OLD DOMINION UNIVERSITY
OFFICE OF FINANCE PROCEDURE MANUAL

Title: Fixed Asset Management Procedure: 3-800

PURPOSE:

The University has a significant investment in fixed assets that needs to be safeguarded to prevent loss, damage, or theft. The following guidance provides for the consistent management and accounting of fixed assets and serves as a reference for answering questions to ensure that all assets are accounted for in accordance with Generally Accepted Accounting Principles (GAAP) and other accounting guidance, University policies, state, and federal regulations.

CRITERIA:

Fixed assets are comprised of tangible property (land, buildings, equipment, infrastructure, and library materials) and intangible property patents, trademarks, copyrights, easements, and right-of-ways).

Capitalization thresholds for recording capital assets in Old Dominion University's (ODU) Banner Fixed Asset system are:

- Land, building, equipment, infrastructure, and improvements other than buildings (≥$5,000). In addition, effective fiscal year 2024, all tangible capital assets that are purchased as a group where the value of the group meets the capitalization threshold of (≥$5,000) will be capitalized as a group (single) asset.
- Patents, trademarks, copyrights, easements, and right-of-ways (≥ $5,000).
- Renovations and additions to buildings (≥$250,000).
- Library materials are collectively analyzed and recorded as a total.

Equipment Trust Fund (ETF) controlled assets (≥$500-$4,999) are tagged and tracked through the assigned retention period.

With the implementation of GASB 96 effected June 2022, Software would be treated differently see procedure on SBITA.

BUDGET UNIT DIRECTOR RESPONSIBILITIES:

Budget Unit Directors (BUDs) are ultimately responsible for and are held accountable for assuming control of all fixed assets in their custody or assigned to their department. This responsibility includes following best business practices and procedures for:

- Ensuring proper care, maintenance, control, and reasonable safeguards are in place to prevent loss, damage, or theft of fixed assets.

- Ensuring fixed assets are used for university business purposes and in accordance with university policies and state and federal regulations. An Equipment Use Authorization form https://ww1.odu.edu/content/dam/odu/offices/finance-office/docs/equipment-authorization-form.pdf
- Must be completed when University owned equipment is to be used off campus for a period of more than two weeks. Equipment may be utilized off campus for university business only while at home or on business travel by an ODU employee. Budget Unit Directors must complete the Equipment Use Authorization Form and submit a copy to the Office of Finance-General Accounting. This responsibility includes ensuring the equipment is returned from the employee upon request by the Supervisor or upon termination of employment of the employee. Occasionally, University owned equipment might need to be loaned out to a third party, contact the Office of Finance-General Accounting for further instructions.

- Following proper procurement procedures for purchasing assets and ensuring the items ordered are received and in good working order.

- Following proper procedures for the disposal of fixed assets and other property in accordance with the Department of Procurement Services, Asset and Surplus Property Disposal procedure.
    - ETF equipment cannot be disposed of during the first seven years of ownership except for computing equipment (Desktops, Laptops, Computer Monitors, iPads, and Printers) which may be disposed after three years from date of acquisition.
      https://ww1.odu.edu/content/dam/odu/offices/finance-office/docs/etf-retention-schedule.pdf

- Timely reporting of asset loss:
    - Stolen or Vandalized – report all theft/vandalized to the ODU Police Department, Risk Management and email a statement explaining the circumstances with the police report to FixedAssets@odu.edu.
    - Lost – complete the Missing Asset Explanation form and email to FixedAssets@odu.edu. You will be notified if further action is required.
      ww1.odu.edu › finance-office › docs › missing-asset-explanation

    - Damaged or Destroyed – email the details to FixedAssets@odu.edu. You will be notified if further action is required.

- Designating department Fixed Asset Coordinator(s) (FAC) to function as a liaison for communication and conducting inventory. Confirming they attend training to obtain knowledge of their responsibilities for ensuring the accuracy of the inventory and taking proper care and control of assets.

