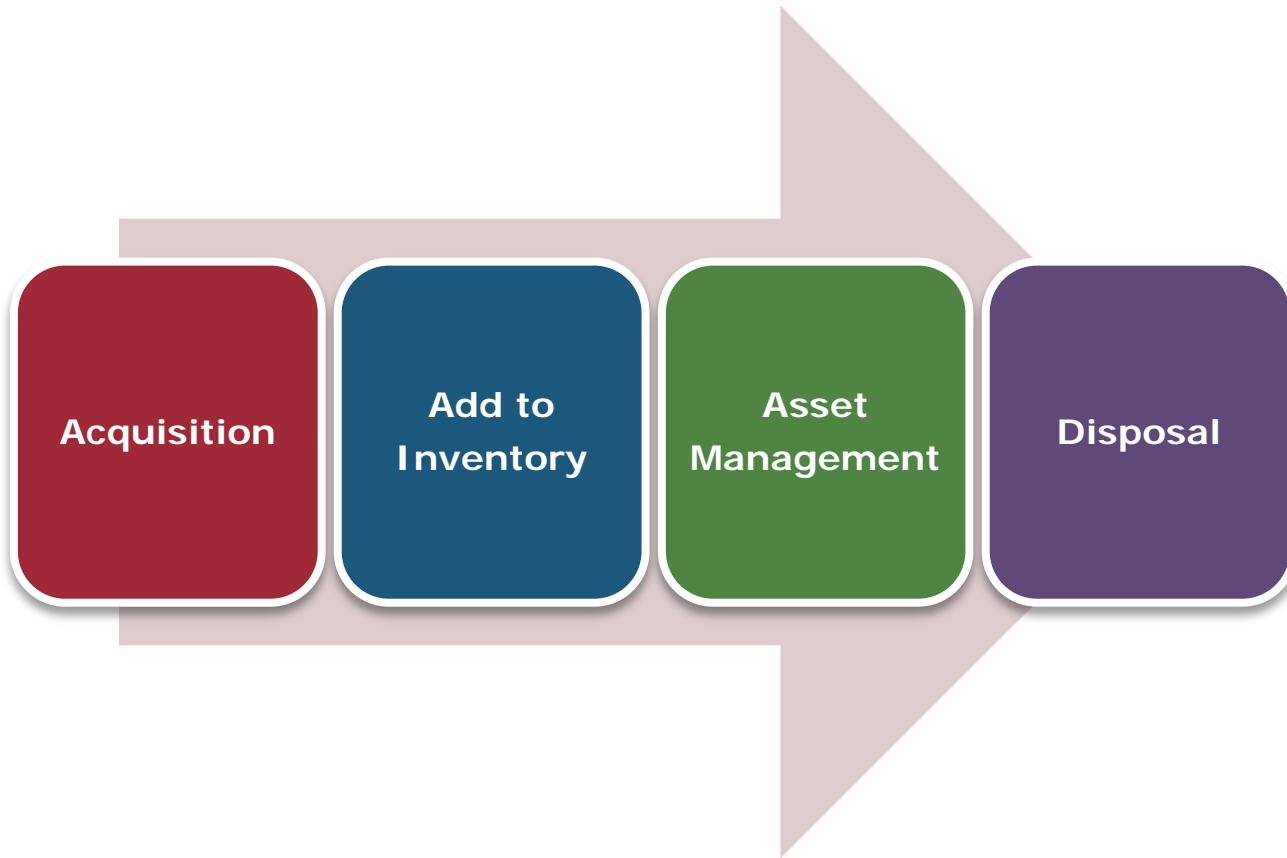


Got Inventory?

Life of an Asset



Stages of Life

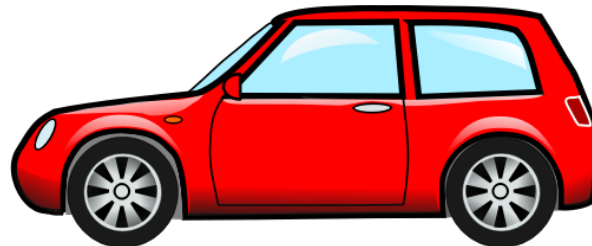


Fixed or Capital Asset Definition:

- Not consumed in the normal course of business
- Has a useful life that exceeds one year
- Has a unit value of \$5,000 or more

Exception:

- Road-worthy vehicles are capitalized regardless of value in order to be included in State Fleet Reviews and Risk Reports



Stage 1: Acquisition

General Acquisition Information

What should I be aware of when purchasing an Asset?

