



OBJECTIVE

To ensure the recording and maintenance of capital assets in accordance with state and federal regulations.

POLICY

Applies to: Any person responsible for purchasing, recording and maintaining or disposing of Ohio State capital assets.

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II. General Overview

A. Asset Management, in the Office of the Controller, is responsible for maintaining a permanent and detailed record of all movable capital equipment owned by the university, including sponsored program acquisitions and all private gifts.

B. The university spends several million dollars annually to acquire capital equipment.



- C. To maintain state and federal standards, the university must:
1. Include the value of all capitalized assets in the university's annual financial report. The university's external auditor's review capitalized assets, including surplus items, as part of the annual audit.
 2. Keep an accurate inventory of equipment to substantiate the equipment use charge calculation included in the federal indirect cost rate. The current rate is 50% (as of 07/2008) and includes both equipment and building use. Maintaining good equipment records, therefore, is crucial to optimizing the recovery rate.
 3. Use sound business practice to control assets, specifically maintaining accurate property records.
 4. Abide by federal rules and regulations regarding capital equipment, specifically:
 - a. OMB Circular A-21, Cost Principles for Educational Institutions
 - b. OMB Circular A-110, Attachment N. Grants and Agreements with Institutional or Higher Education, Hospitals and Other Nonprofit Organizations
 - c. A-133, Audits of States, Local Governments and Non-Profit Organizations
 - d. Federal Acquisition Guidelines

III. Definitions

- A. Capital Equipment -- includes all moveable items that have a probable useful life of one or more years, have original cost or value of \$5,000 or more and are neither permanently attached to a building or its utility systems nor incorporated into the building at the time of initial construction or during later modifications. Equipment meeting these criteria must be reported to Asset Management as capitalized equipment.
- B. Organization -- is the academic or support unit associated with a financial transaction, i.e. department, office or college.

IV. Responsibilities for Equipment Management

- A. Responsibilities of Asset Management

Asset Management, in the Officer of the Controller, is responsible for:

1. Maintaining accurate and complete information for all capitalized assets. This includes creating, updating, and retiring capitalized assets.
2. Coordinating and performing physical audits of capitalized equipment.
3. Facilitating the annual “Physical Inventory and Equipment Review” self-audit process.
4. Physically tagging the majority of the university’s equipment at the Central Receiving facility. Any equipment not received through Central Receiving must be tagged by the organization equipment coordinator within 30 days of receipting. Asset Management will issue tags to equipment coordinators.

B. Responsibilities of Dean/Vice President

1. Financial responsibility for capitalized equipment rests with the relevant dean or vice president.
2. Each dean or vice president must assign one or more equipment coordinators. Depending on the size and complexity of the college or vice presidential area, there might be one equipment coordinator for the college, one for each organization within the college, and/or one for a significant subset of an organization, such as a Center. Equipment coordinators must have access to equipment records including requisitions, purchase orders, etc.
3. The “Physical Inventory and Equipment Review Report” certification and any Asset Management forms that address the disposition of capital equipment must be signed by the dean or vice president or their designee prior to submission to Asset Management.
4. Deans, vice presidents and senior fiscal officers are to ensure that adequate internal controls are in place and functioning in support of item 16 of the sub-certification process, which pertains to effective custody of assets. (Refer to “Physical Inventory and Equipment Review Report”).

C. Responsibilities of Organization Equipment Coordinator

1. The equipment coordinator within an organization is responsible for:
 - a. Review and certification of the status of all capitalized equipment listed on the “Physical Inventory and Equipment Review” which is made available to organizations annually by Asset Management as part of the self-audit process.



