

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF EDUCATION SERVICES
Policies and Procedures**

FIXED ASSETS POLICY FOR EQUIPMENT COSTING \$500 OR MORE

Effective Date: September 27, 2005
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Reference:

PURPOSE

To establish an internal policy and procedure for identifying and tracking purchases of equipment costing, \$500 (including tax) or more for control purposes.

POLICY

This internal policy and procedure applies to the Office of Education Service Central Office, Western North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, The Governor Morehead School for the Blind, and the Early Intervention Preschool Programs. This document fulfills the requirement by the Office of the State Controller that each agency must develop a policy and procedure that details the agency's fixed asset requirements.

The Office of Education Services has determined that all of its agencies must identify and account for all equipment purchases costing \$500 (including tax) or more. Such identification requires the equipment to be placed in the Fixed Asset System and the equipment to be tagged with an agency decal. These assets are classified as inventoried assets; and as such, a physical inventory must be taken of inventoried assets at least once a year in order to verify that assets recorded in the Fixed Asset System are physically located in the agency.

Tagging each piece of equipment is required in order to maintain a positive identification of each asset. Tagging is important to:

- Provide an accurate method of identifying individual assets,
- Aid in taking of physical inventory
- Control the location of all physical assets
- Aid in maintenance of fixed assets.

Fixed Asset Responsibilities

The Fixed Asset Officer in the Central Office of the Office of Education Services is the Business Director, who is responsible for insuring accurate inventories are maintained in the Fixed Asset System for all OES agencies. OES fixed asset decals and forms are available from the schools Fixed Asset Officer, who is also the contact person for assisting the agency staff with problems or questions.

Each OES agency is required to identify one staff member who is responsible or coordinating the Fixed Asset System for that agency. In the Central Office, the person responsible for coordinating the Fixed Asset System is the Business Director. In the three schools and the preschools, the Fixed Asset Coordinator, who is responsible for coordinating the Fixed Asset System, is the campus Stock Clerk.

For those purchases made through the E-Procurement System, the agency Purchasing Agent is responsible for identifying new purchases that require a Fixed Asset decal and transmitting that information to the agency's Fixed Asset Coordinator. A copy of the Purchase Order should be printed and forwarded to the Fixed Asset Coordinator.

For those purchases made through the State Procurement Card System, the agency Reconciler is responsible for identifying those purchases that require a Fixed Asset decal and transmitting that information to the agency's Fixed Asset Coordinator. Paid invoice or receipt should be copied and forwarded to the Fixed Asset Coordinator.

It is the responsibility of the agency Fixed Asset Coordinator to:

- Apply the decal
- Insure that the equipment is added to the agency Fixed Asset System
- Track the location of the equipment throughout the agency.

The agency Fixed Asset Coordinator is also responsible for coordinating the annual Fixed Asset Inventory each spring, twice a State fiscal year, auditing 20% of the Fixed Asset Inventory, and for resolving any problems with the inventory maintained in the DHHS Controller's Office.

Procedure

IDENTIFYING EQUIPMENT FOR FIXED ASSET SYSTEM

Any equipment purchased through the E-Procurement System or the State Procurement Card costing \$500 (including tax) or more is required to have a Fixed Asset decal applied to it. Such information must be forwarded to the agency's Fixed Asset Coordinator, who is responsible for applying the decal to the equipment and for insuring the inclusion of the equipment into the agency's Fixed Asset System.

A fixed asset number must be assigned to new equipment costing \$500 (including tax) or more. It should be noted that software and textbooks are not to be included in the Fixed Asset System.

Equipment containing separate physical parts is not to be considered as one asset. Each separate physical part is considered a separate asset and each separate part costing \$500 (including tax) or more must be individually recorded on the Fixed Asset System. Any separate physical part whose total cost (plus tax) is less than \$500 would not be recorded on the Fixed Asset System.

Specific devices such as auditory transmitters and receivers and all other prosthetic devices are not to be considered a fixed asset, are not given a decal and are not included in the Fixed Asset System. Such devices are to be accounted for in the annual Inventory of Supplies.

If the purchase order is invoiced as one line item, the agency must do one of the following:

- locate each individual price on the state contract
- contact the vendor for each separate price.

1. LIBRARY BOOKS AND REFERENCE MATERIALS

Library Books and Reference Materials should be listed in the Fixed Asset System if the library books/materials have a useful life of two or more years and have a cumulative cost of \$5000 or more. Libraries valued at less than \$5000 should not be entered into the Fixed Asset System. Periodicals must be housed in the library for reference in order to be classified as library materials. CD-ROM's are considered software and would not be considered library materials.

