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POLICY AND ADMINISTRATIVE PROCEDURES
Manual of Policies and Procedures

Title FIXED ASSET MANAGEMENT
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Legal References (includes but is not limited to)	Related Policies/Procedures (includes but is not limited to)	Other References (includes but is not limited to)
IC 4-7-1-2 IC 4-13-1-13 IC 4-13-2-12.5 IC 11-8-2-5(a)(8) IC 11-8-2-5(a)(9)	00-02-101 00-04-102 04-01-301	ACA: ACI: 4-4037 JTS: 1B-01, 1B-07 CO-1B-05, 1B-08

I. PURPOSE:

This policy establishes guidelines for the management of the Department’s fixed assets.

II. POLICY STATEMENT:

The Department of Correction shall establish and maintain a perpetual inventory system for:

- A. Land;
- B. Buildings;
- C. Improvements Other than Buildings; and,
- D. Equipment, with an original cost of \$500.00 or more, purchased, transferred from another agency, donated, etc. for the state’s use.

The Department shall establish, maintain and review periodically accurate records to ensure the proper accounting of all assets. A physical count of all fixed and consumable assets shall be completed annually by means of cycle counting.

The Department shall work cooperatively with all other state agencies that have regulatory duties concerning the management of state assets and inventories.

III. DEFINITIONS:

For the purpose of this policy and administrative procedure, the following definitions are presented:

- A. **FIXED ASSET MANAGEMENT POLICY:** Procedures approved by the Chief Financial Officer to track the receiving, storage, movement and use of the assets of the Department and shall be in compliance with the State Board of Accounts policy and procedures.

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- B. **EQUIPMENT:** Any item that was purchased by any method, transferred from an agency, or donated from the public for the State's use.
- C. **FIXED ASSET:** Any equipment, land, building, or land and building improvements purchased or obtained in any manner for State use that has an original cost of Five Hundred Dollars (\$500.00) or more (excluding building construction that is in progress) and has an estimated life of more than one (1) year. Firearms shall be tracked regardless of cost.
- D. **AUDIT:** A physical count of assets to verify the accuracy of the perpetual count, the accuracy of the facility's Asset Management documents and consistency of the procedures.
- E. **ACCOUNTANT 1:** The individual responsible for the overall financial operations of a specific facility. If the facility does not have an Accountant 1, the Regional Finance Director shall take on Accountant 1's responsibilities for the facility.
- F. **CHIEF FINANCIAL OFFICER:** The Executive Director of the Finance and Performance Division responsible for oversight of Agency assets.
- G. **CYCLE COUNTING:** The practice of counting one-sixth (1/6) of the fixed assets on a monthly basis performed by the department head or designee.
- H. **PEOPLESOFT ASSET MANAGEMENT:** A computerized database program, designated by Indiana Auditor of State, as the official fixed asset listing for the State of Indiana.
- I. **FIXED ASSET MANAGER:** The Finance Division position designated by the Chief Financial Officer to manage the Fixed Asset Management Program.
- J. **PERPETUAL COUNT:** The tracking of additions to and the removal of assets from an assigned location to maintain a current balance on hand and keep PeopleSoft updated.
- K. **PHYSICAL COUNT:** The process of counting the actual amount of assets on hand.
- L. **VERIFY COUNT:** The process of comparing a physical count to the perpetual count in order to track and justify any discrepancies.
- M. **FIXED ASSET SUPER USER:** The primary individual with the ability to make changes and corrections to data for all facilities within PeopleSoft Asset Management.

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IV. FIXED ASSET MANAGEMENT PROGRAM:

The Chief Financial Officer shall be responsible for creating and maintaining asset records for the Department consistent with the guidelines established by the Auditor of State, State Board of Accounts and this policy and administrative procedure. The authority to manage this program is delegated to the Fixed Asset Manager.

V. UNDERLYING PRINCIPLES:

The Department's philosophy on fixed asset management shall be guided by the following three (3) principles:

A. CONTROL:

Good asset management is based on a system of checks and balances that maintains internal control. This system is best served using the following principles:

1. Segregation of Duties
 - A. No one individual shall have absolute authority or control over these processes.
 - B. The Fixed Asset Super User can physically correct problems and make changes within PeopleSoft Asset Management for all facilities.
2. Fiscal Audit - Internal control procedures are verified and checked by the fiscal auditors to ensure that the principles and requirements of the Fixed Asset Management policy are achieved.

B. ACCOUNTABILITY

The responsibilities of each individual from the facility and the central office involved in the fixed asset management process shall be defined and shall incorporate the principles below.

