capital Planning department staff and AMP of the Controller's Office shall meet quarterly to discuss progress on current projects.
  
- Additionally, the department of Facilities and Capital Planning must provide monthly written updates on all projects to the AMP.

**F. Library Books**

This includes bound materials, microfilms, or other library materials which are capitalized if they are a part of the formal University cataloged library. Library items acquired as gifts are valued at fair value.

**Useful Life Guide for Coppin State University Assets**

Building	40 years
Land Improvements	20 years
Infrastructure	25 years
Equipment (office-Computers, AV equipment)	3-5 years
Equipment Non-office (Kitchen)	7-12 years
Computer Software	3-5 years
Research Equipment	15 years
Medical Equipment	8-15 years

Athletic/Recreational Equipment	8-12 years
Office Equipment (Chairs, desk, file cabinets)	12-15 years
Musical Equipment	20 years
Vehicles	4-8 years
Library books & reference materials	7-10 years
Art Collections	7-10 years

**Depreciation Policy:**

- All depreciable items will be depreciated on a Straight Line basis.
- Coppin State University will depreciate all items based on the following month convention.

## SENSITIVE EQUIPMENT

SENSITIVE EQUIPMENT for the purpose of this document is defined as non-capital equipment — i.e., equipment with an acquisition value of less than \$5,000 — which can be easily converted to personal use or resale, is susceptible to removal, and/or must be controlled to meet external reporting requirements. Per the Board of Regents (BOR) Policy, sensitive equipment must include computers and firearms regardless of the value. Coppin State University interprets "computers" to mean central processing units exclusive of peripheral equipment such as monitors, keyboards, desktop printers, and speakers.

Except for firearms (*which are always defined as Sensitive Equipment*) Coppin State University excludes from the definition of Sensitive Equipment any otherwise sensitive item beyond its useful life as determined by American Hospital Association (AHA) Standards, and any otherwise sensitive item which may be monitored or controlled by means other than a formal inventory process. Exceptions to a formal inventory process include the following:

- Equipment used frequently in the ongoing operations of a department such that loss of the item would be noticed immediately — e.g., FAX machines, small photocopiers, small kitchen appliances, scientific equipment used in ongoing research activity.
- Equipment already controlled through existing central stores or warehousing operations.
- Equipment assigned to a specific employee in conjunction with the performance of his/her job duties — e.g., sets of tools — along with supervisory review and approval of equipment replacement requests. Facilities must keep records of all equipment and provide same to the Asset Management Personnel (AMP) upon request.

- Departments are required to take appropriate measures to secure sensitive property and maintain a record of such property. Sensitive property is equipment that is easily convertible to personal use. Such equipment could be removed without the University's authorization. Below is a list of property considered to be sensitive and accounted for in the PeopleSoft Asset Management System.

Desktop Computers  
Laptop computers  
IPADs  
Tablets  
Microsoft Surfaces  
Cameras, Firearms

Below is the list of property considered to be sensitive items but are not tracked in the Asset Management System. Each department is required to keep an inventory list of these items. The list provided here is in no way conclusive and must be used only as a guide.

#### **Computers and Related Equipment**

All desktop Printers  
Disc Drive Units  
Tape Drive Units  
CD Drive Units  
CD Burners  
Monitors  
Keyboards  
Scanners  
Terminals  
Routers and Switches  
Digital Displays  
Other computer Accessories

#### **Audio/Visual Equipment**

Recorders and Players  
DVD Players  
Stereos  
Projectors  
Musical instruments  
Television Sets  
CD Players  
Radios  
Amplifiers  
Speakers

Headphones  
Microphones  
Tripods

**Office Equipment**

Fax Machines  
Telephones (Including Mobile Phones)  
Typewriters  
Calculators  
Clocks  
Cash Registers  
Scanners  
Laboratory Equipment  
Balances  
Meters  
Microscopes

### **III. PROCESSES AND PROCEDURES**

#### **A. EQUIPMENT ACQUISITION**

- All equipment purchases must go through a requisition process
- All requisitions must be approved by the Department Chairs
- The Accountability Officer must acknowledge the receipt of the equipment
- The Department chair/director must approve payment of invoices
- The Accountability Officer must complete the asset addition form and submit same to the Asset Management Personnel in the Controller's office.
- Upon receipt of the completed asset addition form from the AO, the AMP will arrange a time to tag the asset and subsequently record the asset in the Asset Management System.