Subscription services that are replaced every year are deemed to have a useful life of less than one year and would not be entered into the Fixed Asset System.

The cost of all library books and reference materials should be recorded on the Fixed Asset System as **one asset**. The net amount of book and library material additions and retirements for each year must be added/subtracted to/from the original asset by assigning the net amount the same asset number as the original asset.

The school's Media Coordinator is responsible for developing a baseline inventory for the school's library books and reference materials. After the initial inventory is developed and entered into the system, updated information must be furnished to the Fixed Asset Coordinator throughout the year as library books/reference materials are purchased, and added to the library; and as library books and/or reference materials are deleted from the school's library. At the time of the annual inventory, the information on this form must be attached to the Fixed Asset Inventory to document the current status of the fixed assets in the school's library.

➤ **Textbooks**

Textbooks **are not to be included in the Fixed Asset System**, including textbooks ordered as a set, costing over \$500.

➤ **Brailled Textbooks**

Although brailled textbooks typically cost over \$500 per book, for purposes of the Fixed Asset Inventory, **brailled textbooks are not to be included in the Fixed Asset System**. Brailled library books and reference materials for the library are to be included in the library asset that is maintained by the Media Coordinator.

2. TAGGING EQUIPMENT

Each agency's Fixed Asset Coordinator, who is responsible for implementing the Fixed Asset System, will receive from the DHHS Controllers Office Fixed Asset Officer, a block of fixed asset numbers and corresponding decals to be used for tagging equipment for inclusion in the Fixed Asset System.

It is the responsibility of each agency's Fixed Asset Coordinator to apply the fixed asset decal to the equipment **at the time the purchase is received**. Decals should be placed in the same location on each similar type equipment. Decals should be accessible for viewing. Decals should be placed where the number can be seen easily and identified without disturbing the

operation of the equipment. This allows easy identification of equipment as well as aiding the inventory process.

Fixed Asset items exposed to outside elements will be engraved with Fixed Asset numbers. The actual Fixed Asset tag, purchase order, and packing slip will be kept together on file.

The Coordinator is also responsible for maintaining the official record of fixed assets.

3. FIXED ASSET RECORDS

a) Addition of New Equipment

Whenever new equipment, costing \$500 (including tax) or more is purchased, form [Fixed Asset Input Form \(FAS 1\)](#) is required. The agency Fixed Asset Coordinator will complete this form whenever the equipment is received and the decal is applied.

One copy of this form must be forwarded to the DHHS Controller's Office for inclusion into the agency's Fixed Asset Inventory.

*****This form may be forwarded electronically or on paper. (Check the DHHS website for current version of form-
http://www.osc.state.nc.us/sigdocs/sig_docs/sigFAS1_Form.html)***

b) Adjustment in and transfer of Existing Equipment

Each agency's Fixed Asset Coordinator is responsible for insuring that any adjustments to equipment in the agency's Fixed Asset System is recorded on [FAS 1](#). The building designee, Program Manager, and Business Manager prior to any changes should approve this form.

The employee who is aware of such adjustment to or transfer of existing equipment is responsible for completing that portion of this form and forwarding the information to the agency's Fixed Asset Coordinator.

The agency's Fixed Asset Coordinator is responsible for filling out the form [FAS 1](#) with an original to the Controller's Office for updating the agency's Fixed Asset System records, and one copy filed in the agency's permanent file when one of the following situations occur:

- Change of location of the Fixed Asset
- Change in description of the Fixed Asset
- Removal of Fixed Asset from inventory
- Replacement for defective equipment under warranty

c) Trading-in Existing Equipment

When it has been determined to be more economical to trade-in equipment in the agency's Fixed Asset System than it is to sell it as surplus property, the solicitation must contain a provision requesting that a trade-in allowance be offered and prior approval by the Director of Auxiliary Services at State Surplus Property is required. The agency's Director must obtain written authorization before a trade-in can be arranged.

******UNDER NO CIRCUMSTANCES CAN STATE-OWNED EQUIPMENT BE DONATED, TRADED-
IN OR GIVEN TO ANOTHER ENTITY WITHOUT APPROVAL OF THE STATE SURPLUS
PROPERTY OFFICE.******

d) Transfer of Equipment Within the Office

Although the transfer of equipment from one agency to another within OES is generally not allowed, there may be extenuating circumstances wherein OES Superintendent may determine that it is in the best interest of OES to make such transfers. One such instance may be the dissolution or downsizing of an agency. Such transactions from the sending agency must be recorded on form [FAS 1](#).

