



**DEPARTMENT OF CORRECTIONS
Business and Finance**



Title:	Fixed Assets	DOC Policy: 30.2.1
Effective:	3/1/08	Supersedes: 5/1/99
Applicability: All DOC employees and contractors		
Directives Cross-Reference: None		
Attachments: None		

I. PURPOSE

The purpose of this policy is to establish responsibility within the Department of Corrections for the acquisition, accountability, control, maintenance and disposition of assets in accordance with the Oregon Accounting Manual:

Capital and Non-capital Assets – 10.50.00 PO and 10.50.00 PR

II. DEFINITIONS

- A. AFAMIS: DOC's Accounting System: Automated Financial, Accounting, Manufacturing and Inventory System software.
- B. Authorized Receiving Points: Distribution Services warehouses and other persons designated by Distribution Services to receive, store, and tag fixed assets. Only Distribution Services can issue or authorize issuance of official property tags.
- C. Capital Outlay: Expenditures for property that has a useful life beyond a single year and has an initial cost of \$5,000 or more. The \$5,000 cost includes all charges to prepare it for use including additional charges such as shipping, installation, etc.
- D. Controlled (Tagged) Property: Property assigned an inventory tag number and placed on the automated inventory tracking system.
- E. Cost Center Manager: Management service employee assigned by the functional unit manager to manage and monitor cost center(s) within a functional unit.
- F. Employee Assigned Property: State owned property assigned directly to employees, contractors, or volunteers because it is required to accomplish their job. Examples include cell phones, pagers, cameras, firearms, PDAs, laptop computers, security cards, credit cards, etc.
- G. Expendable Property: Items that are not consumed in the normal course of agency operations, can be used more than once, have a useful life less than two years, and cost less than \$5,000.
- H. Fair Market Value: The value assigned by the Property Control and the Fixed Asset Accountant to an asset internally manufactured by the Department of Corrections.

This amount will be based on what it would cost the department to acquire a similar item on the open market.

- I. Fixed Asset: Items which are not consumed in the normal course of agency operations, can normally be used more than once, have a useful life of more than two years and whose value is \$5,000 or more, including additional charges such as shipping, installation costs, taxes, interest, and any other expenditures required to place the asset in its intended location and condition for use. Also referred to as capital assets or non-expendable property.
- J. Fixed Asset Accountant: The DOC staff that performs all fiscal transactions necessary to record and dispose fixed assets into and from the AFAMIS system. This position works with the Property Control Technicians to ensure that all fixed assets are recorded accurately and in a timely manner in the DOC Accounting System (AFAMIS) and the State Accounting System (SFMS). The Fixed Asset Accountant is the primary contact regarding coding and classification of fixed assets purchased or manufactured for the Department of Corrections.
- K. Functional Unit Manager: Any person within the Department of Corrections who reports either to the Director, Deputy Director, an Assistant Director or administrator and has responsibility for the delivery of program services or the coordination of program operations.
- L. Inventory Tag: A tag with a unique number affixed to controlled property used for identification and tracking. Also known as a 'property tag'. Only Distribution Services can issue or authorize issuance of official property tags.
- M. Non-controlled Property: Property that is not assigned an inventory tag number.
- N. Physical Inventory: The physical verification of all controlled (tagged) property listed on inventory records. A physical inventory is required a minimum of once each year.
- O. Property: Tangible, physical property (such as land, buildings, and infrastructure) that DOC has title to or possession of that cannot be tagged.
- P. Property Control Technicians: The Property Control staff, within Distribution Services, assigned responsibility of initiating and reconciling physical inventory results, and processing all property transactions affecting the automated inventory control system, including acquisition, disposal, and location changes of controlled property.
- Q. Property Disposition Request (PDR): A form required for the removal of controlled property from active inventory records prepared and issued by a Property Control Technician. The PDR is also required for disposal of non-controlled property if it is sold as surplus via Department of Administrative Services (DAS) – Surplus Property Sales.
- R. QRF (Qualified Rehabilitation Facility): A non-profit organization designated by DAS as being eligible to receive state surplus property. Please refer to the donations policy when determining where fixed assets can be donated.
- S. Request for Disposal: DOC form CD1468, "Request for Disposal" of property from the cost center manager which must be filled out completely anytime property is to be

disposed of. It must include the signature of the person listed with ownership of this property in AFAMIS.