- When funded by a **grant or contract**, acquisition must be **authorized** by the award.
- Acquisition documents should include detailed and **accurate descriptions** of the asset to be acquired.
- Acquisitions should be ordered in a **timely** manner.

What Else?

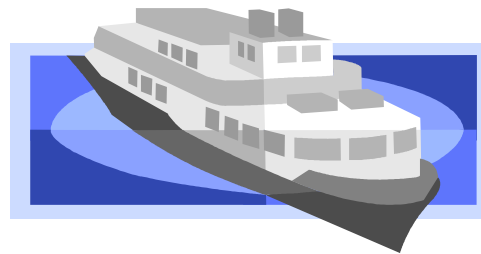
- Is there a **trade-in**?
- Does the vendor require a **down payment**?
- Is it a **lease-purchase**?
- Are there **funding issues**?
- Are you trying to **add value** to an existing asset?

Capital Account Codes

- 40101 – Equipment
- 40102 – Livestock (by individual animal)
- 40103 – Artwork/Museum Collections
- 40104 – Vehicles
- 40111 – Equipment Lease-Purchase
- 40113 – Principal Installment Payment
- 40199 – Asset under Construction
- 40201 – Vessels

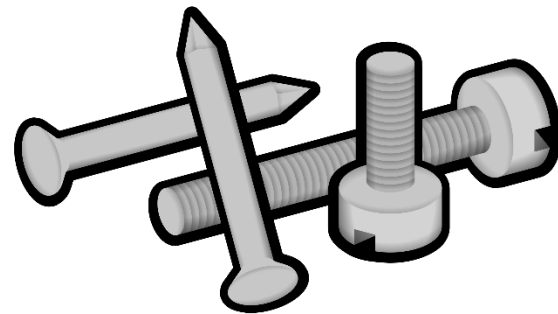
What costs may be **included** in the value of an asset?

- Shipping Cost
- Installation expenses
 - Travel costs for the installer cannot be included if separately billed (code as non-employee travel).
- Labor costs included in the value of a fabricated asset when provided by a service shop
 - **Note:** Faculty salary costs cannot be included.



What cost should be **excluded** in the value of an asset?

- Extended maintenance warranties
- Training costs
- Manuals and documentation
- Software
- Spare parts



Methods of Acquisition

- Direct Purchase
- Installment Purchase
- Lease Purchase
- Loan
- Gift or Donation
- Transfer from another Institution
- Trade
- Fabrication
- Surplus



Direct Purchase

Equipment purchases using state, local, or sponsored funds must be made in accordance with applicable federal and state law, and OSU policies.

- Equipment purchases \$5,000.00 - \$24,999.99 must be made through your Business Center.
- Purchases \$25,000.00 or over must be made through Procurement & Contract Services (PaCS).



Installment Purchase

- Must be approved by Procurement and Contract Services (PaCS).
- Are avoided due to additional cost of interest.
- May be desirable to extend the payout of capital expenditures over multiple years instead of lump sum purchasing.
- Initial payment coded as “equipment” to initiate inventory record at full value, exclusive of any interest.
- Remaining payments are coded “principal installment payments” and “interest expenses” as appropriate.
- Title to the equipment passes to OSU with the first payment.

Lease Purchase

Same policy as Installment Purchase except:

- Installment payments are over a period of five years or less.
- Title code is CI for “conditionally owned” until final payment is made and department exercises the option to purchase.

Operating Lease

- An agreement for the right to use equipment for a specified period at a specified cost.
- Must be approved by PaCS.
- Title remains with the Lessor.
- Lease agreement should specify whether or not OSU is responsible for insuring equipment.



Loan

- OSU assumes no responsibility for equipment on loan unless the user has submitted a **Property Loan Agreement** form to PaCS.
- Agreement must be for a finite period of time not to exceed five years.
- Title remains with the Lender.



