

UNIVERSITY OF OREGON

Fixed Asset Policy and Procedure Manual

Draft

**Rob Freytag, Brett Giles, Bob Swanson, Teri Rowe,
Shereeé Johnson, George Baiting, Jennifer Creighton-Neiwert**
4/22/2010

In compliance with applicable federal, state, Oregon University System and university policies and regulations, this manual sets forth the Banner FIS Fixed Asset System (FAS) guidelines and procedures..

Contents

GENERAL STATEMENT.....	3
OBJECTIVE.....	3
REGULATIONS AND REQUIREMENTS.....	3
RESPONSIBILITIES.....	4
CAPITALIZATION THRESHOLD AND CAPITALIZATION TESTS	5
LEASE PURCHASE EQUIPMENT	5
ACQUISITION OF EQUIPMENT	6
METHODS OF EQUIPMENT ACQUISITION	6
Direct Purchases:	6
Gifts and Donations:	6
Lease Purchases:.....	6
Fabrications or Constructions:.....	6
Government Surplus/Excess:.....	7
Transfers from other Universities or Institutions:.....	7
Transfers for Sponsored Projects:.....	7
Modified or Reconditioned Items:.....	7
TAGGING EQUIPMENT.....	7
MANDATORY TAGGING OF CAPITAL AND HIGH RISK ITEMS.....	7
OPTIONAL TAGGING OF NON-CAPITAL ITEMS	7
PROPERTY ACCOUNTABILITY AND LOCATION.....	8
OFF-CAMPUS USE OF UNIVERSITY EQUIPMENT.....	8
TRANSFER/SALE/TRADE OF EQUIPMENT TO OTHER DEPARTMENTS	9
SERVICE CENTER EQUIPMENT	9
LOANED EQUIPMENT.....	9
PERSONAL PROPERTY WITH PRIVATE TITLE.....	9
LIBRARY HOLDINGS AND ART/FILM COLLECTIONS	10
SUBCONTRACTORS' RESPONSIBILITIES	10
PROPERTY PROTECTION.....	10
PHYSICAL INVENTORY	10
DISPOSAL OF EQUIPMENT	11
STOLEN, MISSING, LOST, NOT FOUND, NOT LOCATED EQUIPMENT	11
SURPLUS/OBSOLETE PROPERTY.....	11
TRADE-IN OF EQUIPMENT	11
TRANSFER OF UNIVERSITY OWNED EQUIPMENT TO OTHER UNIVERSITIES OR INSTITUTIONS.....	11
PROPERTY/EQUIPMENT DISPOSAL VIA OTHER METHODS	12
ABBREVIATIONS, LINKS & DEFINITIONS	13

GENERAL STATEMENT

OBJECTIVE

In compliance with applicable federal, state, Oregon University System and university policies and regulations, this manual sets forth the Banner FIS Fixed Asset System (FAS) guidelines and procedures for effective property control, management, and reporting. It applies primarily to capital equipment and non-capital controlled equipment owned, loaned or leased by the university and/or the government or other sponsoring agency.

The objective of this manual is to provide for optimum equipment utilization, maintenance, control, protection, and reporting at the University of Oregon (UO). Compliance with the guidelines and procedures in this manual will enable the university to ensure that equipment is properly safeguarded and accounted for when acquired, inventoried, and disposed of.

Equipment records are required for state, federal, and other agencies; university financial reports; insurance purposes; budgets; and equipment control and utilization purposes.

The Banner FIS Fixed Asset System (FAS) maintains equipment records for equipment owned and/or controlled by the university. The following items must be maintained and updated on a timely basis in the FAS: all federally owned property, university capital equipment, library holdings, art/film collections, and non-capital controlled equipment if required by the granting agency or the university.

This system is maintained through biennial inventory updates, adjustments made as changes occur, and ongoing disposals and additions of new acquisitions. University of Oregon policy requires the property control department to complete a physical inventory at least every two years. The accountable department is required to assist in the completion as requested.

Regardless of how property is funded or acquired, title to all property rests with the university or agency specified (sponsored projects) in the agreement rather than with a department or grant recipient. This includes equipment received as a gift or donation; acquired as government surplus; or purchased from department or research budgets, special appropriations, or allocations. With the exceptions of federally owned property and equipment which is rented from outside the university, each piece of capital equipment and non-capital controlled equipment requires a UO tag number in the FAS.

