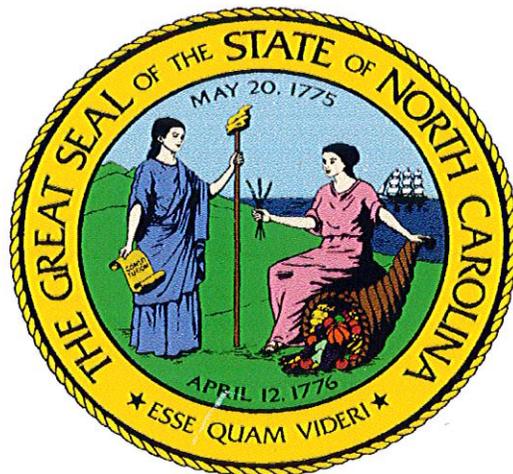


**NORTH CAROLINA DEPARTMENT OF ADMINISTRATION**

# **POLICIES AND PROCEDURES**

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## **FIXED ASSETS**



|   |  |                                 |
|---|--|---------------------------------|
| <b>STATE OF NORTH CAROLINA</b><br><br><b>DEPARTMENT OF<br/>ADMINISTRATION</b> | <b>SUBJECT:</b><br><br><b>FIXED ASSETS</b>     |                                 |
| <b>INTERNAL POLICY</b>  | <b>TAB</b><br><br><b>FISCAL ADMINISTRATION</b> | <b>NO.</b><br><b>FA-022-029</b> |

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**FA – 022      Accounting for Fixed Assets**

**Purpose:**

To establish a policy for the accounting for fixed assets controlled by the Department.

**Policy Statement:**

Fixed asset is defined as a long-lived tangible asset with a useful life of two or more years obtained or controlled as a result of past transactions, events or circumstances. A fixed asset may be a building, equipment, land or other structure or renovation to a building, equipment, land or other structure.

The Department will follow the policies for fixed assets as enumerated by the Office of the State Controller in the NCAS Information Guide. In policy matters that allow for departmental discretion, the following applies:

- Inventory Items – fixed assets historically valued between \$500 and \$4,999.99 shall be tagged and recorded in the Fixed Asset System for inventory purposes. Assets historically valued at \$5,000 and above shall be capitalized.
- Capitalized fixed assets shall be depreciated on a straight-line basis except for Motor Vehicles (Motor Fleet Management Division) which shall be depreciated on a usage rate per mile which is calculated using a method approved by the State Auditor’s Office.
- A physical inventory of fixed assets shall be performed annually according to the Fixed Asset Control-Taking Physical Inventory of Moveable Assets, Fiscal-006.
- The Chief Fiscal Officer shall have the custodial and supervisory responsibilities of the Fixed Asset System. The Fixed Asset Officer maintains and reconciles the Fixed Asset System with NCAS. See other duties and responsibilities assigned in Fixed Asset Control-Taking Physical Inventory of Moveable Assets, Fiscal-006.

Reference:      Fiscal-006, Fixed Asset Control-Taking Physical Inventory of Moveable Assets, DOA Policy and Procedure Manual

Office of the State Controller, Information Guide, Policy and Procedure, Fixed Assets.

**FA – 023      Fixed Asset Control - Disposal of Assets by State Surplus**

**Purpose:**

To establish a procedure for the disposal of moveable equipment sent to State Surplus Property.

**Action:**

Responsibility of Division

1. Determine that an asset is no longer useful to the Division.
2. Prepare an original and make two copies of the Equipment Disposal Form.

Instructions for preparing Equipment Disposal Form:

- a) Disposal Form Date – Date the Disposal Form completed.
- b) Form No. – If needed; a unique numbering system used by the Division. (for tracking inventory) For Example, date of disposal from may be used for form number.
- c) Agency – The Department of Administration.
- d) Surplus Location – where surplus equipment will be sent (Example: State Surplus Property Warehouse).
- e) Budget Code/Fund/RCC – Source of funds from which the equipment was purchased. Complete for each Fund and Location.
- f) Division – Name of your Division – Do not abbreviate.
- g) Estimated Delivery Date – Estimated Date that items will be picked up by State Surplus Property or delivered by Division to State Surplus Property.
- h) Receipt Supported – Indicate if receipt supported.
- i) First Name, Last Name, Phone Number and E-Mail address – Required.
- j) Courier/MSD – Address Required.
- k) Approved By – Division Director of designee.
- l) Date – Required.
- m) Detailed Description of Item – Describe the asset in detail, listing as much information as possible, i.e., manufacturer, model number and condition of item. List any problems with the item.
- n) Quantity – Number of items. Any items that have a serial number or fixed asset number must be listed as one item. Do not add items together as one item.
- o) Serial No. – If applicable. If not, indicate “none”.
- p) Fixed Asset No. – If applicable. If not, indicate “N/A”.
- q) Category – Type of equipment.
- r) Submit – Send the original form to Office of Fiscal Management, Fixed Asset Officer, 1306 Mail Service Center, Raleigh NC 27699-1306, or e-mail the form to [tina.kuykendall@doa.nc.gov](mailto:tina.kuykendall@doa.nc.gov). Maintain an approved copy in Division files.

#### Responsibility of Fiscal Management

3. Review Equipment Disposal Form and key into the State Surplus Property System.

#### Responsibility of State Surplus Property

4. Review items in State Surplus Property System.
5. Print labels and send to contact person at the Division.

#### Responsibility of Division

6. Place disposal labels received from State Surplus Property on each item.
7. Call State Surplus Property to pick up items to be taken to State Surplus Property warehouse, unless property is to be sold on site.

#### Responsibility of State Surplus Property

8. Receive items into the State Surplus Property System.
9. Place items in the classified section of the newspaper, if applicable.
10. Sell items according to State Surplus Property procedures.
11. Send notification of sale form to Division.
12. Once a month, send proceeds from sale with supporting documentation to Office of Fiscal Management.

## Responsibility of Fiscal Management

13. Deposit proceeds to proper NCAS company/account/center.
14. Transfer the sold asset from the active file to the disposal file in the Fixed Asset System.
15. Update NCAS.

***Note: The Equipment Disposal Form is displayed on next page.***

## EQUIPMENT DISPOSAL FORM

\* Required Fields

NC DEPARTMENT OF ADMINISTRATION  
 STATE SURPLUS PROPERTY AGENCY  
 Office of Fiscal Management  
 1306 Mail Service Center  
 Raleigh, North Carolina 27699-1306

Phone: 919-807-2444  
 Fax: 919-733-0021

**Legend**  
 Agency = Department  
 Division = Program

Contact Information

\* Disp Form Date: \_\_\_\_\_  
 Form No: \_\_\_\_\_  
 \* Agency: Dept of Administration  
 \* Surplus Location: State Surplus Property Warehouse  
 \* Budget Code/Fund/RCC: \_\_\_\_\_  
 \* Division: \_\_\_\_\_  
 Est. Delivery Date: \_\_\_\_\_  
 Receipt Supported: \_\_\_\_\_  
 Yes or No

\* First Name: \_\_\_\_\_  
 \* Last Name: \_\_\_\_\_  
 \* Phone No./Ext.: \_\_\_\_\_  
 \* Email: \_\_\_\_\_  
 \* Courier/MSC: \_\_\_\_\_

\* Approved By: \_\_\_\_\_  
 \* Date: \_\_\_\_\_

| Detailed Description of item<br>List any problems and/or condition (good/fair/poor) | Qty | Serial No. | Fixed Asset No. | Category |
|---|-----|------------|-----------------|----------|
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |
|   |     |            |                 |          |

Note: All items must be properly labeled when turned into the State Surplus warehouse with the Division's name, item description and serial number with a JPG formatted photo of each item to be sold "on site" is required by SSP. Submit photo(s) via email with disposal form.

Items picked up by SSP: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature

P:/forms/equipdisposal.xls

**FA – 024      Fixed Asset Control - Notice of Disposal/Location Change of Moveable Assets**

**Purpose:**

To establish a procedure to update the Fixed Asset System upon disposal or change in location of moveable assets.

**Action:**

Responsibility of Division

1. Determines that a change in location should be made for an asset or that an asset is no longer useful to the Division.  
Note: See below for the methods of change in location or disposal of moveable assets and follow the appropriate procedure.
2. Prepare two copies of the FAS-1 or FAS-2 form (both displayed at the end of this procedure). Attach a copy of any required written authorization.  
Note: A copy of the form may be obtained from Fiscal Management and reproduced by the Division.
3. Sign, date and transmit one copy of the Moveable Equipment – Change in Location or Notice of Disposal Form and Authorization to Fiscal Management when required. Retain a copy for the Division files.