Gift or Donation

- Should be **reported to the OSU Foundation** for the purposes of acknowledging the gift tax purposes and issuing an official gift receipt.
- A monthly listing of all gifts-in-kind is submitted to Fixed Assets Property Management.
- Gifts which meet the equipment definition are added to inventory.
- True market value of each gift should be ascertained by a formal appraisal at the time of the transfer of ownership.
- Tangible property must be booked as revenue.



Transfer of Equipment to OSU

When new faculty bring equipment with them from another institution or when equipment is transferred with a grant or contract, it should be documented immediately upon receipt.

- Property becomes OSU property and must be added to inventory in order to be tracked and insured.
- The transferring institution should provide: current market value, age, description, serial number, funding source, condition, and federal accountability.



Trade

- Departments are permitted to trade all or part of an asset to reduce the cost of a new asset.
- All trades require prior approval from Surplus Property and must be fully documented in FIS Banner.
- Items acquired by the trade are capitalized at their full value, not the amount after it was reduced by a trade-in allowance.

Fabrication

Fabricated, assembled or constructed equipment that meets the following definition will be capitalized and added to inventory:

- ✓ Total finished value => \$5,000
- ✓ Has a useful life of > 1 year
- ✓ Title To code must be same for the entire unit
- ✓ Free standing, movable as an entire unit
- ✓ Assembled parts must be permanently attached to each other and stay together until entire unit is sent to Surplus Property
- ✓ Physically found in one location at all times

Department must submit the Fabricated Equipment Unit Pre-approval form & basic schematic diagram with an explanation of the integration of the parts to the Property Manager.

Costs to assemble or fabricate can include parts, shipping costs, and labor of an organized shop. Faculty time may **not** be included.

See PRO 210 Fabrication for further information

Surplus

Departments may purchase surplus property for University and sponsored use from:

- The OSU Surplus Property Department
- Oregon Department of Administration's Services (DAS) in Salem



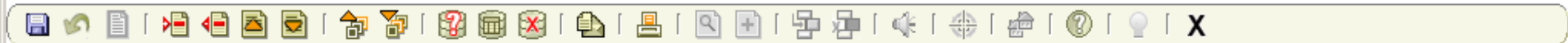
Stage 2: Add to Inventory

Add To Inventory

All capital assets must be added to inventory within 60 days of receipt. Any asset stolen or damaged after the 60-day window may not be covered by Risk Management.

- **Purchase Order** - one line item for each capital asset
 - Quantity determines the number of capitalized assets.
 - Commodity Level accounting must be used when the 40101 (equipment) account code is used so the information will feed into the Fixed Asset module of Banner properly.





Purchase Order: P0083335
Order Date: 19-JUL-2010
Delivery Date: 06-AUG-2010

Blanket Order:
Transaction Date: 19-JUL-2010

Change Sequence Number:
 In Suspense
 Document Text
 Document Accounting

Item **of** **U/M** EA **Tax Group** **Quantity** 10.00 X **Unit Price** 5,089.2500 =

Extended: 50,892.50
Discount: 0.00
Additional: 0.00
Tax: 0.00
Commodity Line Total: 50,892.50

Commodity	Description
	VZ9Plus WolfVision Document Camera

Commodity Text
 Closed
 Item Text
 Suspense

FOAPAL **of**

Suspense
 NSF Override
 NSF Suspense

USD

Extended: 50,892.50
Discount: 0.00
Additional: 0.00
Tax: 0.00

COA Year	Index	Fund	Orgn	Acct	Prog	Actv	Locn	Proj
C	11	QFS152	001100	475052	40101	52500		

FOAPAL Line Total: 50,892.50
Commodity Accounting Total: 50,892.50

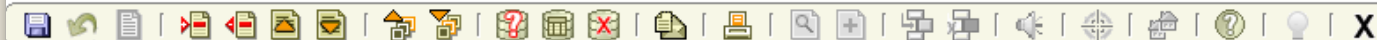
- **Banner Invoice**
Debit transaction to 40101 creates origination tag (O-Tag) with temporary asset record that is converted to a permanent asset record.
- **Journal Voucher**
Does not create O-tag, asset information in FOATEXT is critical for the set up of the manual asset record.
 - Constructed/Fabricated Assets
 - Multiple invoices
 - Auxiliaries/Service Centers moving from 40199 to A801X
- **Fixed Asset Data Entry** form (FADE) with appropriate back-up documentation
 - Gifts (report to the OSU Foundation)
 - Transfer from other institutions or agencies