REGULATIONS AND REQUIREMENTS

The University of Oregon is required to maintain up-to-date equipment records by the following regulations and requirements including but not limited to:

- Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*
- OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*
- OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

- Federal Acquisition Regulation (FAR) Part 45
- Defense Federal Acquisition Regulations (DFAR)
- State of Oregon Administrative Rules
- OUS Fiscal Policy Manual
- University of Oregon Policy

RESPONSIBILITIES

Maintaining the accuracy of property records requires interdepartmental cooperation and shared efforts among the following:

The Chair or Director of each university department shall be the official responsible for the use, care, and control of both university owned and federally owned property assigned to the department. This department is the accountable department for the asset. It is the responsibility of each department head to designate an individual for each area to verify and maintain control of property for the university.

Departmental Property Managers are the individuals designated (by the chair, director or department head) to verify and maintain control of property for the various academic and administrative units. Their responsibilities are to do the following:

Ensure that capital and non-capital controlled equipment bears a property control identification tag. Green bar-coded UO tags will be applied to all items. Additionally yellow tags will be applied to property purchased with sponsored funds identifying that the sponsor has a potential ownership interest in the item.

Process property purchases, transfers, and disposals in accordance with the FAS guidelines and procedures. Prepare and submit Property Disposition Request (PDR) or Asset Maintenance Form (AMF) to update FAS for all changes to their units' property, such as location, accountability, condition, etc.

Obtain approval from the Office of Research Services and Administration (ORSA) prior to any disposals of equipment acquired or furnished by or with sponsored project funds.

Employees of the University (Principal Investigators) shall be responsible for the safekeeping, proper care, and accurate maintenance of university property in their charge.

The Property Control Office (BAO/PCD), under the UO Controller, has been delegated authority for accounting controls and property management of all property owned by, or under the control of, the University of Oregon. Its responsibilities are to do the following:

Assign UO tag numbers and initiate records of all newly purchased equipment acquired through the university procurement process. This equipment includes all capital equipment and, if required by the granting agency or the university, non-capital controlled equipment.

Update all FAS transactions and ensure that each FAS entry is prepared in accordance with the existing guidelines and procedures in an accurate and complete manner.

Provide FAS guidelines and procedures for proper handling of property and for the timely updating of property records.

Coordinate with ORSA to provide directions to departments for proper handling of sponsored project equipment, including both university and sponsored owned property. Notify ORSA of any changes of sponsored owned property from departments.

Ensure that property activities in the FAS are reconciled with finance system equipment purchases.

Office of Research Services and Administration (ORSA) is responsible for overseeing and reporting uses of sponsored grant funds in accordance with the requirements of the sponsor agency. Its responsibilities are to do the following:

Coordinate with the BAO/PCD for providing directions to departments for proper handling of sponsored project equipment, including university owned and sponsored owned property.

Ensure that purchase requests for new property acquisitions are coded with proper expense account numbers.

Review and approve any proposed disposition of property acquired with sponsored project funds.

Surplus Property is delegated the responsibility for management of equipment disposal. This includes equipment acquired by purchase through externally sponsored projects or federally owned property. Surplus Property maintains property disposal data, including the disposal authorization number, the date of disposal, and the method of disposal.

CAPITALIZATION THRESHOLD AND CAPITALIZATION TESTS

Capital equipment is that which costs \$5,000 or more. In the year that an asset is added to the Banner FIS Fixed Asset System, most costs are appropriately capitalized.

Additions to the asset after the initial purchase must continue to individually meet the capitalization threshold of \$5,000 or more. For complete details of capitalization tests, please see the OUS website at: <http://www.ous.edu/cont-div/fpm/fixe.55.100.php>

Routine maintenance and repairs are not capitalized. Repairs include changes that maintain or restore an asset to its normal operating efficiency.

LEASE PURCHASE EQUIPMENT

An equipment lease agreement should be treated as a purchase, not a rental, if one of the following criteria is applicable:

- a. The fair market value at the inception of the lease meets or exceeds the capitalization threshold of \$5,000,

- b. The lease is non-cancelable, and
- c. The lease meets one or more of the following four criteria:
 - Equipment ownership transfers to the university at the end of the lease term.
 - The lease agreement contains a bargain purchase option.
 - The lease term is equal to 75% or more of the useful life of the equipment.
 - The present value at the beginning of the lease term of the minimum lease payments, excluding insurance and maintenance costs, is equal to or greater than 90% of the fair market value of the equipment at the acquisition date.