Responsibility of Fiscal Management

4. Make necessary changes to the Fixed Asset System and to NCAS.
5. Supply the Division with an up-to-date listing of assets upon request or as deemed necessary.

Methods of change in location or disposal of moveable assets:

1. Lost – If an asset is lost or missing, make every effort to locate the asset before completing the “Moveable Equipment – Change in Location or Notice of Disposal” form. If the asset cannot be located, proceed with action #2 in the Responsibility of Division.
2. Stolen – When an asset is stolen, notify the State Capitol Police immediately and give a full description of the asset, date stolen and any other information that might aid in recovering the asset. If not within State Capitol Police area, local law enforcement should be contacted. A copy of the report should be sent to the FAS Officer. Notify Fiscal Management. If the asset is not recovered in one month, proceed with action #2 in the Responsibility of Division.
3. Traded In – Frequently it is more economical to trade in an asset than to sell it as surplus property. The owning Division must obtain authorization, in writing, from the Division of Purchase and Contract before a trade-in can be arranged on any property. After authorization had been obtained, proceed with action #2 in the Responsibility of Division.
4. Scrapped – If an asset is damaged beyond repair or is completely worn out, it should be scrapped. In most cases these items will be sent to Surplus Property according to the procedure for Fixed Asset Control – Disposal of Assets by State Surplus Property, Fiscal-006, DOA Policy and Procedure Manual. Occasionally a usable asset can be destroyed (torn up, burned, etc.) at its current location. Authorization must be obtained in writing from State surplus Property to destroy an asset at the current location. Next, proceed with action #2 in the Responsibility of Division.

5. Sold by State Surplus Property – Follow the procedure for Fixed Asset Control – Disposal of Assets by State Surplus Property, Fiscal-006, DOA Policy and Procedure Manual.
6. Sold by Department/Division – Occasionally it is more feasible and practical to sell an asset at its current location than to transfer it to State Surplus Property. Authorization should include the sale price of the asset if the price has already been negotiated. If this procedure is used, proceed with action #2 in the Responsibility of Division.
7. Transfers –
  - a) Transfer of assets between agencies must be approved by State Surplus Property. The sale price will be based, where possible, on previous sales of similar products in the open market. When transfer has been completed, State Surplus Property will proceed with action #2 in the Responsibility of Division.
  - b) If assets are to be transferred to another agency due to legislative action, approval does not have to be obtained from State Surplus Property. The transfer will be handled by Fiscal Management.
  - c) Transfers of assets within DOA do not need the approval of State Surplus Property. Therefore, proceed with action #2 in the Responsibility of Division.
8. Relocated – When Divisions or divisional offices are relocated or they loan an asset, Fiscal Management needs to be notified. Therefore, proceed with action #2 in the Responsibility of Division.
9. Other – If assets are disposed of or destroyed by other than the above methods, i.e., fire, please explain in remarks on the Moveable Equipment – Change Location or Notice of Disposal form in proceeding with action #2 in the Responsibility of Division.

# FAS - 1 Form

FAS-1

## REQUEST FOR ADJUSTMENT OF FIXED ASSET INVENTORY

### A. Change in location of fixed asset:

| Fixed Asset Number | Description | From     |      | To       |      | Effective Date |
|--------------------|-------------|----------|------|----------|------|----------------|
|                    |             | Building | Room | Building | Room |                |
|                    |             |          |      |          |      |                |

### B. Change in description of fixed asset:

| Fixed Asset Number | Existing Description | Revised Description | Effective Date |
|--------------------|----------------------|---------------------|----------------|
|                    |                      |                     |                |

### C. Removal of fixed asset from the inventory record due to

1. Cannibalization 2. Worn Out 3. Missing or Stolen 4. No Longer Required 5. Trade-In

| Fixed Asset Number | Description | Location | Reason (From Above) |
|--------------------|-------------|----------|---------------------|
|                    |             |          |                     |

### D. Replacements for defective equipment under warranty.

| Fixed Asset Number | Description | Serial Number |     | Location | Vendor or Manufacturer |
|--------------------|-------------|---------------|-----|----------|------------------------|
|                    |             | Defective     | New |          |                        |
|                    |             |               |     |          |                        |

|                                      |                               |
|--------------------------------------|-------------------------------|
| Request by: _____                    | Approved by: _____            |
| Division / Section Manager      Date | Fixed Asset Officer      Date |

**FA – 025      Fixed Asset Control - Tagging Moveable Assets at Acquisition**

**Purpose:**

To establish procedures for the physical accounting of moveable assets when acquired by purchase, lease/purchase, construction, donation, involuntary conversion, transfer, rental or other methods.