1. Uniformed Numbering System - Each facility shall identify fixed assets with a permanent tag number.
2. Single Point of Receiving - Each facility shall identify a place where all fixed assets are accounted for before distribution.
3. Limited Access to Assets - Each facility shall identify staff responsible for ensuring that the integrity of the fixed asset count is maintained.

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C. REPORTING AND EVALUATION

Results from physical counts shall be documented and statewide agency standards, as established in this policy and administrative procedure, shall be followed in order for progress to be measured. Perpetual count records shall be maintained at the facility. These count records and validations shall be maintained and updated in PeopleSoft Asset Management. Results from the reporting system shall be reviewed with facility personnel and any deviation from established objectives shall be corrected.

All discrepancies shall be reported to the Regional Finance Director and shall be addressed appropriately. Any major discrepancies reported or findings by the fiscal auditors during their fiscal audit shall be reported to the Chief Financial Officer for review.

All facilities shall use the STANDARD FIXED ASSET REPORT, as the template for the reports that are submitted to the Director of Contract Compliance, Contract Monitors and the Regional Finance Directors.

VI. FIXED ASSETS:

Each facility shall maintain a perpetual count, implement this policy's administrative procedures and abide by the guidelines established by the [State Board of Accounts](#). The perpetual count shall be maintained in PeopleSoft Asset Management for all assigned assets. The fixed asset monitoring allows the State to maintain an accurate record of its assets and their location as well as allow the State Board of Accounts and the Department's fiscal auditors to accurately audit each facility.

A. RECEIVING, NUMBERING AND TAGGING ASSETS

All fixed assets shall be received at a centralized location at each facility and verified against an authorized purchase order. The Accountant 1 or other assigned staff shall assign each fixed asset a permanent tag number.

Each tag number shall consist of nine (9) digits. The first three (3) digits consist of IDOC facility's agency number. The remaining six (6) digits shall be assigned sequentially starting with 000001 and ending with 999999. No spaces or characters other than numbers are included when entering these numbers into PeopleSoft Asset Management. This method allows the item to retain the original assigned fixed asset tag when it is transferred from one business unit to another without being reassigned a new number within PeopleSoft Asset Management. All new assets being entered into PeopleSoft shall be described using the description from the purchase order invoice upon receipt. These asset tags are not to be removed. If an asset tag becomes detached or falls off the asset, a new tag shall not be assigned to the asset. The asset tag number can be identified on the asset using permanent marker or etching.

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Depending on the asset, asset tags, etchings, and tag numbers in permanent marker shall be placed on the top, right hand side of the asset only if this is an acceptable and easily visible spot. If this is not possible, place the tag on an easily visible surface once installed.

All fixed assets shall be tagged in accordance with [State Board of Accounts policy](#).

B. PHYSICAL COUNTS AND RECORDS

At a minimum, each facility shall complete a physical count on a semi-annual basis accounting for all the facility's fixed assets by means of cycle counting. Additional counts shall be taken, as necessary, to facilitate accounting for the management and control of such assets. All asset count records shall be maintained as long as the asset is in use and for two (2) years following a State Board of Accounts audit. The results of such counts shall be:

1. Kept on hand and used to reconcile, adjust and update the records of assets as prepared by the Auditor of State;
2. Entered into PeopleSoft Asset Management.
3. The minimum 1/6 physical asset count on a monthly basis for each area completed by the department head or designee. Each monthly count shall evaluate different assets to ensure that all assets assigned to the Department have been verified twice annually.
4. The facility business office shall complete a monthly count of 5% of each assigned location for fixed assets. The monthly 5% count is in place to intentionally verify that the 1/6 count by the department head is being done correctly. Each monthly count shall evaluate different assets to avoid counting the same assets every month.
5. The fiscal audit consists of doing a random, 10% minimum count of each assigned location and area for fixed assets by the fiscal auditors.

C. PROCEDURE FOR TAKING PHYSICAL COUNT

A properly performed physical count shall include the following:

1. A review of the procedures and forms involved in fixed asset accounting.
2. Obsolete, discontinued and damaged equipment shall be segregated from the count and listed on State Form 13812, NOTIFICATION OF SURPLUS STATE-

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OWNED PROPERTY (attached). State Form 13812 shall be submitted to the Facility Head or designee for disposition and approved by State Surplus authority. After State Form 13812 has been approved and returned, the equipment may be disposed of in accordance with the instructions on the form. (NOTE: Equipment shall not to be stripped for parts (cannibalized) until an approved State Form 13812 has been received authorizing to scrap (or junk) the equipment and stating, "Dispose of in accordance with IC 4-13-1-13 (b) (4) (B)").