Please see the OUS website for complete information regarding lease purchase equipment at: <http://www.ous.edu/cont-div/fasom/sec1/sec0127.pdf>

ACQUISITION OF EQUIPMENT

METHODS OF EQUIPMENT ACQUISITION

University equipment can be acquired through the following methods. All equipment will be carried on FAS at cost, purchase price, or fair market value, depending on which acquisition method is applied. Where either purchase price or fair market value cannot be established, estimated cost should be used. (See OUS policy for acceptable methods) Equipment costs as outlined in this manual are generally unrelated to insurable values. Insurable values normally relate to replacement cost less an allowance for wear and tear.

Direct Purchases:

Equipment purchases shall be initiated in accordance with procedures outlined by Purchasing and Contracting Services.

The new purchased equipment will usually be recorded at the amount shown on the vouchers or invoices, including shipping and installation costs.

Gifts and Donations:

A gift in kind arises when the university receives non-monetary gifts, including art, books, manuscripts, antiques, collections, equipment, software, or intellectual property (i.e., patents). To determine proper handling of a gift in kind, please see the policy and procedure statement at: <http://ba.uoregon.edu/staff/gifts-of-cash-or-property>

Lease Purchases:

All lease purchase agreements must be established and approved by Purchasing and Contracting Services. The cost of lease purchase equipment includes down payments, principal payments, and buyout prices. Interest expenses are not capitalized. All capital lease purchase liabilities are reported in the Finance System and maintained by the university accountant in the Business Affairs Office.

Fabrications or Constructions:

Fabricated or constructed equipment is capitalized if its cost meets the capital dollar criteria. Total capitalized cost of the item can include materials, shipping,

contracted services, and labor. Departments are responsible for reporting to BAO/PCD when the fabricated equipment is put into use so that depreciation will begin.

Government Surplus/Excess:

Under certain limited circumstances the university may obtain property from state or federal surplus stock for a nominal amount or in some cases payment of only transportation charges. The amount to be recorded as cost of the equipment is the fair market value at the time of acquisition. If there is no fair market value, estimated cost can be used. Acquiring this type of property requires approval by the Vice President for Finance and Administration (VPFA).

Transfers from other Universities or Institutions:

If the items meet the definition of capital equipment, the receiving department needs to notify the BAO/PCD to obtain UO tag numbers, and sponsored project equipment tags if purchased with sponsored project funds. The value of the equipment will be recorded at the original purchase cost.

Transfers for Sponsored Projects:

Upon university receiving sponsored project, the sponsor may transfer the title of certain property to the university. The value of such property will be recorded at the original cost.

Modified or Reconditioned Items:

Modifications, reconditions, and additions may affect the value of equipment. Normally, minor add-ons less than or equal to \$5,000 will be charged to expenses without changing the original purchase price.

TAGGING EQUIPMENT

MANDATORY TAGGING OF CAPITAL AND HIGH RISK ITEMS

A UO tag number is required for each item of university owned capital equipment and, if required by the sponsoring agency or the university, non-capital controlled equipment.

Generally, the BAO/PCD will assign UO tag numbers and initiate records for the above equipment in FAS. Once property is recorded in FAS it should not be removed from FAS unless proper approval has been obtained in accordance with the procedures established in this manual.

The BAO/PCD will affix the UO tags on all applicable property, on-campus or off-campus if located within the state. The installation is intended to be of a permanent nature. The tag should be affixed to a non-removable external surface that is easily seen. If a UO tag cannot be affixed to the property, the property control office will add detailed text in the FAS record including a statement that the tag was not placed on the asset and the reason it was not placed on the asset.

OPTIONAL TAGGING OF NON-CAPITAL ITEMS

For internal control purposes, the head of the accountable department may choose to control non-capital equipment that is not required to be controlled by the sponsoring agency or by the university. Every affixed UO tag number must have corresponding information entered on a FAS entry. The asset information should be submitted to the BAO/PCD for input into the FAS.

PROPERTY ACCOUNTABILITY AND LOCATION

When changes in property location and accountability occur, the accountable department must report them to the BAO/PCD. A FAS entry is required for the following changes:

- Any movement or discontinued use of an asset including but not limited to the following:
 - A move or transfer from one department to another department.
 - A move from one room number to another room number.
 - A move from one building to another building.
 - A move off campus for university business.

OFF-CAMPUS USE OF UNIVERSITY EQUIPMENT

State law prohibits the use of university equipment for personal reasons. Should university equipment need to be used at a university employee's home or elsewhere off-campus for university business, an official agreement with written authorization for off-campus use should be completed and maintained in the department office.

The departmental property manager is responsible for the following:

- Verification that the equipment bears a UO tag number.
- Completion of the agreement form for off-campus use of university equipment.

