

ELIZABETH CITY STATE UNIVERSITY
Fixed Assets (FA)

Preamble

Elizabeth City State University (ECSU) will adhere to the general policies regarding acquisition, recording, maintenance and disposition of fixed assets in accordance with the North Carolina Office of the State Controller, federal regulations, audit requirements and governmental accounting standards. The Division of Business and Finance is responsible for ensuring that all divisions, facilities, and departments adhere to these policies.

1. Types of Fixed Assets

- A. “**Capitalized Fixed Assets**” means property, items such as land, buildings, and equipment that are tangible in nature with a useful life of greater than one (1) year and an acquisition value equal or greater than \$5,000.
- i. For donated equipment, the fair market value at the time of donation determines whether the item meets this definition.
 - ii. For other equipment, the initial acquisition cost determines whether the item meets this definition. The initial acquisition cost includes the total of the following, if all these costs are on the same initial order:
 - a. Purchase price of the equipment, and
 - b. Reasonable and necessary expenses (such as shipping charges, tax, start-up, or installation if applicable) to prepare the equipment for its intended use.
 - iii. Items with an initial acquisition cost of less than \$5,000 are not defined as capitalized fixed assets, even when a subsequent addition or improvement to the equipment causes the cost to exceed \$5,000.
- B. Consistent with the [State Controller's Fixed Assets Capitalization/Classification Policy](#), “**Non-capitalized Inventorial Fixed Assets**” refers to equipment and/or mobile devices whose acquisition value is less than the capitalized threshold of \$5,000. For the purposes of this policy, non-capitalized inventorial fixed assets (e.g., printers, wireless routers, etc.) or mobile devices such as laptops, cell phones, iPads, tablets, and mobile hot spots. Only capitalized fixed assets are recorded in the university’s fixed asset system. The university financial statements will only reflect the value of capitalized fixed assets.

2. Policy

- A. **Personal Use.** Items purchased with any university funds are the property of the State and are not intended for personal use.
- B. **Departmental Accountability**
- i. Department employees are responsible for all state-owned property assigned to them. These responsibilities include safeguarding equipment from loss, damage, theft, or misuse; and arranging for maintenance as needed to keep equipment in

good condition. Department heads are responsible for tracking non-capitalized inventorial fixed assets.

- ii. Each department is also subject to internal and external audit verifications of its fixed assets.

C. Fixed Asset Officer's Responsibilities. The Fixed Asset Officer enters capitalized fixed assets in the fixed asset system, assigns each fixed asset a unique number, attaches a fixed asset tracking tag to each recorded fixed asset, and oversees the annual physical inventory of the fixed assets.

D. Equipment Monitoring

- i. **Fixed Asset Tags.** All capitalized fixed assets should be tagged with a fixed asset tag. Tags should not be removed, relocated, or damaged. The owning department is responsible for notifying the Fixed Asset Officer if a fixed asset needs a new tag or any problems with a tag.
- ii. **Equipment not qualifying as a Capitalized Fixed Asset.** Equipment not meeting the definition of a capitalized fixed asset is not tracked in the computerized fixed asset system and a fixed asset tag number is not attached or assigned to the equipment, even when a subsequent addition or improvement to the item causes the cost to exceed \$5,000.

E. Record Keeping

- i. All purchases of university equipment require the use of the appropriate account code.
- ii. The listing provided by the Fixed Asset Office is the official record of capitalized fixed assets for which each dean or department head is responsible.
- iii. When any fixed assets is permanently transferred to another department or relocated, or when any equipment items are lost, stolen, traded in, or sent to Surplus Property, the dean or department head must prepare an Inventory Action Form and notify the Fixed Asset Officer so that the appropriate records may be adjusted.
- iv. Departments are required to maintain an equipment checkout list whenever equipment items are temporarily removed from the custody of the campus department or employee(s) normally assigned the equipment. This record may be reviewed during an audit.

F. Receipt of Equipment as a Gift. All non-cash gifts to the university should be coordinated with the Chief Advancement Officer and the Controller, in cooperation with the department receiving the gift, in order to establish the fair market value of the gift.

G. Annual Physical Inventory of Capitalized Fixed Assets

- i. A physical inventory requires a hands-on inspection of each fixed asset, verifying tag, location and if applicable the serial number. Annual physical inventories shall be completed prior to the financial reporting due date.

- ii. The Fixed Asset Officer is responsible for overseeing the annual fixed asset physical inventory process.
- iii. Equipment Missing During Physical Inventory
 - a. Fixed assets are considered missing when an inventory is taken and assets on the physical inventory worksheet are not found. This can occur because an asset is moved to another location, but the new location is not recorded in the system before the Physical Inventory Worksheets are printed, or the asset could be lost or stolen.
 - b. In the event of equipment missing during a physical inventory, the Fixed Asset Officer and the department representative have various responsibilities in the attempt to locate the missing property pursuant to this policy's procedures.
 - c. Equipment that is not located at the end of one year and is still on the missing status report will be removed from the Fixed Asset System at the end of the next fiscal year.

H. Lost or Stolen Equipment

- i. Pursuant to N.C.G.S. § 114-15.1, if any state property has been stolen, the employee discovering the theft must report it to his/her supervisor no later than three days from the date of discovery.
- ii. The supervisor is to notify University Police.
- iii. In addition, an Inventory Action Form must be prepared and forwarded to the Fixed Asset Officer with a copy of the police report attached.

I. Disposal of University Equipment

- i. All State-owned property must either be transferred directly to another department or disposed of pursuant to the Surplus Property Policy, regardless of price.
- ii. State-owned property cannot be donated, traded in, or given to another entity without approval of the State Surplus Property Office.

J. Misuse of University Equipment. Misuse or abuse of university property could result in disciplinary action leading up to and including termination. Depending upon the nature and severity of the violation, criminal penalties could apply, as well.

3. Fixed Asset Procedures

The Controller's Office will establish and maintain a Fixed Assets Manual which will contain more information and procedures. The Fixed Assets Manual is available on the Controller's webpage.