#### **B. PROPERTY DISPOSAL**

- Departments are prohibited from disposing of property in any manner, shape or form. A disposal request form (ADF) must be submitted to the Controller's office for approval. The disposal request form must contain information on the property's serial/identification number, description, the exact location of the property including building and room numbers.
- The ADF is then sent to the procurement department for arrangements to be made for the disposal of the property.
- Any proceeds on disposals must be in the form of a check made payable to Coppin State University and reported to the Controller to be recorded in the appropriate account.

- Departments must arrange for secure storage of their surplus property until the property is picked up.
- The property must remain in the AM system until it is officially disposed of. All documentation related to the approval for the disposal MUST be submitted to the Asset Management Personnel (AMP).
- All computer disposals must be coordinated with the Information Technology Department (ITD).
- Surplus property may be donated to non-profit or charitable organizations such as churches and shelters. However, before donations take place, the department responsible must complete asset disposal forms and submit to the Asset Management Personnel in the Controller's office for final approval.
- Coppin State University's properties may NOT be sold without advertising and soliciting bids in a fair and competitive process.

#### C. PHYSICAL INVENTORY OBSERVATION

- Departments are required to perform cycle counts of all assets in their department twice a year. Once in June and in December to ensure that information on any missing asset is known within a reasonable time.
- The Asset Management Department will conduct a campus-wide physical inventory observation once every two years.
- Inventory records must contain information necessary to identify the equipment including equipment description, serial number, location, and custodian.

#### D. THEFT OF UNIVERSITY ASSET

Accountability officers are required to report any and all thefts of University assets to the AMP and the Public Safety Department to ensure that appropriate action will be taken.



## IV. APPENDIX

### A. Responsible Department Contacts

- Each department must appoint a department representative responsible for all assets in the custody of the department.
- Department asset representatives must complete asset addition and disposal forms as needed and submit to the Controller's office.
- Every department is required to complete an inventory check in June and December of each year and provide the completed inventory check of their department to the Controller's office.
- Departments must notify ITD and the Controller's office of any changes in the location, custodian, and returns of all assets both sensitive and capital in their department.
- Departments are required to ensure that any separating employees return all assets in their possession and complete a separation form indicating that such assets have been returned to the University. Department Heads must endorse all separation forms and have department asset representative submit a copy of same to the Controller's office.
- Departments should not redistribute sensitive assets when recovered. Assets must be returned to ITD for proper tracking, assessment, re-issuance or disposal.

### B. GL Account Codes for Capital and Sensitive Equipment

<b>PeopleSoft Accounts</b>	<b>Account Description</b>
<b>Object 07</b>	<b>Motor Vehicle Operations</b>
70101	Purchase Cost Or Lease Cost
<b>Object 08</b>	<b>Contractual Services</b>
86201	ITD - Software Maintenance
86202	ITD - Software License
87101	ITD-Hardware Maintenance
87201	ITD-Consulting Service
<b>Object 09</b>	<b>Supplies and Materials</b>
93201	Microcomputer Oper Sys Software
99902	Sensitive items
99903	Athletic Equipment
99904	Athletic Office Equipment
99905	Public Safety - Weaponry
99906	Public Safety - Ammunition
<b>Object 10</b>	<b>Equipment Replacement</b>
100201	Audio-Visual Equipment

