

**Accounting Policies and Procedures**

Property and Fixed Asset Accounting

Effective Date: July 1, 2009

Board Approval: June 9, 2009

**1. Purpose**

To provide policy for the management of fixed assets of the Tooele Applied Technology College: A Utah College of Applied Technology Campus (College Campus).

**2. References:**

**2.1** Utah Department of Administrative Services Rule R28-1 State Surplus Property Disposal

**2.2** Board of Regents Policy and Procedure R558, Surplus Property

**2.3** Utah Code Annotated Section 63A-9-802, State surplus property program – participation by institutions of Higher education.

**3. Definitions**

**3.1 Property** – Equipment, material, supplies, land, land improvements, buildings or building improvements purchased with any funds administered by the College Campus, acquired from the State Department of Facilities Construction and Management (DFCM) or bequeathed or contributed to the College Campus.

**3.2 Fixed Asset Property** – That property to which title is vested in the College Campus whether purchased with College funds or acquired by bequest or gift having an acquisition or donated value of \$5,000 or more and a useful life in excess of two years.

**3.3 Real Property** – Land, buildings and related improvements purchased with College Campus funds, Bequeathed or donated to the College or from DFCM.

**3.4 College Campus Funds** – Funds administered by the College Campus without regard to source of such Funds.

**3.5 Retirement/Transfer Notice** – An official College Campus document that is used to record the transfer of property/equipment from one department to another and/or to retire property/equipment from a department's inventory records. The notice is to be sent to the TATC Fiscal Office for processing and can be in any written format provided it contains all information pertinent to the asset and its movement.

**3.6 Capital Equipment** – Equipment having an acquisition or donated value of \$5,000 or more and a useful life in excess of two years.

**3.7 Property Custodian** – Employee designated as the person responsible for fixed asset property within a department or program.

**4. Policy**

**4.1 Inventory Records** – The College Campus will maintain inventory records on all fixed asset property,

including real property.

#### **4.2 Reporting Requirements of Property**

**4.2.1** It is the responsibility of each department or program which acquires, holds, or disposes of property to ensure that such property is:

**4.2.1.1** Properly reported when acquired. (through purchase, donation or transfer)

**4.2.1.2** Properly inventoried and safeguarded.

**4.2.1.3** Properly reported at time of disposal.

**4.2.2** It is the responsibility of the TATC Fiscal Office to see that all fixed asset property is appropriately tagged and its receipt noted on the asset accounting system.

**4.2.3** Historical cost is the basis for valuing fixed asset property. Historical cost is the cash or cash equivalent price of obtaining the property and getting it ready for its intended use, including freight charges, installation costs, etc. For land and buildings it includes purchase price, closing costs and all fees and other costs to ready the land and/or building for its intended use.

**4.2.4** Fixed asset property donated to the College Campus is recorded at its documented fair market value at the time of the donation (Not purchase price of a new similar item).

**4.2.5** The College Campus must maintain records for all property purchased under training grants and contracts and comply with all regulations relating to such property. This obligation to the awarding agency continues until the project is terminated or until the expiration of the useful life of the property, whichever is required by the awarding agency. The grant administrator is responsible for inventorying and safeguarding the assets.

**4.2.7** Status of title to fixed asset property acquired under a grant or contract shall be determined at the time of acquisition. Generally, title is either:

**4.2.7.1** Vested in the College Campus at the time of acquisition.

**4.2.7.2** The College Campus on a permanent basis, generally upon completion of the project.

#### **4.3 Transfers of fixed asset property**

**4.3.1** Fixed asset property may only be transferred to another institution if the College Campus has no need for the equipment, and the approval of the responsible Vice President over the department transferring the equipment is obtained, consistent with laws governing state property.

**4.3.2** Fixed asset property may be transferred from one College Campus department to another, with the agreement of both departments through the completion of the "Inventory Equipment Transfer" form.

#### **4.4 Disposal of Property**

**4.4.1** It is the policy of the College Campus to dispose of property in a manner that will maximize the return or benefit to the College Campus, consistent with laws governing state property.

**4.4.2** Departmental sale of property, except to another College Campus department is prohibited.

**4.4.3** The College Campus will submit to the State Division of Fleet Operations a listing of surplus property available for outside sale at least 15 days prior to the intended sale date.

**4.4.4** Excess property should be reported to the TATC Fiscal Office. If property is determined to be un-useable, it may be scrapped or discarded if determined to be of no value by TATC.

**4.4.5** The TATC Fiscal Office shall dispose of excess TATC property in the following manner:

**4.4.5.1** Property shall first be offered to TATC departments.

**4.4.5.2** Property may next be offered to other state schools, governmental agencies or non-profit organizations at a cost determined by the TATC business office.

**4.4.5.3** Eligible property may be sent to the State of Utah Surplus Property Division.

**4.4.5.4** The TATC Fiscal Office may offer property to the general public at a price determined by the TATC business office and consistent with Board of Regents' policy regarding competition with the private sector. Applicable sales taxes will be collected. If property has not been sold within 60 days, items will be dismantled for useful components, sold for salvage value, scrapped or otherwise discarded.

**4.4.5.5** Electronic waste will be properly disposed of utilizing the State approved Ewaste vendor.

#### **4.5 Property Location, Maintenance and Use**

**4.5.1** Departments shall maintain records identifying the current location of each item of fixed asset property to allow any item to be located within a reasonable time.

#### **4.6 Security and Losses**

**4.6.1** The head of the responsible department and the property custodian are responsible to adequately provide for physical security of property in their custody. Special precautions shall be taken to safeguard portable and high pilferage property.

**4.6.2** Loss, theft or destruction of property must be reported within twenty-four (24) hours of discovery to the Director/Manager over the department as well as the Vice President of Finance and Operations. Loss of fixed asset property must also be reported to the Fiscal Services department by the responsible department before the items can be removed from the department's inventory. The report must include applicable inventory numbers, and in the case of theft, the policy case number/report.

**4.6.3** Responsible individuals or departments may be subject to fines, penalties, termination, and possible criminal action for violation of TATC's disposal policy.

#### **4.7 Verification of inventory of fixed asset property.**

**4.7.1** At least annually, the Fiscal Services Office will conduct a physical inventory of all fixed asset property. Departments will be responsible to verify and complete the required inventory according to established procedures. Unlocated property will not be removed from the department list without verification of diligent effort by the department Director/Manager and approval by the Fiscal Office.