- **Trade-In**

- The PO will be set up for the **full amount** (not net of trade) and the invoice must be accompanied with a **credit memo**.
- Credit memo for **capital asset trade-in** should be posted to fund **095880** (Sale of Asset-Undistributed Income - Clearing) & account code **B5801** (Undistributed Income). When the new asset is set up the “proceeds” from the credit will be returned to the appropriate department.
- Credit memo for **a minor equipment trade-in** should reflect the same index as the invoice to reduce the payment to the vendor. A capital asset will be recorded on inventory at full value.

What information is required to create an asset record?

- Description, which should begin with a generic term for the item
- Responsible Org (the 'umbrella' Org for the department)
- Received Date
- In Use Date
- Location (Building & Room number, or off-campus site)
- Title-To Code (who owns & insures the asset?)
- Percent Used (usually 100%)
- Condition (new is A2)
- Acquisition Code (PF, PS, LP, etc.)
- Manufacturer
- Model Number
- Serial Number
- Functional Use Code
- Responsible Person (PI, also known as Custodian)



INV

Code:

I2126847

Default Increment:

10

Text	Print	Line
Description: m12 khz Airmar transducer	<input type="checkbox"/>	10
Org: 261100	<input type="checkbox"/>	20
Location: R/V Wecoma	<input type="checkbox"/>	30
Title to: SI	<input type="checkbox"/>	40
Percent used: 100%	<input type="checkbox"/>	50
Condition: A1	<input type="checkbox"/>	60
Manufacturer: Airmar	<input type="checkbox"/>	70
Model: KEL922-12khz	<input type="checkbox"/>	80
Serial #: K2K-10-0694	<input type="checkbox"/>	90
How acquired: PF	<input type="checkbox"/>	100
Use code: OR	<input type="checkbox"/>	110
Contract: OCE-0903824	<input type="checkbox"/>	120
Recd date: 10/01/2010	<input type="checkbox"/>	130
In service date: 01/09/2011	<input type="checkbox"/>	140
PI #: Swensen 47	<input type="checkbox"/>	150
Cindy Huddleston, COAS, 7-5201.	<input type="checkbox"/>	160
	<input type="checkbox"/>	

Enter Text for the document.

Record: 1/16

<OSC>

Stage 3: Asset Management

Receiving

- Before signing any documentation to accept a shipment, ensure that the package has not been damaged.
- Verify the order is complete.
- Packing slips or other documents should be submitted to the department's Business Center and scanned into Nolij.
- Test equipment to make sure that it functions properly.



Tagging

- Once the asset record is set up in Banner, Fixed Assets Property Management will contact the Equipment Manager and Custodian to coordinate the attachment of the tag.
- If the asset is at a remote location, the tag will be mailed to the inventory contact who will be responsible for attaching the tag, preferably in an area where it can be easily scanned.
- Laminate covers are provided to place over inventory tags to protect from wear or weather.
- Untaggable property (items too small, sensitive or not accessible)
 - Keep tag in folder with asset information & picture
 - Keep in a clearly defined location with tag on box or shelf
 - Place tag on removable tab, use permanent ink or engrave to mark



Use & Maintenance

- OSU inventory is intended for institutional use and not for private purposes.
- Assets must be maintained by department personnel or an outside vendor in accordance with the manufacturer's recommended maintenance schedule.
- Maintenance records should be kept for all equipment.

Security

Protect equipment from Loss, Damage, and Destruction.

- Be sure that labs are secure.
- Remind faculty and staff to lock their doors.
- If door must be kept open, consider cabling down equipment which might easily be stolen.

