**NORTHWESTERN STATE UNIVERSITY**

**UNIVERSITY PLANT SERVICES**

**POLICIES AND PROCEDURES MANUAL**

**REVISED AS OF**

**April 3, 2007**

**MR. HOVEY HARRELL**
**DIRECTOR OF PLANT SERVICES**

**MR.  CARL JONES**
**V. P. BUSINESS AFFAIRS**

# INDEX

## WAREHOUSE INVENTORY

### SUBSECTION A: PURPOSE AND SCOPE

Warehouse inventory is a general support area established to place high use items in a central location so as to negate repetitive buying outside the agency. The inventory also exists to take advantage of buying in larger quantities thus taking advantage of quantity discounts. The warehouse also facilitates the ease of providing merchandise on campus as opposed to our local retail market that does not stock institutional type merchandise at the wholesale level. The Warehouse is a non-profit service area operating under a weighted-average type inventory system.

Actual transfers from warehouse stock transact under certain policies and procedures established within the University and existing State Statures therefore, strict adherence to that which has been established is mandatory. Any deviation from said policies and procedures must have the written approval of the Director of Plant Services and/or the appropriate President or Vice-President.

Technically speaking, there is only one type of issue that transacts at the facility; issues are only allowed on Work Orders. It has become the norm to allow departments to acquire "blanket" written approval for circumventing the approval route and allow a standing or open work order for a period of a month or year.

Receipts are transacted on an itemized receiving report by Receiving Agent and data entered on the **Applied Computer Technologies (ACT) 1000 Inventory Software**. A summary document is printed so as to correspond with each entry. All receipts are data entered on the ACT 1000 software by the Asset Manager or designee. These personnel work outside the warehouse. On February 1, 2002 the ACT 1000 Inventory Software replaced the Jagware Inventory Software.

On or around the second or third week of June the Warehouse Staff will start a thorough and complete physical inventory of all Warehouse controlled sites. Upon completion of the task the ACT 1000 software will be updated and a copy of the actual inventory and end of the year report routed to the Fiscal Officer on/or around July 10.

On at least an annual basis the Plant Services Director, Warehouse Supervisor and the appropriate Physical Plant Personnel will screen the warehouse for obsolete stock. Stock items will be reviewed and/or warehouse walk through will be done to identify such items. All items designated as obsolete shall be adjusted from the warehouse inventory and turned over to the Property Control section for disposal in accordance with state rules and regulation.

## SECTION I

## WAREHOUSE INVENTORY

### SUBSECTION B: PERPETUAL INVENTORY MAINTENANCE – RECEIPTS

1. Warehouse Inventory “Account #1-06331” receives and maintains an active file of all purchase orders cut against the aforementioned account.

2. Upon receipt of said supplies and materials a quantitative is completed in Central Receiving, the Warehouse Supervisor or designee completes a through inspection of supplies and materials.

3. If no errors are evident from the aforementioned review, an on-line Receiving Report is generated by Central Receiving staff utilizing the information from the purchase order, and the physical review by the Warehouse Supervisor.

4. Utilizing the on-line Receiving Report from the Receiving Agent, the Asset Manager or designee is the only person allowed to post the quantity received and actual cost to the ACT 1000 software. (The ACT software automatically computes a new Weighted Average unit price.)

5. The appropriate copies of the Receiving Report are routed to the Fiscal Affairs so as to initiate payment against invoice.

6. A Daily Summary Report is generated listing all receipts for the day and the totals are logged on the Monthly Ledger, by the Asset Manager.

## SECTION I

## WAREHOUSE INVENTORY

**SUBSECTION C: PERPETUAL INVENTORY MAINTENANCE – ISSUES**
**<u>PRE-APPROVED WORK ORDERS</u>**

1. Immediately when confronted with a PRE-APPROVED Work Order the following steps are done to transact process for Warehouse 119 (Main Warehouse).