Such transaction must have prior approval of OES Superintendent.

e) Transfer of Equipment Within the Department

Temporary transfer of equipment to another department is treated as an asset on loan to another department.

No state department, institution or agency shall transfer any personal property owned by the state between departments without written authorization of the Auxiliary Services Director at State Surplus Property, unless transfer to another department is due to legislative action.

Such transfer would be treated as a sale, and the sale will be based upon previous sales of similar products in the open market. It is the responsibility of State Surplus Property to notify the original agency as to which agency received the item.

[FAS 2](http://www.osc.state.nc.us/sigdocs/sig_docs/sigFAS2_Form.html) (see http://www.osc.state.nc.us/sigdocs/sig_docs/sigFAS2_Form.html) must be completed by the transferring department and must be completed by the receiving department. Such transaction must have prior approval of the Secretary of the Department.

f) Transfer of Equipment to the State Surplus Center

Whenever an agency determines that equipment currently reflected on the agency's Fixed Asset Inventory should be surplus, form **FAS 1** must be completed and sent to the Surplus Coordinator within the agency. The Surplus Coordinator will then input the assets into the State Surplus System. ([see http://www.ncstatesurplus.com/ssp/agency/logon.asp](http://www.ncstatesurplus.com/ssp/agency/logon.asp)) These items will be put up for bid on the State Surplus System. After the surplus sale is completed a copy of the completed **FAS 1** form will be sent to the Controllers Office. The Controller's Office staff is responsible for removing the equipment from the agency's inventory.

******It is the responsibility of the agency designee to inform the Fixed Asset Coordinator that the equipment is being surplus. It is also the responsibility of the Surplus Coordinator to inform the Fixed Asset Coordinator of the completed sale, and the amount of funds received from the fixed assets disposal.******

4. ANNUAL PHYSICAL INVENTORY

A physical inventory of each agency's fixed assets must be taken in April to verify that assets recorded in the agency's Fixed Asset System are physically located within the agency. Such inventory must be taken on an annual basis as scheduled by the DHHS Controller's Office.

The inventory is coordinated by the agency's Fixed Asset Coordinator, but the actual inventory must be taken by someone who does not have custody of the assets, nor is responsible for receiving, checking in, tagging and recording the assets.

a) **Missing Assets**

Fixed assets are considered missing when an inventory is taken and assets on the **Physical Inventory Worksheet** are not found. This could occur because an asset was moved to another location without proper authorization; or the asset could be lost.

The agency's Fixed Asset Coordinator is responsible for checking all inventory worksheets in an attempt to resolve missing equipment. If equipment inventoried cannot be found, the person responsible for the equipment must complete form **FAS 1** to document the reason for the missing asset. The Program Manager is responsible for providing written documentation on the reason for the missing asset.

A fixed asset report, listing missing assets, is available to the agency's Fixed Asset Coordinator from the Controller's Office, upon request. The missing assets listing will be sent to the person(s) responsible for the missing asset(s), who will be required to document all the efforts made to find the missing assets. The Office of the State Controller will make periodic reviews of fixed assets listed as missing. If the asset is eventually found, the status is changed on the Fixed Asset System. After one year, if the asset is not found it is retired as a lost asset. Each agency is responsible for making periodic checks for the missing assets throughout the year.

b) ****Stolen Assets**

According to G. S. 114-15.1, if any state property has been stolen, the employee discovering the theft must report the theft to his/her supervisor. This is done as soon as possible, but no later than three days from the day of discovery. The agency Director must notify the OES Fixed Asset Officer and the Department. The Department notifies the State Bureau of Investigation. For agencies located in Raleigh, the State Capital Police should be notified as soon as the theft is discovered.

The agency's Fixed Asset Coordinator is responsible for insuring the fixed asset is retired on the Fixed Asset System by completing form **FAS 1** and forwarding it to the *DHHS Controller's Office*. The DHHS Controller's Office is responsible for removing the asset from the agency's Fixed Asset Inventory.

****See DHHS Controller's Office Missing/Stolen Assets Policy-**
http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-20/man/reporting_theft_and_misuse_of_state_property1.htm

c) Surplused Assets

Should any equipment that has been surplused, show up on the annual inventory forms, make the proper entry to show that the equipment has been surplused and attach a copy of the **FAS 1** that was used to surplus these items.