3. After receipt of an approved State Form 13812 indicating the appropriate disposition and the obsolete, discontinued and damaged equipment has been segregated from the count, these items shall be listed as "RETIREMENTS" (Retired from PeopleSoft Asset Management).
4. The Accountant 1 or designee shall be responsible for the supervision of the physical count of all fixed assets at the facility by means of cycle counting.
5. The Accountant 1 or designee shall be responsible for the facility audit of the perpetual count. The facility audits are to be conducted monthly by staff other than those staff regularly charged with the responsibility for the perpetual count being reviewed (E.g. Custody Department staff shall not audit the Custody Department equipment.).

D. DONATIONS

The Department may obtain fixed assets by donation. When a facility is contacted regarding a donation, State Form 43280, REQUEST FOR DONATION, shall be completed (attached). This form may be completed by the individual making the donation or by the facility; however, it shall be signed by the donor.

Items that are donated and have a value of Five Hundred Dollars (\$500.00) or more, or donations involving real estate must have form 43280, REQUEST FOR DONATION, submitted to the Chief Financial Officer, accepted by the Commissioner and approved by the Governor. For the purpose of these procedures, the Commissioner has authorized the Facility Head to receive donations of less than Five Hundred Dollars (\$500.00).

State Form 43280 also provides for a continuing authorization to obtain goods. This authorization is approved for up to one (1) year from the date of the original authorization. The facility shall indicate on the form whether the donation is continuing. The Facility Head or designee shall ensure that if equipment is donated, the donated item(s) is added to PeopleSoft Asset Management. All donated equipment shall be tagged, as indicated in procedure VI. A., and added to PeopleSoft Asset Management, as indicated in procedure VI. A., at fair market value or estimated value.

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E. INTER-UNIT TRANSFER OF FIXED ASSETS

Any inter-unit transfer of a fixed asset between funds within the Department shall be accomplished by completing State Form 44827, RECORD OF TRANSFER OF FIXED ASSETS. This form shall be used when a fixed asset is transferred between facilities. Both the sending and receiving facilities shall retain a copy of this form. An “Inter-Unit Transfer” within PeopleSoft Asset Management shall be completed by the sending agency the receiving agency shall receive an asset by using State Form 39598, FIXED ASSET INVENTORY (attached) as documentation of receipt of asset in addition to receiving the transferred asset within PeopleSoft Asset Management.

A fixed asset may be transferred to a fund not under the management of the Department (i.e. another State agency). This type of inter-unit transfer shall be completed by using State Form 13812, NOTIFICATION OF SURPLUS STATE-OWNED PROPERTY (attached). The receiving agency must submit a memorandum on letterhead stationery requesting the fixed asset(s) and the sending facility must prepare a memorandum agreeing to the transfer. Both memorandums and State Form 13812 are to be submitted to the Chief Financial Officer. The inter-unit transfer shall not be made until approval is received from the State Surplus Division. When the inter-unit transfer has been made, the sending agency shall complete “Inter-Unit Transfer” within PeopleSoft Asset Management and the receiving agency shall receive the asset within PeopleSoft Asset Management and complete an "Addition" using the State Form 39598, FIXED ASSET INVENTORY as documentation of receipt of asset. A fixed asset shall not be purchased from a specific fund with the intent to utilize it in any manner other than for the authorized spending purposes of the fund. Fixed assets shall not be purchased for immediate transfer or exchange for a fixed asset in other funds.

Property transfers may include transfers to other State agencies, Department Surplus Property Warehouse or to the State Surplus Property Warehouse. If the inter-unit transfer involves another State agency, Procedure VI, E. shall be followed. If the assets are transferred to the State Surplus Property Warehouse or, Department Surplus Property Warehouse, the item shall be marked as usable and the transfer box checked. Next to the transfer box, the facility shall mark "to Warehouse" or "to Surplus." Once the asset is approved and delivered to Surplus, the asset is to be “retired” from PeopleSoft Asset Management if the asset is delivered to State Surplus Property Warehouse. An “inter-unit transfer” of the asset is to be completed if the asset is transferred to IDOC Surplus Property Warehouse.

