



Business Processes for Internal Control Manual
 (Policy, Procedure, & Processes for Division of Fiscal Affairs)

Title: Fixed Asset Mgmt & Record Retention SOP		Date Created:
Functional Area: Fixed Asset Mgmt/Property Ctrl		Last Updated: 26 March 2009
Purpose: To provide general information regarding FAM & Property Control at SSU		
Documents (Info) Needed:		
Primary Position Responsible:		
Reviewed By <or> Reviewed By:		
Process Frequency:		
Prerequisite Process:		
Subsequent Process:		

ASSET MANAGEMENT POLICY & PROCEDURES:

PURPOSE:

To set forth the operating and accounting procedures involved with fixed assets. This includes the acquisition, recording and disposition of fixed assets as well as related issues such as depreciation, maintaining an inventory, etc.

The purpose of the fixed assets system (PeopleSoft Financials Asset Management Module & Receiving Module) is to provide control and accountability over the University's assets and to gather and maintain the information needed for the preparation of financial statements.

POLICY:

In accordance with the Business Procedures Manual (BPM) of the Board of Regents (BOR) of the University System of Georgia (11.1), Savannah State University is required to keep an equipment inventory of all items that are nonconsumable and nonexpendable in nature, having a life expectancy of three or more years, and an item acquisition cost of \$3,000 or more. Examples of these items are:

- Motor vehicles
- Mechanized and non-mechanized equipment
- Office equipment
- Appliances

Institutions may also include any item or items not meeting these criteria that it desires to have included in the inventory for valid management reasons.

Note: For the complete text of the law, refer to The Official Code of Georgia, numbers 50-16-160 through 50-16-161.1. Current requirements are subject to a review and possible repeal under Senate Bill 73 on 6/30/2006.



Business Processes for Internal Control Manual
(Policy, Procedure, & Processes for Division of Fiscal Affairs)

Further, the University is charged, in accordance with BPM of BOR 11.3, to maintain an accurate record of inventory data, to include the following, but not limited to:

1. **Accountability:** Assigning a custodian to every equipment item.
2. **Location Control:** Maintaining an accurate location for the item.
3. **Loss Control:** Maintaining adequate records to insure that the item is still available for institutional use, and/or becoming aware that an item is missing in a timely manner.
4. **Physical Inventory:** Producing various listings/data files to facilitate the task of conducting actual physical inventories to verify current locations, conditions, etc of each item on inventory.
5. **Value Assignment:** Assigning a value of equipment by building to assist in the preparation of the annual report to the Department of Risk Management.
6. **Tracking of Non-University Equipment (Federal, NIH, DOD, etc):** Tracking and assisting with calculation of indirect cost overhead rates for sponsored operations.

General Information:

The Role of Fixed Asset Management

Accounting standards and federal regulations require the University to identify and control the location, use, and status of capital equipment. The Comptroller's Office, in the Division of Fiscal Affairs, is responsible for recording and maintaining records of all capital assets purchased through the University's procurement system. If you have any questions regarding asset management or your role please email atkinsd@savannahstate.edu.

Asset Definitions

Capital assets are defined as tangible items that have an acquisition cost of at least \$5,000 and have an estimated life of at least two years. Small Value Property is defined as all tangible items that have an acquisition cost between \$3,000 - \$4,999.99.

Items classified as equipment and carried on inventory records are specified by the State of Georgia Department of Administrative Services and Board of Regents.

The following information is recorded on all equipment included on inventory records:



Business Processes for Internal Control Manual
(Policy, Procedure, & Processes for Division of Fiscal Affairs)

- Description of equipment
- Manufacturer's name
- Model number of equipment
- Serial number of equipment (if applicable)
- Acquisition cost of equipment
- Acquisition date of equipment
- Requisition number (if applicable)

Commonly Used Terms:

Betterment	An asset that is capital property and meets the capitalization policy threshold. A betterment (or improvement) loses its unique identity purpose by incorporation with or addition to another fixed asset. However, a betterment retains its unique identify within the accounting system.
Capital Leases	To be classified as a capital lease, the lease terms must meet at least one of the four following criteria as established by FASB 13: <ul style="list-style-type: none">• The lease transfers ownership of the property to the lessee by the end of the lease term• The lease contains an option to purchase the leased property at a bargain price.• The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.• The present value of the rental and other minimum lease payments equals or exceeds 90 percent of the fair value of the leased property less any investment tax credit retained by the lessor.
Capitalization Policy	The threshold at which land, land improvements, buildings, equipment, capitalized leases, facilities, works of art, library purchases, construction in progress, and motor vehicles are capitalized in the fixed asset records of the University. The threshold is cost of more than \$5,000 and a useful life of more than one year. (For more information, refer to Capitalization Policy of University System of Georgia http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect07.pdf).
Capital Property	That property recorded in the University Fixed Asset System which includes: Land, Land Improvements, Buildings, Building Improvements, Infrastructure Assets, Equipment, Capitalized Leases, Motor Vehicles (not including fleet management vehicles), Construction in Progress and Leasehold Improvements.



