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Title <b>FIXED ASSET MANAGEMENT</b>
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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 and administrative procedure establishes guidelines for the management of fixed assets for the Department.

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, records to ensure the proper accounting of all assets. A physical count of all fixed assets shall be completed annually, and as often as needed to maintain fixed asset integrity. A small facility (less than 750 fixed assets) shall complete its physical count once per year by fiscal asset staff. The large facilities (greater than 750 fixed assets) shall complete the monthly cycle counts to ensure that all the fixed assets are physically touched and verified each year. This task shall be completed by the fiscal asset staff. A new layer of accountability is being added to the process. The Deputy Warden, and each Department head shall sign off on the Asset Accountability form. The form is to be done beginning

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at the implementation of this policy, at the start of every fiscal year, when a new Deputy Warden or department head is assigned, and when any changes in the assets are made.

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. 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.
- B. ASSET ACCOUNTABILITY FORM: Form that will be signed by the Deputy Warden, Department head, and a Fiscal Representative at the beginning of each fiscal year to acknowledge the assets that are listed in each location of the facility. A new form will be signed when any asset changes are made, or a new Deputy Warden or Department head is assigned.
- C. CHIEF FINANCIAL OFFICER (CFO): The Executive Director of the Finance and Performance Division responsible for oversight of Agency assets.
- D. CYCLE COUNTING: The practice of counting one-twelfth (1/12) of the fixed assets on a monthly basis. This is performed by the department head or fiscal designee.
- E. EQUIPMENT: Any item that was purchased by any method, transferred from an agency, or donated from the public for the State’s use.
- F. 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, and ballistic vests shall be tracked regardless of cost.
- G. FIXED ASSET MANAGER: The Finance and Performance Division position designated by the Chief Financial Officer to manage the Fixed Asset Management Program.

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- H. **FIXED ASSET MANAGEMENT POLICY:** Procedures approved by the Chief Financial Officer to track the receiving, storage, movement, and use of the assets by the Department, and shall be in compliance with the State Board of Accounts policy and procedures.
- I. **FIXED ASSET SUPER USER:** The primary individual with the ability to make changes and corrections to data for all facilities within PeopleSoft Asset Management.
- J. **LARGE FACILITY:** The facility with a number of fixed assets totaling greater than seven hundred fifty (750).
- K. **PEOPLESOFT ASSET MANAGEMENT:** A computerized database program, designated by Indiana Auditor of State, as the official fixed asset listing for the State of Indiana.
- L. **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 Asset Management updated.
- M. **PHYSICAL COUNT:** The process of counting the actual amount of assets on hand.
- N. **SMALL FACILITY:** The facility with a number of fixed assets totaling less than seven hundred fifty (750).
- O. **VERIFY COUNT:** The process of reconciling a physical count to the perpetual count in order to track and justify any discrepancies.

IV. **FIXED ASSET MANAGEMENT PROGRAM:**

The Chief Financial Officer (CFO) 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 or other employee as designated by the CFO.

V. **UNDERLYING PRINCIPLES:**

The Department 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:

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Segregation of Duties

1. No one individual shall have absolute authority or control over these processes.
2. The Fixed Asset Super User can physically correct problems and make changes within PeopleSoft Asset Management for all facilities.

Fiscal Peer Review requires that internal control procedures are verified and checked by the fiscal peer review teams to ensure that the principles and requirements of this policy and administrative procedure are achieved.

B. Accountability

The responsibilities of each individual from the facilities and 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 tag number. The tag numbering system shall be consistent throughout the Department and shall adhere to the policies of the Auditor of State and the State Board of Accounts.
2. Single Point of Receiving - Each facility shall identify a location where all fixed assets are received into the PeopleSoft system, and appropriately tagged before distribution.
3. Limited Access to Assets - Each facility shall identify staff responsible for maintaining the integrity of the fixed asset counts being taken.

C. Reporting and Evaluation

Results from all physical counts shall be documented and retained. The statewide agency standards, as established in this policy and administrative procedure, shall be met in order for progress to be measured. Perpetual count records shall be maintained at the facility. These count records and validations shall be maintained by fixed asset staff, and the PeopleSoft Asset Management module is to be updated monthly, if possible, no later than the end of the quarter in which the count was taken. This allows for a timely and accurate system update and allows for asset decisions to be made quickly. Results from the reporting system shall be reviewed with facility personnel, and any deviation from established objectives shall be corrected.