Equipment located off-campus is still covered by the university's insurance policy. The department is responsible for the deductible.

Comment [t1]: Is this stmt true? Rob to follow up with Becky

Property Manager responsibilities are to do the following:

- Complete the online Property Receipt form:
<http://ba.uoregon.edu/sites/ba/files/forms/propreceipt.pdf>
- Be sure to retain an original copy of the completed form. If the form is filled out online, both the employee and the Department Head must email from the employee's university issued email account, separate completed copies to the BAO/PCD. If the form is filled out in hardcopy, both the employee and the Department Head must sign one completed form, which must be sent to the BAO/PCD.

TRANSFER/SALE/TRADE OF EQUIPMENT TO OTHER DEPARTMENTS

The Asset Maintenance Form (AMF) must be completed and submitted to BAO/PCD. The form can be found online at: <http://ba.uoregon.edu/sites/ba/files/forms/amf.pdf>

Transfer of equipment requires proper authorization from the department heads of the transferring and the receiving departments as well as ORSA if the property was acquired or will be used for sponsored projects. Equipment is not to be transferred between departments without the knowledge of the respective departmental property managers involved. Both the transferring and receiving departments are responsible for informing BAO/PCD about the transfer at the time it takes place. In addition, for transfers that involve any tagged equipment purchased by funds from a sponsored project(s), ORSA must sign the AMF prior to the transfer taking place. This additional requirement is intended to prevent an improper transfer of sponsored project funded equipment between departments. Contact ORSA for further information.

Internal sale or trade of equipment from one department to another department requires proper authorization from the head of the selling/trading department. The no-cost sale or trade of equipment is treated as a transfer of equipment to another department. Equipment is not to be sold or traded from one department to another without prior authorization from BAO/PCD and ORSA (as required).

The primary purpose of the agreement is to prevent any unknown equipment from appearing on the affected department's inventory. This form is required to change the accountable department and equipment location.

SERVICE CENTER EQUIPMENT

A Service Center is defined as an organizational unit that provides specific types of goods or services to other departments. All capital service center equipment must be recorded in FAS and be identified as service center equipment. The cost of capital service center equipment must be excluded from the calculation of the Facilities and Administration rate, formerly called the indirect cost rate.

The departmental property manager is responsible for reporting equipment associated with Service Center operations.

LOANED EQUIPMENT

A department needing equipment may arrange with another department for an equipment loan. The transaction is documented by completing an AMF (see above link) The borrowing department is responsible for the item if it is not transferred back to the lending department.

PERSONAL PROPERTY WITH PRIVATE TITLE

Equipment other than University owned and sponsored project owned that is used and located on the campus should be clearly marked "Personal property of _____." The head of each department is advised to maintain a list of personal property that is within that department.

LIBRARY HOLDINGS AND ART/FILM COLLECTIONS

Library holdings and art/film collections are to be inventoried separately and updated on FAS. New acquisitions, additions, and deletions of library holdings and art/film collections are recorded in the FAS and reported in the Finance System. The Library and the custodians of the art/film collections, such as the Museums are responsible for providing the BAO/PCD with all necessary information. Dollar values of Library holdings and art/film collections are maintained in the FAS.

SUBCONTRACTORS' RESPONSIBILITIES

Subcontractors, under contract to the University of Oregon, are responsible for all supplies and equipment furnished to them by the university. This includes sponsored projects property in addition to university owned property.

Subcontractor responsibilities include proper care, security, and usage. Subcontractors must be instructed to report instances of loss, damage, or destruction of any property furnished to them under the contract. Language concerning subcontractors' responsibilities will be used in all subcontract agreements.

The property and inventory records in possession of the subcontractors are to be made available for inspection by selected personnel from the sponsored projects and University of Oregon, at all reasonable times.

PROPERTY PROTECTION

The University of Oregon is responsible for the protection of portable equipment. Each department should implement appropriate and reasonable controls to safeguard the assets of the University. The following outlines some basic property controls that each department should implement.

- Each property item bears a unique identification tag number.
- Each property item is assigned to a temporary or permanent custodian.
- Timely verify the existence of all items.
- Ensure property is in safe or secure area.
- Prevent unauthorized use by locking the area or requiring a special access.
- Obtain the proper authorization for property disposal or off-campus use.
- Report change of ownership, location and condition to the BAO/PCD.
- Property in open area is secured to a stationary object.

The ultimate goal of the above basic controls is to facilitate a good control environment so that University assets are protected.