Moveable Assets – Furniture, equipment, etc. that can be moved from one location to another.

Total Cost – All costs required to make an asset useful or productive, i.e., historical cost, including legal fees; freight; installation; training; additional components; etc.

Criteria for tagging of Moveable Assets within DOA:

1. Assets with a cost or value of \$500 or more and an estimated life span of two or more years.
2. Assets purchased with Federal Funds.

Note: Use Federal Guidelines for inventory of these assets.

Supplies needed for asset inventory purposes:

1. Decals.
2. Fixed Asset System Coding Sheets, Form 260

Note: Supplies and forms may be obtained from Fiscal Management.

**Action:**

Responsibility or Division

1. Attaches decal to moveable asset when received.  
Note: Do not tag an item that is a replacement part of a larger asset, i.e., motor for a refrigerator; condenser for an air conditioner; etc.
2. Completes Fixed Asset Coding Sheet, Form #260 (displayed on next page).
3. Submits Fixed Asset Coding Sheet to Fiscal Management with the invoice, receiving slip or other documentation.

Responsibility of Fiscal Management

4. Makes payment for moveable assets and other budget transactions as required.
5. Reviews and completes Fixed Assets Coding Sheet.
6. Enters moveable asset information into the Fixed Asset System.
7. Files Fixed Asset Coding Sheet in Fixed Asset Inventory File.

**FA – 026      Fixed Asset Control - Taking Physical Inventory of Moveable Assets**

**Purpose:**

To establish a procedure for the physical inventory of all moveable assets.

**Action:**

## Responsibility of Fiscal Management

1. Forward computer-generated C-U-FA-INVENTORY-FUND-LOC Report to Division schedule to inventory moveable assets.

Note: Each Division will conduct inventory annually.

## Responsibility of Division

2. Conduct an on-site inspection to certify that all moveable assets listed on the C-U-FA-INVENTORY-FUND-LOC Report are located. Use the following steps in taking the physical inventory:
  - a) Inventory one office or location at a time.
  - b) Compare the decal number on each moveable asset to the number listed on the C-U-FA-INVENTORY-FUND-LOC Report.
  - c) Compare the location of the asset with the location listed on the C-U-FA-INVENTORY-FUND-LOC Report. If incorrect, make appropriate corrections to the Report.
  - d) If assets are found that should have been inventoried but are not on the C-U-FA-INVENTORY-FUND-LOC, affix a decal and complete the Fixed Assets Coding Sheet.
  - e) If an asset cannot be located, write "Unable to locate" or "Missing" on the C-U-FA-INVENTORY-FUND-LOC Report. If the asset is located at a later date, notify Fiscal Management immediately.
  - f) If assets are found that do not belong to your section, prepare a list for Fiscal Management showing asset number, description and serial number of assets.
  - g) If assets have been sent to State Surplus Property and the location of the asset on the C-U-FA-INVENTORY-FUND-LOC Report does not reflect such, write "Surplus" on the C-U-FA-INVENTORY-FUND-LOC Report.
  - h) If assets were sold and are still listed on the C-U-FA-INVENTORY-FUND-LOC Report, write "Sold", the amount of proceeds and the date of sale (if possible) on the C-U-FA-INVENTORY-FUND-LOC Report.
  - i) If an asset has been transferred, write "Transferred" and to whom, when and the location of the asset on the C-U-FA-INVENTORY-FUND-LOC Report.
  - j) Note any other errors and enter correct information on the C-U-FA-INVENTORY-FUND-LOC Report.
3. Review the C-U-FA-INVENTORY-FUND-LOC Report to ensure all changes and corrections are reflected after the physical inventory has been completed.
4. Sign and date the C-U-FA-INVENTORY-FUND-LOC Report.
5. Return the C-U-FA-INVENTORY-FUND-LOC Report to Fiscal Management along with Fixed Assets Coding Sheets and list of assets not belonging to your Division if applicable.
6. Retain a copy of the C-U-FA-INVENTORY-FUND-LOC Report for future reference.

