

Westfield State University

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APPROVED: April 2015

Section Administrative

number 0601

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REVIEWED: June 2018

FIXED ASSETS, CAPITALIZATION, AND INVENTORY CONTROL

PURPOSE

The purpose of this policy is to ensure that Westfield State University complies with state laws; communicates expectations; and encourages ethical practices, socially responsible behavior, and fiscal responsibility regarding the university's fixed assets.

POLICY

Accurate records must be created and maintained for each fixed asset with a value of \$1,000 or more and an expected useful life longer than one year, in line with the Comptroller's Fixed Assets Acquisition policy. An asset's value is determined by the cost to acquire the new asset and place it into service. This amount includes freight and installation less any rebates, refunds, or credits. Additionally, all technology devices capable of storing personally identifiable information, as well as all firearms are added to the fixed assets inventory system regardless of cost.

All fixed assets must be physically inventoried at least once during each fiscal year in accordance with the Comptroller's Fixed Assets Accounting and Management policy. Any changes to fixed asset records, including but not limited to location and custodian, must be immediately reported to the Inventory Control office in order to comply with Comptroller policy on annual inventory.

All assets, regardless of the funding source used to purchase them, remain the property of the university for their entire lives and may only be disposed of by the university.

CAPITALIZATION

All non-collection items with a unit cost of \$17,500 or greater are capitalized. Library materials are generally expensed during the year. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which can range from three to 40 years. The cost of maintenance and repairs that do not either add to the value of the asset or materially extend the asset's life are not capitalized.

RESPONSIBILITIES AND ENFORCEMENT

Employees are considered the official custodians of all assets assigned to them and bear the ultimate responsibility regarding the welfare of those assets. All assets are

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restricted to use for official University business. For assets in use by multiple employees, this responsibility lies with the department head. Assets cannot be assigned to non-benefitted employees or students.

It is the responsibility of each custodian to report all asset status changes which they execute. Status change events are described in Section D of Procedures. Information must be reported to the Inventory Control Office within 7 days.

Human Resources and Division Vice Presidents are responsible for consistent enforcement of this policy. Failure to comply with this policy may result in disciplinary action up to and including suspension, termination, or legal action.

At the close of each fiscal year, the Financial Accounting office will provide to the Board of Trustees a progress report of the annual physical inventory conducted at each department.

PROCEDURES

A. ANNUAL PHYSICAL INVENTORY

A physical inventory of all fixed assets must be taken annually in every department. The Inventory Manager will keep a log of each department's inventory including the date the inventory was taken and the signature of the respective department head/designee. This log will be regularly shared with Human Resources, Division Vice Presidents, and other necessary personnel.

- a. The Inventory Control Office will arrange to visit each department. The department head/designee must make all assets centrally located and easily accessible. A hand-held scanner will be used to scan the barcode of each room/area and all associated fixed assets. The scanned information will be used to generate a report which indicates all information regarding the assets which were scanned as well as any assets which were not located.
- b. The department is provided a copy of the report. If there are any assets which were not scanned the department has fourteen (14) days to locate the items or provide an explanation by completing Inventory Control forms indicating special circumstances (such as items being out for repair, relocated elsewhere, etc.) A meeting between the Inventory Manager and the department head will be held to review the reconciled report and rescan any previously un-scanned assets.

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- c. Assets which are still not scanned are classified as “missing” and will be reported to the Division Vice President as well as the Vice President for Administration and Finance.
- d. After an additional fourteen (14) days, any remaining items classified as “missing” will be forwarded to the Vice President for Administration and Finance who, at his/her discretion, may freeze departmental funds, open purchase orders, and online ordering privileges, as well as taking additional appropriate action.

B. ACQUISITION

1. Requisitions must be entered in Banner by the department funding the acquisition. Items categorized as fixed assets must be line item specific and charged to the correct account code. The requisition must also include information relating to the cost of freight, installation, and/or expected rebates.
2. Assets to be traded in must be identified by their barcode number during the requisition process, as approval is required from the Commonwealth of Massachusetts’ Operational Services Division (OSD). Their approval must then be forwarded to the Inventory Control office.
3. The invoice for the asset will be paid by the line item and that information is captured and sent to the fixed assets inventory system. Any subsequent rebates, refunds, or credits must be subtracted from the total cost.
4. When an asset is acquired by lease purchase it is barcoded and entered in the fixed assets system at inception of the lease. The asset “cost” is the outright purchase amount plus costs of putting the asset into use (e.g. freight and installation). Since there is no Banner-generated notice to Inventory Control of these acquisitions, the Procurement office must immediately notify Inventory Control and Financial Accounting of all pertinent information.
5. Equipment may not be purchased with a P-Card (see Policy 0560: *Procurement Card Use and Process*).
6. Equipment may not be purchased with personal funds and qualify for reimbursement (see Policy 0300: *University Business Expenses and Petty Cash Funds*).