- b. Maintaining accurate records of purchases and the disposition and location of all capitalized assets.
 - c. Providing Asset Management with all necessary forms, such as the AM0001, "Application for Asset Retirement Form."
 - d. Submission of all necessary equipment disposal request transactions in the Surplus Property Management System.
 - e. Working with Asset Management to schedule and complete required audits of capital equipment.
 - f. Tagging equipment within thirty days of receipt, when it is not received in Central Receiving.
2. The equipment coordinator within an organization must notify:
- a. Asset Management of any change in equipment status (e.g. location change, custodian change, updating serial number, etc) by directly entering information into the asset management system.
 - b. University Police immediately if equipment is stolen. Guidelines on how to properly secure university property are available from the University Police.
 - c. The Office of University Development when equipment is received as a gift to the university. University Development must acknowledge the gift and notify Asset Management. If the item is a capitalized asset, it is recorded in the asset management system.
 - d. The Office of Sponsored Programs (OSP) for all status changes for research equipment.

D. Responsibility of Organization Receptor

If equipment is not shipped to the university's Central Receiving facility, then the receptor within the organization is responsible for accessing the PeopleSoft Financials system to create an online receipt when the equipment has been delivered. All relevant information relating to the equipment (make, model, serial number, etc.) must be entered by the receptor.

E. Other Responsibilities

- 1. No individual employee may personally benefit from the sale of university or contractor-owned material or equipment. Individuals or groups who take, sell, or



- benefit from the sale of such items will be subject to criminal prosecution and/or corrective action up to and including termination.
2. The use of any type of university equipment for private or personal purposes is prohibited.
 3. The university assumes no responsibility for personal property brought onto campus, even if the equipment is used for a university purpose.

PROCEDURE

Applies to: Any person responsible for purchasing, recording and maintaining or disposing of Ohio State capital assets
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I. Purchase of Capitalized Equipment

- A. Equipment purchases are made using the on-line procurement system and must follow the policies issued by the Purchasing Department.
- B. All capitalized equipment is purchased using specific account values (65311 through 65399). Refer to the *Chartfield Reference Guide* or the Chartfield Informational Reports in eReports portal for the specific values to be used with specific types of equipment purchases.
- C. As part of the procurement process, purchasing capitalized equipment requires the entry of tracking and reporting information into the asset management system, which assigns an asset profile ID to the capitalized item for identification and tracking purposes.
- D. Each asset is created when Central Receiving (or the organization) has receipted the item and the invoice is paid.
- E. The asset ID number is assigned when the asset is created.

II. Receipt of Capitalized Equipment and Central Receiving Exceptions

- A. All university and Office of Sponsored Programs capital equipment should be routed to Central Receiving for delivery and tagging. Exceptions for items that cannot effectively be processed in Central Receiving due to physical limitations are noted in this section.



- B. Requisitions for capitalized assets that do not qualify as exceptions should contain the ship-to code for Central Receiving (381).
- C. Requisitions received in the Purchasing Department that do not direct capitalized equipment to Central Receiving will be changed by the central buyers prior to issuance of the purchase order.
- D. Physical limitations of Central Receiving

Maximum weight of asset	4000 lbs
Height and width of dock doors	8' 11" wide x 8' tall
Height and width of elevator doors	8' x 11" wide x 12' 11' tall x 12' long
Usable ceiling height in dock area (attention to the Co-Ray-Vac heating system a priority)	9'
Height and width of storage area doors (if the asset is to be stored before delivery)	9' X 9"
Mobility of asset	Determination if Central Receiving equipment can be utilized without damaging the item

E. Items Outside the Scope of Shipping Delivery

Central Receiving will receive items outside the Shipping department's delivery scope. Specialty movers (e.g. Accelerated) will handle these items with costs charged to the purchasing organization. Items defined as "outside the delivery scope" include any item that exceeds the physical limitations for the university Shipping department.

Physical limitations of Shipping Department

Maximum dimensions of delivery truck	18' X 7' X 6'
Weight limitations of material handling equipment	4000 lbs
Standard pallet that can be moved safely with standard pallet forks and/or pallet jack; integrated wheels (locking or not)	

- F. Other exceptions to Central Receiving are items with require special end destination installation and extremely fragile items that could be damaged with multiple stops.
- G. Central Receiving may contact the purchasing organization to request a "sign off" on receipt of an item based on price and/or Central Receiving's ability to determine the condition of the item received.