- T. Supplies: Items that are consumed in the normal course of agency operations such as food, clothing, office supplies, and other supplies which can normally be used only once or have a useful life of less than two years. These items are not tagged or tracked.
- U. Surplus Property: All DOC property and inmate property that is turned over for sale at Department of Administrative Services (DAS) – Surplus Property Sales. Also includes any property with special disposition requirements such as recycling, DEQ requirements, or security disposal.
- V. Trackable Assets: A group or class of assets that are not defined as capital assets but are required to be managed for other purposes, such as security, maintenance management, state policy (IT Assets), or other business reason.
- W. Transfer of Property: A form found on the U Drive, Distribution Services, Property Control, Shortcut to Property Control Forms, “DOC Equipment Transfers” used for internal transfer of tagged property from one cost center manager to another.

III. POLICY

The Department of Corrections will purchase, account for, control, and utilize all property in compliance with statutes, rules and policies of the Department of Administrative Services – Oregon Accounting Manual.

A. Responsibilities:

1. The functional unit manager will ensure proper inventory control is established and maintained within the functional unit. Expendable supplies, expendable property, trackable assets, non-expendable property, assets manufactured by the department, personally assigned assets, and products manufactured within the functional unit will be properly secured and safeguarded from theft or other loss at all times.
2. Property needs to be tagged if it is capital outlay expenditure, with the exception of land, buildings or improvements. A list of controlled (tagged) property is available upon request from Property Control by manager, location, or institution.
3. The functional unit manager will assign each cost center manager within a functional unit responsibility for all property in their control as identified in the inventory. The cost center manager is charged with the responsibility for supervising proper care, usage, safeguarding, and disposal of such property.
4. Each functional unit will conduct physical inventory of tagged property at least once every year.

B. Assignment of Inventory Control Numbers

1. An inventory tag will be assigned to all items meeting the definition of a fixed

asset and controlled property, at the authorized receiving point. Only Distribution Services can issue or authorize issuance of official property tags. Distribution Services ensures that each property number is unique and not duplicated.

2. Within each authorized receiving point a person is authorized to ensure that an inventory tag is placed on each fixed asset before it is released for use.
3. If it is impractical to place a tag on the item, the assigned property tag number will be affixed on the property with an alternate method such as engraving, indelible ink marker, or serial number reference.
4. Inventory tags affixed to each piece of controlled property will be retained for the period of existence of the item, will not be removed or defaced, and will never be reassigned to another piece of property.
5. Inventory tags and/or property numbers inscribed on property will be located in a place that provides for easy identification for physical inventory and accountability purposes.
6. Any item that is manufactured internally by the Department of Corrections (for example: software, equipment, structures, etc.) which meets the minimum dollar value for a capitalized asset (\$5,000) and has a useful life of greater than one year shall be tagged and recorded as an asset.
 - a. The value of the item will be determined by the fair market value of the item. Fair market value will be set by determining the cost of purchasing a similar item on the open market, and applying the value to the internally manufactured asset.
 - b. The Property Control Technician and the Fixed Asset Accountant will be responsible for researching what a similar item would cost on the open market.
7. The functional unit in possession of the property will retain all warranties and guaranties.
8. All titles for vehicles, heavy equipment (forklifts, etc.), ATV's and electric carts will be maintained at CDC Property Control regardless of cost.

C. Physical Inventory - Controlled Property

1. Once each year, the Distribution Services Property Control Technicians will schedule physical inventories of controlled (tagged) items in coordination with each Department of Corrections location.
2. The Distribution Services Property Control Technician will generate a report from the automated inventory system for all assets assigned to a functional unit to use as work sheets in conducting physical inventory, and forward them to the functional unit manager for distribution. A memo signed by the Distribution Services Administrator will accompany the printout outlining manager's responsibilities for the inventory as well as protecting assets in their custody.