C. RECEIPT AND RELOCATION

1. All equipment deliveries must check in at Central Receiving before being delivered elsewhere on campus. Departments ordering equipment are responsible for notifying their vendors of this requirement. Central Receiving will notify Inventory Control of all equipment deliveries, who will then schedule time for barcoding. Departments ordering equipment which will be delivered AND installed by the vendor must give significant advanced notice to the Inventory Control office. Ordering departments and Central Receiving must share in the responsibility of unboxing items for barcoding by the Inventory Control office.
2. Technology, Media, Facilities, and any staff receiving assets must notify Inventory Control when new equipment is ready to be tagged, have serial numbers recorded, and linked to the barcode and location. They must also provide a copy of the packing slip as it contains the serial numbers for verification. Assets are not permitted to be deployed until they are barcoded.
3. Technology, Media, Facilities, and any staff moving assets are required to promptly report location information for all assets they deploy, relocate, or retrieve to the Inventory Control office. Technology and Media staff are issued hand-held scanners to easily and efficiently report frequent asset movements.

D. INVENTORY CONTROL

1. Certain assets cannot have a barcode physically attached due to the type of item, including but not limited to non-physical items such as software and items with a lack of a physical surface where a barcode can be adhered. In cases such as these the item is assigned a sequential asset tag number in the inventory system. All items of this nature must have a department code and location assigned to the inventory record. These items will be reviewed annually to ensure that they are still in use or if disposal is necessary.
2. Computing devices make up a significant portion of the University's fixed assets. They are capable of storing information of a confidential, sensitive, and/or personally identifiable nature. These assets must have a custodian assigned if use is restricted to a single employee. Additionally, device names within their operating system must include the device's University inventory control barcode number to allow identification on the University's internal computer network. Custodians must exercise due care in the use of University computing devices, adhering to this policy as well as all applicable Information Technology policies and procedures.

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3. In order to maintain proper control of fixed assets, all changes must be communicated promptly to the Inventory Control office and other departments where applicable. The **Inventory Control – Action Report Form**, located on the myWestfield Documents site under Administration and Finance, is used to transmit the necessary information. The following points describe actions which necessitate the use of this form.
 - a. **Off-campus use** – It is assumed that all mobile computing devices will be taken off-campus on an occasional or more frequent basis for the purpose of conducting University business. Every employee must bring all University equipment in their possession to the campus at least once annually for verification and physical inventory, as required by the Comptroller’s Fixed Assets Accounting and Management policy.
 - b. **Loss or theft** – As soon as an asset is lost or stolen its custodian must notify the offices of Inventory Control, Public Safety, Financial Accounting, the Information Security Officer, and the appropriate Division Vice President. An investigation will be conducted by Public Safety and further action may be taken. Refer to Policy 0490: *Unaccounted for Variances, Losses, Shortage, or Theft of Funds or Property Reporting*. If an employee is found to be negligent in the care and custody of a University asset, they will be subject to discipline and restitution as described in the Responsibilities and Enforcement section and as allowed by law.
 - c. **Equipment Relocation** – Any time that an asset is moved from its documented location, the new location information must be submitted so that electronic records can be updated accordingly, as required by the Comptroller’s Fixed Assets Accounting and Management policy.
 - d. **Exchange/Repair** – Any time an asset is exchanged or returned to the vendor/repair facility. In the case of exchange, the Inventory Control Office must be contacted to set up a time when the new asset can be inventoried. In the case of repair, a copy of any pertinent paperwork must be sent to the Inventory Control Office when the asset has been returned to campus.
 - e. **Employee Departure** – When the Human Resources Office becomes aware of a benefitted employee’s resignation, retirement, or termination, they will forward their departure form to that employee’s supervisor. Included in this process will be confirmation of all assets and return of all off-campus equipment to the proper department (Technology, Media, or Facilities).

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E. SURPLUS PROPERTY

1. If a department no longer has use for University equipment in their possession, they must submit a request to surplus that item using the Inventory Control form. Upon receipt Inventory Control staff will schedule time to view the asset, confirm its status. The department is responsible for submitting a request to Central Receiving staff to remove the equipment.
2. Assets that are of no use to the university but are not worthless may be transferred to another State agency, Massachusetts municipality, or non-profit firm, or they may be sold at public auction. This process is outlined and governed by OSD and must be completed at no cost to the university.
3. Technology, Media, and Facilities are the only departments authorized to dismantle assets for parts salvage.
4. The Chief Information Security Officer (CISO) governs the process for destroying or otherwise sanitizing data storage contained within technology equipment.

REVIEW

This policy shall be reviewed annually by the Associate Vice President of Finance.