Arkansas State University System

Capital Asset Guidelines

Introduction

As an element of internal control, all Arkansas State University (ASU) campuses must have processes in place to safeguard assets that have been purchased, constructed, or donated to the university. These guidelines specifically address capital assets, and are intended to be used by the System. Individual campus sites may choose to utilize more restrictive procedures as resources and tracking systems allow.

General

Capital assets, as defined by state policy, are items such as equipment with an acquisition cost of $5,000 or more. Land, easements, livestock held for educational purposes, and library holdings should be capitalized regardless of value. Improvements to buildings, infrastructure, and land that significantly increase the value or extend the useful life of the asset are also capitalized.

Assets should be recorded at historical cost; this includes sales tax, initial installation (excluding in-house labor), and any modifications or additions to make the asset usable. The cost should not be adjusted for appraised value or replacement value. Capital assets must be tagged and tracked through a centralized inventory system.

Assets that are easily susceptible to theft or loss shall be considered as Low Value High Risk ($500-$4,999.99) and tracked for inventory purposes. Low Value High Risk assets include laptop computers, guns, camera equipment, video equipment, printers, tools, iPads, cell phones, handheld radios, binoculars, and any other items that the individual campus determines will be easily susceptible to theft or loss.

Responsibility for Assets

Responsibility for proper maintenance and tracking of assets rests with each department's designated administrator. The administrator is responsible for assisting inventory control personnel with locating assets during physical inventory checks, as well as retrieving property from employees who leave the university. In some situations, the administrator may also be responsible for restitution if assets have not been accounted for appropriately. Each campus should have at least one inventory manager responsible for overall coordination of inventory control, and department personnel should report any change in an asset's status or location to this individual.

Acquisition of Assets

Assets may be acquired through purchase, construction, or donation from an outside entity. Purchased items should be tracked through the procurement process, and should be tagged as soon as possible after the asset is placed in service. Constructed assets, such as buildings and improvements, should be added to the inventory when the asset is occupied or otherwise in use and construction is substantially complete.

Donated items should be recognized at the time the asset is received and all eligibility requirements for the donation have been met. The inventory manager should be notified when donated assets are received so they may be properly added to the university's inventory records.

Transfer of Assets and Surplus Property

Assets may be transferred to another campus department unless prohibited by donor requirements or other restrictions. The inventory manager must be notified immediately of the asset's new location and responsible department so that the records may be properly adjusted.

An asset is considered surplus property if the item is no longer needed, obsolete, or damaged. Surplus property may be offered to other campus departments, sold through the State of Arkansas Marketing and Redistribution (M&R) program, or disposed if the condition of the asset does not allow for transfer or sale. The inventory manager should be informed of any decision regarding surplus property disposition. Donations may be made to other educational institutions in some circumstances; however, prior approval must be obtained from M&R.

Employees should never remove an asset from the University for personal or non-university business use, even if the item has been designated for disposal, as this is considered theft of state property.

Off-Campus Property

In some cases, it may be appropriate for certain items of equipment to be used off-campus. This may be necessary due to off-campus tasks, research project fieldwork, or other approved university business. Departments should keep records of any item that is used outside its assigned location, including the approved location(s) for use and the person who is using the equipment. These items must be produced within a reasonable timeframe for physical inventory verification if requested.

Missing Property

Inventory that is discovered to be missing, either during inventory verification or during normal operations, should be reported immediately to the inventory manager. Efforts should be undertaken to locate the missing item as quickly as possible. If the asset cannot be located, the inventory records should be adjusted to remove the missing item and a report should be filed with the police.

Annual Inventory Confirmation

Each campus must complete an inventory review on an annual basis. Responsible department personnel should verify the location and condition of each tracked item of inventory, with any differences noted and reported to the inventory manager. Physical inventory checks should also be completed by the inventory manager on a periodic basis. While it may not be possible for the entire inventory to be physically checked by the inventory manager every year, a rotating system of verification should be developed to ensure all assets are properly verified no less than every three years.

Assets Purchased with Outside Funding

Assets purchased with outside funding, such as a grant, donation, or other source, require special consideration. These assets may not be eligible for transfer to other departments or disposal without approval from the agency or individual that provided the funding. The responsible department's administrator should keep records regarding any special provisions or requirements and should be consulted before property is transferred or discarded.

Depreciation of Capital Assets

Depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 3 to 20 years for equipment. Easements are considered intangible assets and are capitalized at either the cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Software costing $1,000,000 or more is capitalized as an intangible asset and is amortized over the life of the software.

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