

DEPAUL UNIVERSITY



Fixed Asset Management

Category: Financial Affairs

Responsible Department: Financial Accounting

Responsible Officer: Controller

Effective Date: 3/22/2017

Policy Summary

This policy explains the responsibilities and procedures associated with safeguarding, maintaining, inventorying, and reporting the status of the university's fixed assets. Additionally, this policy covers the process for establishing capital projects.

Scope

This policy affects the following groups of the University:

- Entire University Community

This policy affects all members of the university community.

Policy

Fixed Asset Definition

Fixed asset - A tangible piece of property owned or leased by DePaul that will be used for a duration of more than one year. Buildings, building renovations, land, and equipment (including, computers, cell phones, and furniture) are examples of fixed assets.

Faculty and Staff Responsibilities Related to Fixed Assets

Fixed assets are critical to the daily operations of the university and represent a significant investment of the university's financial resources. To protect these investments, faculty and staff are responsible for stewardship of fixed assets purchased and/or utilized by them or by the departments they oversee. These responsibilities include, where and as appropriate:

- Maintaining fixed assets
- Safeguarding fixed assets
- Inventorying fixed assets
- Reporting lost, stolen or damaged fixed assets
- Reporting transfers of fixed assets
- Reporting fixed assets which are no longer needed
- Responding to fixed asset confirmations

- Establishing capital project budgets

The procedures below provide detailed guidance on how faculty and staff may properly fulfill the above responsibilities.

Purchasing Fixed Assets

Prior to purchasing fixed assets, faculty and staff should be familiar with the requirements, steps and special situations covered in the [Purchasing Authority and Responsibilities](#) policy. In accordance with this policy, prior to purchasing fixed assets with grant funds, faculty and staff should contact the Restricted Accounting Department in Financial Affairs as specific record keeping and approval may be required by the government or private sponsor.

Accounting for Fixed Assets

The Financial Accounting Department in the Controller's Office is responsible for designing, implementing, and maintaining fixed asset accounting procedures in compliance with applicable accounting standards. For more information on fixed asset accounting procedures, including fixed asset categories, useful lives, and depreciation methods, faculty and staff should contact the Financial Accounting Department.

Procedures

Maintaining Fixed Assets

To properly maintain fixed assets, faculty and staff should utilize fixed assets with care, consideration, and only in the manner for which they are intended to be used. Fixed assets should be used in support of university business, and should *not* be used for a personal business or commercial enterprise.

Properly maintaining fixed assets includes abiding by any recommended maintenance schedules, and requesting any necessary repairs if a fixed asset is broken. Repairs to fixed assets such as desks, doors, and buildings should be requested using Facility Operations' [Work Order System](#). Repairs to fixed assets supported by Information Services, such as computers and printers, should be requested by contacting the Technology Support Center.

If a fixed asset is beyond repair, faculty and staff should consult the [Salvage of University-Owned Equipment](#) policy for salvage and/or disposal procedures.

Safeguarding Fixed Assets

To properly safeguard fixed assets, faculty and staff should consider the risk that particular fixed assets will be lost, stolen, or destroyed and implement appropriate protective measures, if and when necessary. For example, fixed assets that are more essential, valuable and/or easy to move require more robust safeguards than less essential, lower value and/or harder to move fixed assets. Procedures faculty and staff could consider include the following:

- University policies related to security including: [Threat Assessment and Reporting](#), [Facility Access Management](#), [Crime Prevention](#), [Crime Reporting](#), [Information Security](#) and [Criminal Background Checks](#);

- Restricting access to buildings or rooms by limiting swipe card access or access to keys (see the [Facility Access Management](#) and [Identification Card Administration](#) policy for further procedural details);
- Locking doors to rooms containing fixed assets when the room is not in use;
- Locking fixed assets in a drawer, cabinet, closet, or safe when the fixed asset is not in use;
- Implement inventorying procedures, as described in the the *Inventorying Fixed Assets* section.
- Installing locking devices (e.g. cable locks, security anchors) or alarms to fixed assets requiring in-place installation or that are easily portable (e.g. overhead projectors, computers, and televisions);
- Following the steps in the Office of Human Resources' [Manager's Termination Guide](#) to collect all keys, identification cards, cell phones, laptops, or other fixed assets from any departing employees prior to the last day of employment.

Faculty and staff may contact the Controller's Office, Public Safety, or Information Services with department specific questions related to implementing appropriate procedures for safeguarding fixed assets.

Inventorying Fixed Assets

Faculty and staff should use reasonable judgment to determine whether department-specific fixed asset inventorying procedures are necessary, and if necessary, design, implement, and document the procedures. In all cases, inventorying procedures are only necessary when the benefit of designing, implementing, performing, and documenting the procedures exceeds the associate costs. If unable to make a reasonable determination as to whether inventorying procedures are necessary, faculty and staff should contact the Controller's Office, and the Controller's Office will work with the department to conduct a review and aid in making a determination.

Fixed assets which are more essential, valuable, and/or easy to move are more likely to necessitate inventorying procedures. Inventory procedures, when deemed necessary and value adding, should be designed considering the dollar value, type, and use of the fixed assets.

Frequency

The performance of inventorying procedures can range from as little as once per year to a greater frequency. Faculty and staff responsible for fixed assets should determine the inventory frequency based on the department-specific cost (time spent) versus benefit of inventorying fixed assets.