PHYSICAL INVENTORY

The BAO/PCD will perform an asset inventory no less than every two years. Each department is required to assist by making the assets available and accessible in a timely manner. In general, the PCD will contact the department in advance to schedule a mutually convenient time for the inventory visit. If a department is not able to schedule a visit in a timely manner, a written request for an extension can be submitted. The written request should provide the reason(s) for the delay and an expected completion date.

The BAO/PCD will accept a written request for an extension of less than sixty days from the original due date. An extension beyond sixty days from the original due date requires an approval from the VPFA's Office. The approved request is then forwarded to the BAO/PCD by the department to finalize the extension.

FOLLOW-UP REVIEW OF EQUIPMENT PHYSICAL INVENTORY CONTROL

This review is initiated by the BAO/PCD to provide proactive feedback to departments about their biennial physical inventory control and to ensure that property records are accurately maintained in the Banner FIS Fixed Asset System (FAS). Upon completion of the review, the property managers and their supervisors will receive a feedback report from the BAO/PCD staff.

DISPOSAL OF EQUIPMENT

Please refer to the surplus property website for guidance on disposing of property.
<http://ba.uoregon.edu/content/surplus-property>

Disposal of equipment from the Banner FIS Fixed Asset System (FAS) must be handled in accordance with the procedures provided in this manual that requires departments to obtain proper authorization(s) for equipment disposal in the FAS as follows:

- For tagged equipment purchased with funds from sponsored project(s), departments must obtain prior approval from ORSA. Submit a Property Disposition Request (PDR) to BAO/PCD who will, if necessary, obtain approval from ORSA prior to disposition. The PDR can be found online at: <http://ba.uoregon.edu/sites/ba/files/forms/pdr.pdf>

STOLEN, MISSING, LOST, NOT FOUND, NOT LOCATED EQUIPMENT

Departments must immediately report stolen or missing equipment to the Department of Public Safety or local Police Department and also prepare an AMF to flag the equipment as "Stolen" or "Missing" in FAS.

SURPLUS/OBSOLETE PROPERTY

Departments are not authorized to give away, sell, or dispose of any equipment regardless of value without prior written approval from Surplus Property. Transfers of equipment to individuals or for-profit organizations are prohibited. All surplus; obsolete, or damaged equipment not being utilized should be reported to Surplus Property for disposal.

TRADE-IN OF EQUIPMENT

If an item is to be traded to an outside vendor for new equipment, the UO tag number of the traded equipment must be referenced on the Purchase Request for the new equipment. Before trading-in equipment funded by sponsored projects, approval from ORSA is required.

Comment [TLR2]: Rob to follow up with PCS to ask them to start sending an electronic copy of the PO to Bob for any new acquisitions that include the trade-in of existing equipment

TRANSFER OF UNIVERSITY OWNED EQUIPMENT TO OTHER UNIVERSITIES OR INSTITUTIONS

When a Principal Investigator (PI), faculty member or staff person relocates to another institution, the following policies and procedures apply:

University owned equipment will be transferred only with an Asset Maintenance Form signed and approved by the head of the accountable department and ORSA. The AMF should list the equipment, description, serial number, UO tag number, fund, organization and location code and the reason(s) for transfer.

Ownership of the equipment is immediately transferred to the new institution. ORSA will send a letter to inform the receiving institution about the transferred equipment.

PROPERTY/EQUIPMENT DISPOSAL VIA OTHER METHODS

Departments are not authorized to give away, sell, or dispose of any equipment regardless of value without prior written approval from Surplus Property. Cannibalized (to use parts for other property) must be reported to BAO/PCD on the [Property Disposal Request](#).

ABBREVIATIONS, LINKS & DEFINITIONS

Accountable Department: Department where asset resides according to banner FAS records

Asset Maintenance Form (AMF): <http://ba.uoregon.edu/sites/ba/files/forms/amf.pdf>

BAO/PCD: Business Affairs Office Property Control Department

Business Affairs Website: <http://ba.uoregon.edu/>

Controlled property: non-capital, sponsor based tracking requirements apply

FAS: Banner FIS Fixed Asset System

ORSA: Office of Research Services and Administration

ORSA Website: <http://orsa.uoregon.edu/>

PCS - Purchasing and Contracting Services: University office responsible for all procurement actions and processes.

PCS Website: <http://pcs.uoregon.edu/>

Property Control Website: <http://ba.uoregon.edu/staff/property-control>

Property Disposition Request (PDR): <http://ba.uoregon.edu/sites/ba/files/forms/pdr.pdf>

Surplus Property Website: <http://ba.uoregon.edu/content/surplus-property>