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All discrepancies in physical counts reconciled to the perpetual count shall be reported to the Regional Finance Director, and shall be addressed appropriately. Any major discrepancies reported, or findings by the fiscal peer review teams during the review shall be reported to the CFO for review.

VI. FIXED ASSETS:

Each facility shall maintain a perpetual count, implement this policy and administrative procedure, 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 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 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. 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.

B. Physical Counts and Records

At a minimum, each facility shall complete a physical count on an annual basis, accounting for all the facility's fixed assets. Additional counts shall be taken, as needed, to facilitate accounting for the management and control of such fixed assets. All asset count records shall be maintained as long as the asset is in use, and according to the retention schedule assigned. The results of such counts shall be:

1. Maintained on-site and used to reconcile, adjust, and update the records of assets as prepared by the Auditor of State;
2. Entered into PeopleSoft Asset Management. The custodian, and location effective dates are to be updated, as well as, the custodian and location authorization boxes

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that are discussed in Chapter 8 of the *State of Indiana Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies*.

3. The physical asset count shall be performed on an annual basis for each facility. If the facility has a list with the number of assets greater than seven hundred fifty (750), fiscal asset staff shall perform the monthly cycle counts. Each monthly count shall evaluate different locations of the facility to ensure that all the assets assigned to the Department have been verified the required minimum annually.
4. If the facility has a list with the number of assets less than seven hundred fifty (750) the count shall be performed by fiscal asset staff once per year. This review is to ensure a complete, and thorough count has been done on the required annual basis.
5. Radios and radio equipment shall have a complete audit count twice a year with the radio managers participating. The first count shall take place in February, and the second shall be completed in August.

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. A facility asset report is produced from the PeopleSoft Query SOIAM025 PLUS AUTHORIZED. This gives a listing for all the facility assets in service.
3. The Asset report shall have the facility name, lines at the bottom of the report for the printed names, and signatures of the counters involved, and the date the count was taken.
4. Asset Management staff shall make their way to the designated area to be counted. The staff shall physically count the required number, or percentage of assets on the Query report needed to fulfill the monthly requirement.
5. Asset Management staff shall make note of assets during the physical count that are considered to be obsolete, discontinued, or damaged and will need approval to dispose.
6. Asset Management staff shall then meet with the department head to verify the assets that were noted, are truly items that are obsolete, discontinued, or damaged, and can then be put in the disposal process.

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7. Obsolete, discontinued, and damaged equipment shall be listed on State Form 13812, "Notification of Surplus State-owned Property." State Form 13812 shall be submitted to the Disposition Agent 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]").
8. The approved disposals, and cycle count information are forwarded to the Asset Management Staff to update the asset listing for the facility in the Asset Management module of PeopleSoft.
9. The Asset Management staff shall dispose of the Indiana Department of Administration (IDOA)-approved assets inside the PeopleSoft system.
10. The Asset Management staff shall update the assets counted during the cycle count. This includes the location and location effective date, the custodian and custodian effective date, the location authorization and location authorization date, and the custodian authorization and custodian authorization date. This shall be completed monthly, if possible, and no later than the fiscal quarter end for the count taken.
11. The updates being performed after the cycle count allow for the timely verification of the fixed assets, and the integrity of the count would be validated. This will also greatly reduce the need for large amounts of updates being done at the fiscal year end.
12. 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. This form may be completed by the individual making the donation or by the facility; however, it shall be signed by the donor.

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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, and accepted by the Commissioner. 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(are) 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.

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.

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." 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.

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 the Department's Surplus Property Warehouse.



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F. Obsolete, Discontinued or Damaged Assets

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 of the IDOA Procurement Manual found online here:

[http://www.in.gov/idoa/files/ProcTraining\\_DPAPManual.pdf](http://www.in.gov/idoa/files/ProcTraining_DPAPManual.pdf)

shall be followed in these situations.

Facilities may have items that are damaged beyond economical practicality 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 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 six (6) photos picturing the front and back, both sides, odometer and interior, description of all mechanical problems, condition of interior and exterior. Staff

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shall 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. The 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 CFO or designee.

VII. FIXED ASSET EVALUATION:

The Accountant 1 shall review, as appropriate, 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. The Fixed Asset Manager, or other employee assigned by the CFO, shall be assigned to assist the facility in addressing the non-compliance issue. Corrective action shall be taken to bring the system into compliance. The Accountant 1 shall advise the Facility Head and the Fixed Asset Manager, or other employee designated by the CFO, of the status of the compliance action.

VIII. APPLICABILITY:

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

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signature on file  
Robert E. Carter, Jr.  
Commissioner

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Date