Business Processes for Internal Control Manual
(Policy, Procedure, & Processes for Division of Fiscal Affairs)

Controlled Asset	Equipment that is below the capitalization policy threshold that the agency management determines needs to be tracked by recording in the fixed asset system of the agency. Note: assets, other than equipment, will not be recorded as controlled assets.
Custodian	The individual identified by agency management who has responsibility for control of the asset. This individual is the one who assures the proper use of capital assets and is normally part of the agency's operating unit.
Equipment	Tangible personal <u>property which is not a permanent part</u> of a building and does not lose its identity through incorporation into a more complex unit.
Budget Manager	The person(s) authorized to approve purchases on behalf of a college unit for a certain budget.
Asset Value	The acquisition cost of an asset calculated 1) without regard for trade in allowance 2) including taxes, installation and/or calibration charges, 3) freight and 4) Educational and other discounts are taken into consideration.
Capital Asset	Item or equipment with: 1) asset value over five thousand dollars (\$5,000), 2) a useful life of one or more years, and 3) legally considered either real or personal property. Such items must be purchased, transferred, coded, recorded, tagged and inventoried within the fixed assets system as described in these procedures.
SVP	Small Value Property - item or equipment with: 1) asset value cost between three hundred dollars (\$300) and five thousand dollars (\$5,000), 2) a useful life of one or more years and 3) considered sensitive and requiring property control. Such items must be purchased, transferred, coded, recorded, tagged and inventoried within the fixed assets system as described in these procedures. SVP items include: <ul style="list-style-type: none">▪ Weapons, firearms and all items in OFM commodity class 10XX.▪ Items or equipment with a unit cost of \$3,000 or greater.▪ Portable computing devices▪ Portable video projectors▪ Digital video cameras



Business Processes for Internal Control Manual
(Policy, Procedure, & Processes for Division of Fiscal Affairs)

Non-inventoried	Item or equipment with: 1) asset value between three hundred (\$300) and three thousand (\$3,000) dollars, 2) a useful life of more than one year 3) does not meet the definition of a capital or small and attractive asset. Such items must be purchased, transferred, coded, recorded, tagged and inventoried according to the internal procedures of each unit.
Transferred asset	Item or equipment received from another government (federal, state or local) agency (often with freight the only cash expenditure) shall be treated as a capital, small and attractive or non-inventoried asset as described above. The original cost shown on the transfer document shall be considered the asset value.
Gift	A capital, small and attractive or non-inventoried asset received without any college expense incurred. The asset shall be treated as a capital, small and attractive or non-inventoried asset as described above. The value of the gift shall be considered the asset value.
Property	Any asset, material, equipment or supplies belonging to the college.
Surplus property	Any unserviceable, obsolete or excess college assets, materials, equipment or supplies, tagged and untagged regardless of whether or not the item is part of the colleges fixed assets system.

How To Purchase An Asset

University departments are responsible for verifying that all equipment purchases meeting the capitalization criteria above are properly tagged and reported to the Division of Fiscal Affairs.

Computer and software related purchases must have prior approval from the CSIT Department by emailing helpdesk@savannahstate.edu.

All purchases for the University should be acquired using the requesters state issued P-Card (Purchasing Card) or requesters should acquire a purchase order. For purchases over \$5,000 require the users to acquire a purchase order through procurement (the P-Card cannot be used). Small Value property items are those items with an acquisition cost between \$3,000 - \$4,999.99. Typically, the P-Card should not be used to purchase assets as defined above. However, in the event such occurs, contact the Division of Fiscal Affairs. Any supporting order documentation (including quotes) must be sent to Procurement via



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campus mail indicating the PeopleSoft Financials requisition number noted on it and/or attached in the comments section of the electronic requisition submission.

Tagging Assets

All small value property assets, assets costing between \$3,000 and \$4,999.99 and all capital assets, assets costing more than \$5,000 are to be tagged when received into PeopleSoft. If a Faculty or Staff Member notices an asset without a tag, please contact your Property Control Personnel (browneb@savannahstate.edu), or the Comptroller Office personnel (atkinsd@savannahstate.edu).

Responsibility:

Faculty & Staff -- Faculty & Staff should note that anything purchased from a University cost center is the property of the University and must be returned to the University should the item no longer be used for the purpose for which it was purchased, or the faculty or staff member leaves the University.

Further, each Faculty & Staff member who serves as a custodian for University equipment is responsible, under general supervision of the Budget Manager approving the acquisition of such, for maintaining physical control and maintenance over all assets (inventoried and non-inventoried) purchased and assigned to them (or their unit).

Business Compliance Coordinator – The Business Compliance Coordinator is responsible for developing, documenting, and maintaining the fixed asset management policy, procedures, and processes, and ensuring compliance.

Senior Accountant (Comptroller's Office) – The Senior Accountant is responsible for administering the data integrity of the fixed assets system (which includes Physical Inventory), reconciliation of the Capital Ledger to the General ledger, and reporting of Capital Assets.

Property Control Coordinator – The Property Control Coordinator is responsible for administering property management processes – from receiving, tagging, transferring, maintenance of records, preparation of inventory reports, delivery, and disposing -- for all University Property and documents.