- Notifying the Office of Finance-General Accounting of other changes to departmental equipment:
    - Interdepartmental & Intradepartmental transfers utilizing the Workflow system.
    - Trade-in for cost allowance provided by vendor for purchase of new equipment. Departments shall not trade in equipment for credit toward the purchase of new equipment without the advanced approval of the Department of Procurement Services, per the Department of Procurement Services, Procurement Manual.
      ww1.odu.edu › odu › offices › docs › Procurement Manual ODU
    - Equipment returned to the vendor.

- Notifying ODU Educational Foundation of all gifts in-kind (including equipment).

- When a Budget Unit Director does not exercise due care and maintenance of the asset, their budget may be charged up to the replacement cost of the asset.

TAGGING & PHOTOGRAPHING:

Tagging provides a unique identification number to each capital and ETF asset ensuring items can be accounted for and identified within Banner.

Procurement Services Property Control is responsible for tagging of university assets delivered to the Property Control warehouse and Office of Finance - General Accounting is responsible for photographing all capitalized fixed assets and tagging all assets delivered directly to departments. In cases where physical tagging is not possible due to the nature of the item (be it sensitive, miniature, or intangible), a “papertag” is used. The ODU tag is attached to the tag log and retained in the Property Control Warehouse or General Accounting as appropriate. The banner asset record is noted to reflect the item is “papertagged.”

Photographing provides a visual representation of the asset and is attached to the Banner record for capitalized equipment.

MANAGEMENT REVIEW AND APPROVAL:

A log (FFAADJF) is maintained for all fixed asset adjustments. Supporting documentation is reviewed before all fixed asset adjustments are approved in Banner by at least one of the following managers- Financial Reporting Supervisor, Assistant Controller or Associate Controller. Fixed assets $100,000 and greater that are fed from the Accounts Payable process to Fixed Assets are reviewed by the Financial Reporting Supervisor to affirm proper recording of asset.

PHYSICAL INVENTORY GUIDANCE:

A physical inventory of capital assets and ETF would be conducted annually in order to properly safeguard assets and maintain fiscal accountability. The equipment inventory process is a cooperative effort between the BUDs, FACs, and the respective General Accounting Staff.

ODU's inventory will be conducted on Annual basis per the Fixed Asset Physical Inventory Schedule.

The General Accounting office will provide detailed instructions when inventories are scheduled and coordinate their timely completion.

The following general guidelines will ensure that the inventory will be effectively implemented and performed:

- The quarterly Physical Inventory includes 100% of all assets ≥$5K and a 5% random selection of active ETF controlled assets ≥$500-$4,999. Controlled ETF assets that have met the required retention period are not included. See table below.

- Fixed Asset Coordinators will assist in conducting physical inventories in their respective area(s).
    - An inventory listing will be provided from the Banner Fixed Asset system to the FAC and BUD for each area impacted.

- Assets **must** be physically inspected for changes in condition, location, or status.

- Discrepancies between recorded/unrecorded and actual inventories must be researched and resolved in a timely manner.

- Additions, deletions, and changes to records must be transmitted to the General Accounting office on a timely basis.

- In compliance with State regulations, General Accounting staff will verify the results by conducting an internal post-inventory audit. Assets selected for the internal post-inventory audit include: 100% of all found assets ≥$200K and a 3% random selection of remaining found assets between $5K and $200K. See table below.

Strata	Value Range	Physical Inventory	Internal Post-Inventory Audit
Capital Assets	$200,000 or greater	Yes; 100%	Yes; 100%

Capital Assets	$5000 to $199,999	Yes; 100%	Yes; 3%
Active ETF Controlled Assets	Less than $5,000	Yes; 5%	No

Upon review and completion of the above steps, the Fixed Asset Accountant compiles an analysis to summarize the results of the inventory. This analysis is submitted to management for review and approval.

❖ **Contacts:**

For questions regarding this procedure, contact the Fixed Asset Accountant at 683-5022 or by email at FixedAssets@odu.edu