## Responsibility of Fiscal Management

7. Make necessary changes, corrections, transfers, etc., to Fixed Asset System files and the Department System records.
8. Cross reference lists of assets found with missing assets. If assets are located, notify appropriate Division.
9. Forward update C-U-FA-INVENTORY-FUND-LOC Report to Division.

## **Responsibility of Division**

10. Verify updated C-U-FA-INVENTORY-FUND-LOC Report with file cop of C-U-FA-INVENTORY-FUND-LOC Report used in taking the physical inventory. If incorrect, notify Fiscal Management. If correct, file updated report for future reference.

## **FA – 027 State Surplus Property Purchases**

### **Purpose:**

To establish a system for the acquisition of items declared surplus by other state agencies by assigning responsible duties to each Division involved and to assure compliance with all appropriate directives.

### **Action:**

#### Responsibility of Division

1. Determines need and availability of surplus items to purchase.
2. Verifies funds are available in budget.
3. Contacts State Surplus Property to request purchase of items.

#### Responsibility of State Surplus Property

4. Authorizes pick up.
5. Prepare invoice and sends to Fiscal Management.

## **Responsibility of Division**

6. Arranges for delivery of item(s) from State Surplus Property.

## **Responsibility of Division**

7. Makes appropriate budget transaction(s).

## **FA – 028 State Surplus Property Transfer-in**

### **Purpose:**

To establish a system for the acquisition of items declared surplus by other state agencies by assigning responsible duties to each Division involved and to assure compliance with all appropriate directives.

### **Action:**

#### Responsibility of Division

1. Determines need.
2. Researches availability of surplus items to purchase at the State Surplus Property Warehouse.
3. Verifies that items are transferable (free of cost).
4. Requests State Surplus Property to transfer items to Division.
5. Fills out proper forms for State Surplus Property's records.

## Responsibility of State Surplus Property

6. Authorizes pick up.

## Responsibility of Division

7. Arranges for delivery.

## FA – 029 State Surplus No-Charge Transfer-Out

### Purpose:

To establish a policy that explains the transfer process of State Surplus Property.

### Policy Statement:

State surplus property may be transferred to qualifying State agencies at no charge. An item may be transferred at no charge. This no-charge transfer opportunity applies to agencies/divisions that operate with appropriated funding only.

Divisions that are receipt supported or operate via grants that dictate that the receipts from the sale of property are to be returned to the agency or to the funding source must purchase surplus property. Consequently, property cannot be transferred at no-charge to other agencies from receipt supported divisions. This property must be sold, not transferred.

- Transfer of property at a the Surplus Property Warehouse: Before fixed assets can be transferred-out to State Surplus Property, the division must complete the FAS-2 form (displayed at the end of this policy) and have it approved first by State Surplus Property, then the Division/Section Manager and the Fixed Asset Officer. At the transfer, a Surplus Property Transfer form (also displayed at the end of this policy) is completed by State Surplus Property warehouse staff. This form includes the name of the owning and the selling agencies, date of the sale, name/signature of the person taking possession of the property, State Surplus Property's computerized inventory number, description of the item , fixed asset number (if applicable), and the item's fair market value.
- A copy of the transfer form is given to the agency's representative, a file copy is retained by State Surplus Property, and a copy may be sent to the owning agency at the end of the month of transfer. The owning agency will receive a copy only if fixed asset numbers are listed.
- Transfer of property between agencies; Agencies that wish to transfer property to other agencies must contact State Surplus Property prior to transfer to confirm that the property being transferred meets the requirements stated at the beginning of this section. The transferring agency must provide State Surplus Property documentation (receiving agency's name, descriptions of item(s), and the negotiated fair market value). The transferring agency will be responsible for any in-house inventory documentation that may be required.

Data indicating the amount of surplus property transferred to state agencies each year is retained for reporting to the Office of State Budget and Management.

|   |   |
|---|---|
| <b>Approved by the Secretary of Department of Administration:</b> | <br><b>Kathryn Johnston</b> |
| <b>Approval Date:</b>   | <b>Version : FA – 022-029 (V.1) – 07/01/2016</b>  |
| <b>Effective Date:</b>  |   |
| <b>Revision Date:</b>   |   |

**THIS POLICY SUPERSEDES ALL PREVIOUS FIXED ASSET POLICIES**