III. Equipment Delivery, Errors, Damage, Warranties and Payment

- A. Regarding deliveries of capital assets, it is essential that the purchasing organization follow these policies to ensure that they and the university are protected should anything unforeseen happen before the receipt of the asset.
- B. The departments of Purchasing and Asset Management should both be notified if an order appears to be delinquent, unsatisfactory, in error, or does not conform to the specifications of the purchase order. This allows Purchasing to act on behalf of the university to correct the issue, and it allows Asset Management to delay creation of the asset in the asset management system.
- C. All damaged equipment must be reported immediately to the Purchasing Department.
- D. Information from Central Receiving, which confirms delivery of items from vendors, is to be maintained in the organization's files.
- E. Shipping or packing lists that accompany items shipped directly to the organization are to be maintained in the organization's files.
- F. Problems with equipment under warranty must be reported immediately to the Purchasing Department.
- G. For payment of invoices, follow the [Accounts Payable](#) policy and procedures.

IV. Tagging of Capitalized Equipment

- A. All receipted capitalized equipment is assigned a tag number.
- B. The asset ID and tag number are used in equipment audits performed as part of the annual external audit and the bi-annual Asset Management audit. These numbers are also needed in the database that supports the university's federal indirect cost rate.
- C. The tag is affixed to the equipment by Asset Management staff at Central Receiving or the Equipment Coordinator in the organization.
- D. If it is not possible to affix the tag to an item due to its size, number of components or delicate nature, then "untaggable" is noted in the comment field of the asset management system, and the assigned tag is kept with the item's invoice in the organization files for the life of the asset.

- E. The asset management system includes a “Date Tagged” field. This field is used to monitor tagging activity and help ensure that assets are tagged in timely manner.
 - 1. Assets received through Central Receiving are tagged by the Asset Management staff prior to delivery to the organization and the “Date Tagged” field is entered at that time.
 - 2. Assets in the exception categories that cannot be routed to Central Receiving must be tagged by the organization upon delivery. Equipment Coordinators who tag assets must complete the “Date Tagged” field.
 - 3. The tag is placed on a flat, visible surface unless it is attached to a removable component or it is “untaggable”.
- F. Non-capitalized equipment items (with a value of less than \$5,000) require tagging in certain cases, such as those tracked in the asset management system or those which are considered theft-prone, sensitive or which may be taken off campus. Refer to Procedures, Section VIII. Tracking Non-Capitalized Equipment.

V. Changes in Equipment Status

Reporting changes in equipment status is the responsibility of the organization Equipment Coordinator. This section outlines the various types of changes in equipment status that must be reported to Asset Management.

A. Equipment Trade-In

Organizations may trade in equipment that is outdated or surplus due to replacement purchases. On the Purchase Order for the new item the word “TRADE-IN” should be included in the comments field, along with the Asset ID. Form AM0001, “Application for Asset Retirement Form,” must be submitted to Asset Management for all items. After receipt of the Application for Asset Retirement Form, Asset Management will retire each item from the inventory records.

B. Assignment to Employee for Off-Campus Use

- 1. Assignment to an employee of any movable equipment that is to be used off-site or that could reasonably be used off-site must be documented on form AM0004, “Agreement for Assignment of University Equipment.”
- 2. Any equipment item taken away from university premises, or received away from university premises, or assigned to an employee for home use, must be documented using this form. In addition, any moveable item that could be used off-site, such as (but not limited to) cell phones, lap-top computers or PDAs, must

be documented using this form. All equipment including electronic, audio-visual, research or other equipment is covered by this policy. The policy pertains to all items, whether capital or non-capital, and irrespective of whether the organization has chosen to track non-capital items in the asset management system.

3. A copy of AM0004, "Agreement for Assignment of University Equipment" for each item must be kept in the organization's files. For further details refer to the instructions for form AM0004.

C. Relocation within the Organization

If equipment is moved to another room or building the asset location code must be changed in the asset management system. This can be accomplished by the Equipment Coordinator or, with proper communication, by Asset Management.