3. Functional unit managers and cost center managers will assign individuals at each location to work with the Property Control Technician to conduct the physical inventory and will:
 - a. Identify and verify by physical sight the location of all controlled (tagged) property on the list of property assigned to each cost center manager.
 - b. Address each item as either "found", noting the location found, or "not found."
 - c. Document property found but not listed on the cost center manager's inventory sheets, including description, inventory tag number (if available), and location. This documentation will be attached to the original computerized inventory work sheets.
 - d. Sign the original inventory work sheets and obtain the signature of the responsible cost center manager.
 - e. Forward the original signed work sheets, along with any attachments, to the Distribution Services Property Control Technician.
4. When all the work sheets have been returned, the Property Control Technician will reconcile inventory results and forward a list describing any missing property to the functional unit manager.
5. Functional unit managers will be responsible for making a final attempt to locate the missing property.
 - a. Any property still not located will be documented on a Property Disposition Request (PDR) as "lost or stolen" and removed from active inventory records. A copy of the PDR will be forwarded to the Director, Inspector General, Internal Audits, functional unit manager, and cost center manager.
 - b. Items will be returned to active inventory records if subsequently located.
6. If that property is missing as a result of apparent fraudulent or dishonest acts by agency officers, employees, or other agents of the department, the Distribution Services Administrator must contact the Risk Management Division, DOC Internal Audits, and the Secretary of State Audits Division. Disclosure of the loss must be made within 90 days after discovery.
 - a. The Department of Corrections will furnish all evidence of loss, fraud or dishonesty to the Risk Management and Audits Division upon request.
 - b. The Department of Corrections cannot forgive, release, or promise not to prosecute any staff alleged to have caused a loss (per Oregon Accounting Manual 10 50 00 PR).

D. Removal of Controlled (Tagged) Property from the Fixed Asset Records/Inventory

The cost center manager is responsible for proper care and utilization of controlled property officially released as follows:

1. Transfers: All transfers of assets between functional units must be made using the electronic form "Transfer of Assets" found at U Drive, Distribution Services, Property Control, Shortcut to Property Control Forms, "Request for Disposal."
 - a. A limited number of individuals will be given the ability to approve property transfers. The electronic signatures of both the receiving and sending managers involved in the transfer must be obtained. When each individual electronically signs the form they will cc: DL Property Control.
 - b. The individual(s) will forward the entire completed transfer document to the DL Property Control for updating of records on the AFAMIS system. Upon completion of transfer processing, property control will return copies of the finished transfer documents to the affected managers.
2. Removal for repair or maintenance: The cost center manager is responsible for tracking property that has been sent in for repair or maintenance. The inventory tag number and serial number should be referenced on any service request, request for purchase, or functional unit maintenance log.
3. Controlled and Non-Controlled Property Disposal:
 - a. Form CD 1468, "Request for Disposal" must be prepared for disposals of controlled or non-controlled and submitted to the Property Control Technician. Property will not be disposed of prior to receiving a written response from the Property Control Technician on the Property Disposition Request form. Each request must have all fields filled out except the property tag number for non-controlled property.
 - b. The cost center manager may recommend an option for disposal of the asset on the form:
 - (1) Sale to the public as surplus property through Department of Administrative Services;
 - (2) Trade-in on new purchase: Purchasing and Property Control must be notified prior to transactions;
 - (3) Salvage/scrap: Purchasing must be contacted in order to bid out scrap metal which has a market value prior to disposal because state contracting rules must be followed;
 - (4) Interagency transfer;
 - (5) Donation to QRF; or other qualified non-profit; or
 - (6) Lost or stolen.

- c. Prior to disposal of computer equipment, all files will be deleted from the hard drive before removal from the work site.
- d. The Property Control Technician will evaluate the request and determine the appropriate method of disposal. The property control technician will prepare a Property Disposition Request (PDR) form-authorizing disposal and forward it to the work unit that originated request.
 - (1) The cost center manager will certify instructions have been completed by signing the form, and return it to the property control technician. An additional witness will sign the PDR if the property is disposed of as scrap.
 - (2) Property cannot be retrieved from waste receptacles by employees even if the property is scrap.
 - (3) Once the PDR has been filled out and signed, a copy of the document needs to be forwarded to the Fixed Asset Accountant. The Fixed Asset Accountant will process all fiscal transactions to transfer or dispose of the asset identified in the PDR.
 - (4) Note that no disposal in the AFAMIS system will occur until the signed PDR is delivered to the Fixed Asset Accountant.

E. Trackable Assets

Trackable assets as defined above are the responsibility of the functional unit to ensure that they are properly tracked and managed according to the purposes of the functional unit. This list is not exhaustive. Each functional unit will need to determine if tracking is required of groups or classes of assets and proceed accordingly. The method of tracking and the frequency of "counts" or confirmation will depend upon the groups or classes of assets.

IV. IMPLEMENTATION

This policy will be adopted immediately without further modification.