2. Authorized requests shall be processed by: Warehouse 119

   a. Key enter or scan Work Order (Bar Coded)
   b. Key enters or scan and pull requested items from stock. (Bar Code Label)
   c. Enter quantity to be delivered
   d. Stock Clerk generated receipt from the ACT 1000 Software of all items issued.
   e. Requesting personnel and issuing personnel verify stock items and quantities for accuracy.
   f. Requesting personnel sign "received" and dates receipt.
   g. Warehouse personnel signs "issued by" and dates.
   h. All receipts are placed in basket.
   i. Order is either delivered by Warehouse Staff or retrieved by the requesting department, whatever is deemed appropriate by the Director.
   j. At end of day all receipts/requisitions are compiled, copied as needed and routed to the Asset Manager for review and filed.
   k. End of day issue summary report is generated and receipts are routed to departments and Business Affairs.

**<u>NOTE:</u>** A departmental Purchase Order document is utilized to issue material request to work order.

## SECITON I

## WAREHOUSE INVENTORY

### SUBSECTION D: <u>WAREHOUSE REQUISITION FORM</u>

**PURPOSE:** The Warehouse Requisition (WR) is used when items are retrieved from the Lumber Shed, Old Warehouse, Farm area emergency “After Hours” request, or where system problems create such need. Issues will be made to a Work Order, utilizing the signed WR as official issue/credit document.

1. **GENERAL POLICY**: The Warehouse Requisition Form shall be utilized for warehouse supply request, and then issued to a work order.

2. **PROCEDURE**:

   a. Warehouse Personnel will initiate the requisition noting the items, quantities and budget unit code.

   b. Requisition is routed to Warehouse.

   c. Warehouse staff issues items received to work order.

## SECTION I

## WAREHOUSE INVENTORY

### SUBSECTION E: <u>SCT-ON LINE WAREHOUSE PURCHASE ORDERS</u>

A Warehouse Requisition is a requisition done by Departments on Campus for items that the warehouse houses (paper, batteries, envelopes, etc.) This is checked several times daily for approvals on the SCT-On Line Purchasing System. Once they have proper approvals they are turned to Purchase Orders. The following is a step by step procedure to turn a requisition to a purchase order for the Warehouse.

A. Go to screen 252 to check for proper approvals.

B. Once approved go to screen 257
   a. Purchase Order type-0
   b. Transfer line items –Y
   c. ENTER
   d. Purchase Order type "WO"
   e. ENTER

B. Once entered was pressed it will automatically go to screen 220 inventory.

C. Go to screen 226 to trailer.

D. Go to screen 229 to print.

E. Make copies to be sent to Purchasing and Accounts Payables.

F. Ensure proper deliver by Warehouse Personnel.

## SECTION I

## WAREHOUSE INVENTORY

**SUBSECTION F:** **ANNUAL PHYSICAL INVENTORY**

1. On or around June 15th of every calendar year the Director generates a copy of the entire material and supply inventory of the ACT 1000 Physical Inspection Count Reports.

   **COPY #1 – DIRECTOR'S CONTROL COPY**
   **COPY #2 – PHYSICAL TASK COPY by Category**
   **COPY #3 – INTERNAL AUDITOR COPY**
   **COPY #4 – LEGISLATIVE AUDITOR COPY**
   **(Note: Complete "control" copies are made and filed in Internal and Legislative Auditor folder)**

2. The Director distributes "Physical Count Sheets" to appropriate personnel assigned to complete physical task. (Note: the inventory shall be taken in categories, for control purposes.)

3. Assigned personnel physically counts and records the results of the items on the sheets individually assigned, noting date and beginning and ending time of day.

4. Director runs ACT 100 "Inventory Value Summary" (for specific category in question) and utilizes this report for comparison with physical count sheets.
   **CORRECT COUNT**: Director transfers physical count to control copy.
   **INCORRECT COUNT**: Director notes shortage or overage on separate sheet and returns "Physical Count Sheet" to assigned personnel for a second count. (counters are not advised as to what the discrepancy might be.)
   a. Re-counts are continually requested until two physical counts parallel or discrepancy is corrected. Director then transfers results to control copy with noted actual shortages or overages, if applicable.

5. Discrepancies that appear to have transacted as other than pilferage are researched for document error and duly noted and/or corrective action is taken.