F. OBSOLETE, DISCONTINUED OR DAMAGED ASSETS

All obsolete, discontinued or damaged assets shall be placed in surplus prior to removing them from PeopleSoft Asset Management. All State-owned assets, other

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than disposable assets (items that did not cost \$500.00 or were not assigned a fixed asset tag), shall be placed in surplus. In order to surplus any such item; State Form 13812, NOTIFICATION OF SURPLUS STATE-OWNED PROPERTY, shall be completed. Obsolete, discontinued or damaged assets may be disposed of by selling, trading-in on new equipment, transferring or other action, including destroying. Each of these methods of disposition may be accomplished by checking the appropriate box under the heading "Disposition Requested" on State Form 13812.

Certain assets which are obsolete or discontinued may retain a value. These items may be sold. In such cases, the estimated value of all items to be included in the sale must be in excess of One Hundred Dollars (\$100.00). This amount shall offset the cost to advertise for bids on the item. The facility selling the asset shall not include the sale value or trade in value on PeopleSoft Asset Management. The facility shall designate a contact person on State Form 13812 for prospective bidders to ask questions of or inspect the assets. The asset shall be marked "sell" on State Form 13812 and put into PeopleSoft Asset Management using "Retire As" code of "Retirement by Sale."

Some assets may be traded-in on the purchase of new assets. In such cases, the facility shall determine whether trading the asset is in the best interests of the facility and the Department. In these cases, State Form 13812 shall be completed and submitted with the requisition for the new asset. The asset shall be put into PeopleSoft Asset Management using the "Retire As" code of "Traded in for Another Asset." The administrative procedures for IDOA Procurement Manual (http://www.in.gov/idoa/files/Procurement_Contracts07122013.doc) shall be followed in these situations.

Facilities may have items that are damaged beyond where it is economically practical to repair. In these cases, the facility may want to scrap (or junk) these items. When appropriate, the box under "Disposition Requested" on the State Form 13812 shall be marked and "junk" or "scrap" shall be typed in next to the box. The facility shall submit a letter of justification explaining why the item(s) is to be destroyed along with a picture of the item(s) attached to State Form 13812. When approved, copies of State Form 13812 shall be returned marked "Dispose of in accordance with IC 4-13-1-13 (b) (4) (B)." The item(s) may then be destroyed or disposed of in the most practical and economical manner. Until the facility receives the approved State Form 13812, the item(s) shall not to be stripped for parts. Once the asset is approved to "Dispose", the asset State ID tag shall be removed and entry made in PeopleSoft Asset Management reflecting the change and use "Retire As" code of "Scrapped Assets."

When State-owned vehicles are placed in surplus, additional requirements must be met. State Form 13812 (one form can be completed with an attachment of all units (Excel format preferred)), with 6 photos picturing the front and back, both sides,

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odometer and interior, description of all mechanical problems, condition of interior and exterior. Indicate if the unit is drivable or non-drivable at time of sale and if the unit can start, current mileage, unit parking location and contact information. Unit is not to be removed from parking location once surplus form is submitted. In these cases, the facility shall be notified after State Form 13812 has been submitted. Once vehicle(s) are sold or permission to dispose is approved by State Surplus and notification is made to the facility and the Facility Disposition Agent, an entry shall be made in PeopleSoft Asset Management reflecting the change.

Fixed assets shall not be removed or disposed of without authorization of an Accountant I and shall have State Form 13812, NOTIFICATION OF SURPLUS STATE-OWNED PROPERTY, completed. Any asset assigned to a contract vendor may not be disposed or transferred without authorization from the Director of Contract Compliance or designee.

VII. FIXED ASSET EVALUATION:

A. ACCOUNTANT 1 REVIEW

The Accountant 1 shall review, on a monthly basis, the analysis of the fixed asset count to determine compliance with the standards outlined in this policy and administrative procedure. If a non-compliance issue arises, then the degree or extent of internal controls and the record system and related procedures shall be reviewed to determine the cause for the non-compliance. Corrective action shall be taken to bring the system into compliance. The Accountant 1 shall advise the Facility Head and the Fixed Asset Manager of the status of the compliance action.

B. CENTRAL OFFICE AUDIT

The Fiscal Auditor shall review the facility analysis of the fixed asset count to determine compliance with the standards set by the Chief Financial Officer. If a non-compliance issue arises, the Fixed Asset Manager shall assist the facility to address the non-compliance issue.

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VIII. APPLICABILITY:

This policy and administrative procedure are applicable to any fixed asset purchased with public funds, including the Inmate Recreation Fund, or donated to a State agency. This policy and administrative procedure applies to all staff members, divisions and facilities within the Department.

 Bruce Lemmon,
 Commissioner

 Date