D. Transfer to another Ohio State Organization

If the ownership of equipment is transferred between Ohio State organizations, form AM0003, "Equipment Ownership Transfer Form" must be submitted to Asset Management and include asset ID and tag number as well as the new location code. The organization from which the item is being transferred is responsible for obtaining approval of the dean or vice president or their designee for both transferring and receiving organizations.

E. Permanent Transfer from Ohio State to another University

Equipment may be transferred to another institution at the discretion of the dean or vice president, provided all of the following has occurred:

1. Permission to transfer Office of Sponsored Programs (OSP) or sponsor owned equipment has been obtained from OSP prior to transfer to ensure that the transfer meets with government or sponsor regulations.
2. If the item was a gift through the Development Fund, the organization has communicated with the Trust and Estates office to ensure the item can be transferred (there may be tax implications for the donor).
3. The organization, in conjunction with the Office of Surplus Materials Disposal, has determined an appropriate cost and submitted a disposal request in the surplus property management system.
4. Form AM0005, "Permanent Transfer/Sale of Property" has been completed and submitted to Asset Management.

5. Any other records associated with the equipment have been made available to Asset Management, permitting Asset Management to communicate them to the new institution as necessary.

F. Permanent Transfer to Ohio State from Another University

Transfers of equipment from another university are usually the result of a faculty hire. The organization and college should negotiate which equipment is to be transferred when the new faculty member is hired. Form AM0002, "Additional Item Form" should be submitted to Asset Management.

G. Equipment Retirement

1. Certain categories of equipment should be removed permanently from the organization's inventory records. These are:

- Equipment that is destroyed by natural disaster
- Stolen equipment that also must be reported to University Police
- Equipment that is salvaged for parts ("cannibalized")
- Equipment that is transferred to a state agency
- Equipment that is traded in
- Equipment that is lost
- Equipment that is destroyed (other than by a natural disaster)
- Equipment that is returned to the research sponsor
- Equipment that should be reclassified as "fixed" equipment

2. When equipment is removed from the organizational records, form AM0001, "Application for Asset Retirement Form" must be submitted to Asset Management with all appropriate signatures and information.

VI. Stolen Equipment

- A. Stolen equipment must be reported immediately to University Police.

- B. The organization Equipment Coordinator is responsible for providing the asset ID and tag number to the police. Asset Management can be contacted if the organization does not have complete information about the asset.
- C. Form AM0001, "Application for Asset Retirement Form", must be submitted to Asset Management along with a copy of the police report. After receipt of those forms, Asset Management will then remove the asset from the asset management system.
- D. Questions regarding insurance provisions for stolen equipment should be directed to the Office of Financial Services at 292-6261.

VII. Surplus Property

- A. Policies and procedures concerning surplus property are the responsibility of the Office of Surplus Materials Disposal in the Office of the Controller.
- B. University property that is no longer in active use is considered surplus property.
- C. The Equipment Coordinator is responsible for identifying and disposing of items that are surplus to the organization's needs.
- D. Removing equipment to Surplus Materials Disposal must have the approval of the relevant, dean, vice president or senior fiscal officer before disposal.
- E. All surplus equipment must be disposed of through the Office of Surplus Materials Disposal using the surplus property management system.
- F. [Transportation and Parking Services](#) should be contacted when trading in or disposing of vehicles.
- G. Only the Office of Surplus Material Disposal is authorized to sell, auction or scrap equipment.
- H. The tag number of the surplus equipment must be indicated on the disposal request in the surplus property management system.

VIII. Tracking Non-Capitalized Equipment

- A. University organizations are responsible for maintaining effective physical custody over all movable equipment assets, irrespective of whether they are capital (cost of \$5,000 or more) or non-capital (costing less than \$5,000).