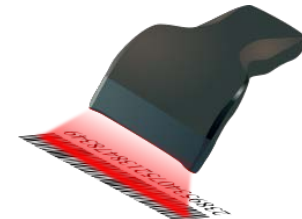
Insurance

- The University Insurance covers all property included on the Annual Risk Report, including the OSU fixed asset inventory. The insurance is used to replace, repair or restore OSU property that is lost, damaged, or destroyed.
- Employees are responsible for promptly reporting loss or damage to their supervisors, who in turn are responsible for reporting the loss or damage to OSU Risk Management and the Law Enforcement.
- OSU must file a claim with Risk Management within 90 days from the date of a loss.

Physical Inventory

OSU is required by the federal government to perform a physical inventory of all capital equipment every 2 years. Fixed Assets Property Management will conduct the inventory scan in conjunction with a departmental inventory coordinator or other departmental representative.

- The inventory consists of an initial scan, a follow-up scan (if necessary), final reconciliation, and a final report review.
- Every effort should be made to identify all assets on OSU's inventory during the physical inventory cycle.
- All assets that are considered missing should be removed from inventory after a thorough investigation.
- If an asset is changing the Responsible Org, please fill out a [Fixed Asset Transfer Form](#).
- Notify Fixed Assets of location changes or PI reassignment within same Org.
- **Helpful hint:** Once the inventory list is given to the department, locate all assets. Do this before the Fixed Assets Property Coordinator comes on site to conduct the inventory scan.



Stage 4: Disposal

Lost, Damaged or Destroyed

Report incidents to OSU [Risk Management](#) for insurance purposes. Fill out [Property Disposition Request](#) (PDR) along with claim report.

Stolen

Notify the [Department of Public Safety](#)/Oregon State Police immediately. Also, notify Risk Management for insurance purposes and Fixed Assets Property Management, if the equipment is a capital asset. Submit PDR to Property Management with claim report.



Trade-In of Equipment

Surplus Property must approve all trade-ins, whether capital equipment or minor equipment.

Call or email to provide information on the items to be traded:

- Provide the value to be received for each item.
- Provide inventory asset numbers, if any.
- If there is no inventory number, a serial number helps to verify if it is a capital asset that is missing its tag.
- See [PRO 803](#) for further information.

Surplus Property

All excess OSU owned property **must** be disposed of through Surplus Property.

- Complete and submit Surplus Property Pick-up Request through their website.
- Any equipment on inventory will remain on inventory for record-keeping purposes until it is sold or otherwise disposed of.



Transfer/Sale of Equipment Between OSU Departments

OSU owned equipment (title code SI) may be transferred to other OSU departments with or without an accompanying financial transaction.

- Complete the [Fixed Assets Transfer Form](#) for transfers without financial transaction.
- Complete [Property Disposition Request](#) (PDR) for sale of equipment to OSU department.
- See PRO [805-01](#) for further information.

Transfer of Equipment From OSU

OSU owned equipment (title code SI) may be transferred to another institution or agency when:

- It is accountable to a current grant or contract that is transferred to another institution.
- There will be a continuing collaborative research relationship between a departing faculty member and OSU that is expected to last at least two years.
- The equipment/property has been identified as surplus property.

See PRO [805-02](#) for details regarding the procedures to follow.

Return of Equipment

Agency or other owned equipment must be returned to the agency or owner upon request, completion of project, or expiration of the loan agreement. The returning department must notify Fixed Assets of the return and complete a PDR.

Salvage or Cannibalization of Equipment for Parts

Departments can use components from outdated or nonfunctional equipment to build or repair other equipment.

- Submit a list of potential equipment to Fixed Assets for approval. If approved, then submit PDR.



Criteria used in developing policies for OSU capital assets include:

- Government Accounting Standards Board ([GASB](#))
- National Association of College and University Business Officers ([NACUBO](#))
- [OMB 2 CFR 200](#) – Uniform Guidance

Fixed Assets/Inventory Resources

- Property Management (PRO) Manual website:
<http://fa.oregonstate.edu/pro-manual>

The PRO Manual provides information necessary for managing the capital assets of Oregon State University from acquisition to disposal. It explains procedures and has exhibits on form completion.

- Downloadable Property Management forms are found in the [List of Exhibits](#) section of the PRO manual
- [Fixed Assets](#) reference page, including contact information



thank
you!

Questions?