## SECTION I

### SUBSECTION G: DEPARTMENTAL MATERIAL AND SUPPLY INVENTORY

**PURPOSE AND SCOPE**: To establish minimal policies and procedures for annual physical inventory of materials and supplies and reporting. The University has identified know caches other than Warehouse. The Fiscal Officer monitors expenditures so as to identify new significant caches that may develop during the fiscal year and advises the Inventory Control Director of the potential need for a physical inventory. All inventories will be maintained under FIFO inventory controls unless otherwise stated. Current known caches are: 1. **UNIVERSITY PRINTING** (Perpetual, weighted average), 2. **EQUIPMENT REPAIR**, 3. "**WORK IN PROGRESS" PHYSICAL PLANT**, 4. **COMPUTER CENTER**, 5. **ADMISSIONS**, 6. **FISCAL AFFAIRS**, 7. **INFIRMARY,** 8. **ATHLETIC TRAINING ROOM**, 9**. BUSINESS**, 10. **ENVIRONMENTAL H & S.,** 11. **FARM (Coordinated by Dean Coop. Programs**.), 12**. DONATED/ABANDONED MATERIAL AND SUPPLIES**.

**GENERAL POLICY**: The Inventory Control Director will schedule and coordinate the physical inventory of known material and supply caches. On or around the first week in May, the IC Director will submit notice and/or schedule of physical inventory for the specific areas noted. The physical tasks will occur as close as feasible to June 30 so as to reflect the amount on hand at year end. Any usage or receipts after the physical count will be monitored by the unit head and reported to the IC Director for proper adjustments prior to year end reporting. The physical inventory task will be accomplished in a linear non-exclusion manner so as to negate omission. Departmental inventories will not include opened/partially consumed containers (i.e., pallets/boxes/bottles/drums/sleeves/cases/etc.) of items unless, the individual unit cost per item exceeds $15 (exception; perpetual inventories). This policy cannot be circumvented by opening multiple pallets/boxes/cases, etc. to avoid inclusion in the inventory. University Plant Services Staff will physically inventory, monitor and/or test the physical inventories as deemed appropriate by the IC Director to ensure propriety. On or before July 10 the IC Director will compile the results of the physical inventory and return a copy to the Budget Unit Head will insert the "lower of market or cost" valuation for each item (FIFO System), provide supporting documentation thereof, and return to the IC Director prior to 7/5. The IC Director will perform an analytical review of the submittal for compliance with the respective inventory system, factor in the "lower of market or cost" valuation provided by the area unit head and submit the results to the Fiscal Officer for possible inclusion in the agency's financial statements prior to 7/10.
The Receiving Secretary or designee will solely be responsible for data entry and the only person authorized to enter data into the System. In addition, the Receiving Secretary will no longer be allowed to touch the warehouse merchandise or issue merchandise over the counter. In the case that the Receiving Secretary must be out data entry will be completed by the Director's Secretary.

**CONTROLS**: Each department head must assure that these policies and procedures are followed and the appropriate information provided to the IC Director or his appointee in a timely manner. The IC Director must coordinate the physical task and should provide guidance to the designated departments and report annually to the Fiscal Officer must research and designate any new areas of concern; and, review the physical inventory reports for propriety and possible inclusion in the accounting records.

## SECTION I

## WAREHOUSE INVENTORY

### SUBSECTION H: PROJECT MATERIAL PROCUREMENT

**PURPOSE AND SCOPE**: Set standards, policies and procedures for the procurement of materials and supplies budgeted directly under the Director of Physical Plant as "projects". Said policies and procedures established so as to provide the Director of Physical Plant "up-front" information and ensure his awareness of the project and therefore negate obligations of project budgeted dollars without his authorization. A hard copy work order generated from the Physical Plant and presented by any Physical Plant employee, will indicate that the Physical Plant Director has established the project account and approves the procurement and issuance of any and all materials requested. common warehouse Stock items are exempt from this policy and procedure (e.g., if merchandise is in stock and requested by maintenance personnel, prior approval is not needed if an approved warehouse encumbrance request is on file and a work order is provided.