- B. Capital assets, those costing \$5,000 or more, must be tracked through the Asset Management system within the PeopleSoft Financials system.
- C. Deans, vice presidents and their senior fiscal officers should evaluate all non-capitalized equipment in their areas and identify those items that are theft-prone (such as computers, laptops, iPads, computing equipment, digital cameras, etc.), sensitive (such as firearms) or may be taken off-campus (such as laptops, cell phones and PDAs). Items meeting these criteria should be inventoried and tracked at least annually.
- D. Colleges and vice presidential units have the option of tracking non-capitalized assets in the PeopleSoft Asset Management system or through an alternative process, such as a spreadsheet.
- E. If your organization tracks non-capitalized items in the PeopleSoft Asset Management system, you are required to use tags provided by Asset Management. This is necessary to prevent the duplication of tag numbers in the system. Asset Management has non-capitalized asset tags with unique numbers available at no cost to your organization.
- F. Each organization is responsible for the physical tagging of all non-capitalized items that are theft-prone, sensitive or may be taken off campus. Tags are provided by Asset Management for this purpose. No other tags may be used.
- G. Non-capitalized equipment which is used off-site must bear a non-capitalized equipment tag in order to identify it as university property.
- H. Asset Management does not perform physical audits on non-capitalized items.
- I. Each organization tracking non-capitalized items through the PeopleSoft Asset Management system is responsible for retiring those items when they have been disposed. All non-capitalized assets must be disposed in accordance with the policies and procedures for surplus property.

IX. Physical Audits

A. Physical Audits

1. Physical audits occur over a two-year cycle. Every organization must have 100% of its assets audited by Asset Management once every two years.
2. Asset Management schedules audits with Equipment Coordinators, who are responsible for allowing the Auditor access to all assets.

3. In order to complete the audit, Asset Management sends the Equipment Coordinator a report of its findings along with any necessary instructions on how to improve the tracking of equipment.
4. Once the audit is complete, a final report is sent to the organization dean or vice president.
5. Physical Audits of items in research space are given special emphasis, as optimization of the university's federal indirect cost rate is dependent upon the accuracy of inventories.

B. Space Audits

1. Physical audits of movable capital equipment should not be confused with space audits. Space audits determine the amount of university space that is designated as research space. Space audits are performed by Facilities Planning and typically take place every three years.

X. Standard Header Comments on Requisitions and Purchase Orders

- A. In order to improve the completeness and accuracy of the information needed to create an asset in the asset management system; requisitions and buyers are required to include a Capitalized Asset Standard Comment for each ordered asset. The capitalized asset standard comment includes information such as final location of the asset, a detailed description, the asset make and model and other information used in creating the asset. All available information should be included in the comment when the order is initiated. This information will then be used by the Asset Management staff when creating the asset in the system. Information not completed at the time of the order and/or not available upon receipt will need to be provided by the area Equipment Coordinator after the equipment is delivered to the organization.
- B. The POA standard header comment must be used for all new campus requisitions and purchase orders that include capitalized equipment. When creating a requisition or purchase order that includes capitalized assets, users are required to:
 1. Insert a standard comment for every asset included in the order,
 2. Specify the order line number(s) for each standard comment,
 3. Complete all of the information requested in the standard comment,
 4. Mark asset comments "Shown at Receipt".



- C. Use the following steps to add capitalized asset standard comments to campus requisitions and purchase orders after accessing the Header Comments page.
1. Click [Standard Comments].
 2. “Cut and Paste” will default as the **Action**.
 3. Select the **Std Type** (Standard Type) of “POA” (PO Comments – UNIV Cap Assets), for university orders or XXX for Office of Sponsored Programs orders.
 4. Select a **Comment ID** and click OK.
 - a. “240” for Bundled Equipment (Multiple lines of a purchase order will be "bundled" to create a single asset).
 - b. “241” for Non-Bundled Equipment (A single line of a purchase order represents a single asset).
 5. Fill in **Comments**. The language appearing in the initial comment should not be changed. Instead add the requested information in the spaces provided.
 6. Check on **Shown at Receipt**.
 7. Click OK.

RESOURCES

Ohio State, [Office of Asset Management](#), 614-292-6048
Ohio State, [Department of Purchasing](#), 688-8200
Ohio State, [Receiving](#), 292-6035

Related Policies: [Accounts Payable, Policy #4.41](#)
[Purchasing, Policy #2.21](#)
[Surplus Materials Disposal, Policy #4.51](#)

Forms: <http://controller.osu.edu/forms/forms.shtm>