103102	ITD - Servers
103103	ITD-Network Equipment
103104	ITD- Storage Equipment
103301	Laptops
103401	PC and Workstations
103104	ITD-Storage Equipment
103301	Laptops
109901	Other Equipment
<b>Object 11</b>	<b>Equipment-Additional</b>
110201	Audio-Visual Equipment
110202	Audio Visual Equipment Digital
110702	Library Books
111001	Laboratory Equipment
111401	Medical Equipment
111501	Office Equipment
111901	Radios and Electronic Equipment
113101	Data Proc Equipment-Mainframe
113102	ITD-Servers
113103	ITD-Network Equipment
113104	ITD- Storage Equipment
113201	Data Proc Equipment-Minicomputer
113301	Laptops
113302	ITD- Digital Hand Held Device
113401	PC and Workstations
113601	Video Projectors Digital
119901	Other Equipment
<b>Object 14</b>	<b>Land and Structures</b>
140101	Land
140201	Land improvements
141001	Buildings-Construction
141101	Buildings-Purchase/Trade
141201	Buildings-Demolition
141301	Buildings-Fixed Equipment
141401	Buildings-Professional Fees
141501	Building Additions & Other Major Improve
141601	Utilities Extension
143001	Improvements Other Than Bldg Hwy Const
143002	Improvements Other Than Bldgs, Rds, Swalk
144001	Roof Repair/Replacement
144101	Building Exteriors
144201	Building Interiors



**COPPIN STATE UNIVERSITY  
EQUIPMENT TRANSFER AND DISPOSAL REQUEST**

Dept. Name: \_\_\_\_\_ Department or Project # \_\_\_\_\_

Requested By (Print): \_\_\_\_\_ (Sign): \_\_\_\_\_

Supervisor Approval (Print): \_\_\_\_\_ (Sign): \_\_\_\_\_

\*\*\*\*\*

CSU Tag#: \_\_\_\_\_

Action:

Transferred- Internal \_\_\_\_\_

Description: \_\_\_\_\_

External \_\_\_\_\_

Serial #: \_\_\_\_\_

Disposal:

Location: Bldg. \_\_\_\_\_ Room: \_\_\_\_\_

Sold \_\_\_\_\_ Traded \_\_\_\_\_ Scrapped \_\_\_\_\_

Condition: Usable \_\_\_\_\_ Unusable \_\_\_\_\_

\*\*\*\*\*

Reason for Transfer/Disposal (attach addition sheet if needed)

\*\*\*\*\*

**Internal Move**

**Transfer To:**

Transfer \_\_\_\_\_

Bldg.: \_\_\_\_\_

Maintain Excess \_\_\_\_\_

Room: \_\_\_\_\_

Date: \_\_\_\_\_

**Receiving**

Dept.: \_\_\_\_\_

Dept. /Proj.# \_\_\_\_\_

Approved By: \_\_\_\_\_

\*\*\*\*\*

***Final Disposition:***

***Approval to remove property from Inventory***

Transferred: \_\_\_\_\_

Sold: \_\_\_\_\_ Amt. \_\_\_\_\_

Traded-In: \_\_\_\_\_

Scrapped: \_\_\_\_\_

\_\_\_\_\_  
Director of Procurement

\_\_\_\_\_  
Date

CC: Controller's Office  
Information Technology Division

FORM: COPPIN - TFR/DIS

Inventory Observation Sheet  
 Inventory Observation Date:  
 Inventory Observation performed by:  
 Department:

Tick Mark

V Found  
 X Not Found

Capital (Item cost exceeds \$5K)

Asset ID	Building Location	Room Number	Area ID	Status ID	Asset Description	Custodian	Acquisition Date	Amount	Tag Number	Asset Status	Category	In Service Dt.	Tickmark

Sensitive Item (Desktops, laptops, surfaces, IPAD, Cameras, firearms)

Asset ID	Building Location	Room Number	Area ID	Status ID	Asset Description	Custodian	Acquisition Date	Amount	Tag Number	Asset Status	Category	In Service Dt.	Tickmark





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Approved by *Stephen R. Smith*

Date *6/19/18*