Methodology

Inventorying provides a method of verifying that fixed assets are present. Possible verification methods include:

1. *Checklist verification* - Maintaining a listing or database of fixed assets (including serial number, model number, or other useful identifying information) and periodically verifying that listed fixed assets are present. This approach is generally effective for all types of fixed assets.
2. *In-place verification* - At the beginning and/or end of each day or use or other time period, verify that the place a fixed asset is stored is occupied by the fixed asset. This approach is usually effective for fixed assets such as furniture, tools, weights and workout equipment, as long as the fixed asset is stored in the same place prior to and after being used.

3. *Visual inspections* - Regular visual inspections for existence, wear and tear, vandalism, or other damage. This process may include a signoff indicating the inspection was completed. This approach is generally effective for all types of fixed assets

Faculty and staff should choose one or a combination of the above methodologies based on the types of fixed assets involved, the risk of loss or theft, and the cost/benefit of implementing procedures.

Documentation and Reporting

The results of any fixed asset inventories should be documented and maintained for reference for a period of time useful to the department. Generally, maintaining the results until the next inventory is conducted is effective provided that there are no exceptions. If any fixed assets are missing or damaged by vandalism, faculty and staff should notify Public Safety, as described in the *Reporting Lost, Stolen, or Damaged Fixed Assets* section.

Questions and Assistance

Faculty and staff should contact the Controller's Office with department specific questions on the appropriate fixed asset inventory frequency, methodology, or documentation procedures.

Reporting Lost, Stolen, or Damaged Fixed Assets

If theft or damage by vandalism occurs to fixed assets, faculty and staff should notify the Public Safety Department and an Incident Report should be completed. Additional procedures may be applicable based on the [Crime Reporting](#) policy. These items, as well as items that are lost or otherwise destroyed, may also be covered by insurance; see the [Insurance Claims - University Property and Liability](#) policy for additional procedures.

In addition, if the lost or stolen fixed asset is a computer, cell phone, or other electronic device, report the loss or theft to Information Services according to the [Information Security](#) policy.

Reporting Transfers of Fixed Assets

Fixed assets that are being transferred due to an organizational change, office relocation, or any other exchange should be reported to Financial Accounting in the Controller's Office only if the fixed asset either 1) was purchased for at least \$5,000 or 2) is part of a number of items being moved in which the total purchase price was at least \$5,000. The [Asset Transfer Form](#) available on the Financial Affairs website, should be used to report a transfer. Any arrangements for moving large or heavy items should be made through the Facilities Operations' [Work Order System](#).

Reporting Fixed Assets Which Are No Longer Needed

Faculty and staff responsible for fixed assets that are no longer needed by their department should complete the [Asset Disposal form](#), found on the Procurement Services website. Procurement will dispose of the fixed asset in accordance with the [Salvage of University-Owned Equipment](#) policy. Departments are not at liberty to sell, donate, or discard equipment, and should consult the [Salvage of University-Owned Equipment](#) policy for more information.

Note: When completing the [Asset Disposal form](#), all items being disposed that were purchased on a grant should be marked as such (with the grant number).

Responding to Fixed Asset Confirmations

Faculty and staff responsible for fixed assets may periodically receive a fixed asset confirmation request from the Financial Accounting Department in the Controller's Office. The confirmation request will include specific instructions and request that the recipient confirm that the fixed asset exists and is still being utilized by the department.

Establishing Capital Project Budgets

If faculty or staff intend to construct, expand, renovate, demolish, or replace a fixed asset through implementation of a project involving multiple purchases, service providers, and/or phases, a capital project may be established. Per the Renovation Projects policy, project planning must be done in conjunction with the Project Management Office. Depending on the scope of the work, the [Renovation, Construction and Modification to University Facilities policy](#) should also be consulted. To set up a capital project, faculty or staff should work with Facility Operations, Information Services, or other designated parties in the university to initiate this process. Establishing a capital project will require that the requester complete a [Capital Budget Request Form](#) and/or a [Budget Change Form](#) and submit to the Controller's Office within Financial Affairs. Both forms and instructions are available from the [Financial Affairs](#) website.

Procedures for completing the *Budget Change* Form may be found in the [Budget Changes](#) policy.

Divisional Collaborations

Information Services
Procurement Services
Facility Operations
Compliance & Risk Management
Controller's Office
Treasurer's Office

Contact Information

Controller's Office
(312) 362-6727

Facility Operations
(312) 362-8682

Procurement Services
(312) 362-7510

Public Safety
(312) 362-8400

Compliance & Risk Management
(312) 362-7161

Technology Contact Center
(312) 362-8765

Appendices

Work Order System

Asset Disposal Form

Capital Budget Request Form

Budget Change Request Form

Manager's Termination Guide

Related Policies

Purchasing Authority and Responsibilities

Salvage of University-Owned Equipment

Threat Assessment and Reporting

Facility Access Management

Crime Prevention

Crime Reporting

Information Security

Criminal Background Checks

Identification Card Administration

Insurance Claims - University Property and Liability

Renovation Projects

Renovation, Construction and Modification to University Facilities

Budget Changes

Contractors and Consultants (for Building-Related Matters)

History/Revisions

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