| RESPONSIBILITY | TASK |
|---|---|
| **PHYSICAL PLANT** | 1. NOTIFIES PLANT SERVICES THROUGH A HARD COPY WORK ORDER AS SOON AS A PROJECT ACCOUNT HAS BEEN ESTABLISHED. WORK ORDER MUST EXHIBIT PROJECT TITLE AND ACCOUNT NUMBER (ALL PROJECTS INCLUSIVE; BUILDING USE FEES, RESTRICTED FUNDS, PLANT FUNDS OR STATE CAPITAL PROJECTS WHERE MATERIALS ARE ORDERED BUT INSTALLED BY NSU PERSONNEL, ETC...). |
| **PLANT SERVICES** | 2. ESTABLISHES PROJECT ACCOUNT IN WAREHOUSE SECTION. ISSUES MATERIALS AND CHARGE ACCORDING TO THAT WHICH IS DESIGNATED BY MAINTENANCE PERSONNEL. |
| **PHYSICAL PLANT DIRECTOR** | 3. ENSURES THAT ALL PHYSICAL PLANT PERSONNEL ARE AWARE THAT MATERIAL FOR SAID "PROJECTS" MUST BE CHARGED TO THE APPROPRIATE ACCOUNT. |

## SECTION I

## WAREHOUSE INVENTORY

**SUBSECTION G: PROJECT MATERIAL PROCUREMENT AND HANDLING CONT**…

**PHYSICAL PLANT**

4. PREPARES PURCHASE REQUISITION WITH COMPLETE TECHNICAL SPECIFICATIONS FOR PROCUREMENT OF PROJECT MATERIALS. (NOTE: FIXED EQUIPMENT, WHEN APPROPRIATE MOVABLE PROPERTY AND LARGE BULKY ITEMS WILL BE CHARGED DIRECTLY TO THE PROJECT SITE FOR RECEIPT BY THE PHYSICAL PLANT DIRECTOR OR HIS DESIGNEE.). "SPUR OF THE MOMENT" / UNFORECASTED MATERIAL NEEDS THAT ARE REQUIRED IMMEDIATELY (WITHIN 72 HOURS OF THE REQUEST) MUST BE TELEPHONE QUOTED BY PHYSICAL PLANT SUBMITTED TO THE WAREHOUSE ON A PURCHASE REQUISITION REQUEST NOTING THE DEPARTMENT AS 1-06331-4810/ WAREHOUSE INVENTORY).

**PHYSICAL PLANT**

5. LISTS PROJECTS TITLE AND ACCOUNT NUMBER IN LOWER CORNER OF REQUISITION AND SIGNS (Physical Plant Director or his designee) ADJACENT THERETO CERTIFYING HIS/HER APPROVAL TO PROCURE FOR SAID PROJECT AND ROUTES PREPARED PURCHASE REQUISITION TO PLANT SERVICES.

## SECTION I

## WAREHOUSE INVENTORY

**SUBSECTION H: PROJECT MATERIAL PROCUREMENT AND HANDLING CONTD…**

| | |
|---|---|
| **PLANT SERVICES DIRECTOR** | 6. REVIEWS PURCHASE REQUISITION FOR COMPLIANCE WITH INVENTORY TRACKING POLICIES AND PROCEDURES. ADJUSTS, IF NECESSARY. RE-CODES IF MATERIAL REQUESTED IS CAPITALIZED MOVABLE EQUIPMENT OR HEAVY FIXED EQUIPMENT. APPLIES STOCK CONTROL CODES. SIGNS REQUISITION AS BUDGET UNIT HEAD FOR WAREHOUSE INVENTORY AND FORWARDS TO THE VICE-PRESIDENT OF UNIVERSITY AFFAIRS FOR REVIEW, APPROVAL AND ROUTING TO BUSINESS AFFAIRS. |
| **CENTRAL RECEIVING** | 7. RECEIVES CONSIGNMENTS FROM VENDOR AND/OR FREIGHT AGENCIES AND PROVIDE QUANTITATIVE AND QUALITATIVE REVIEW. FORWARDS MERCHANDISE TO WAREHOUSE INVENTORY OPERATIONS. (See Receipt Reporting P &P.) |
| **WAREHOUSE SUPERVISOR** | 8. REVIEWS RECEIVING REPORT FOR ACCURACY AND POSTS TO THE AICS. STORE MATERIAL IN A SEGRAGATED HOLD AREA FOR (5) WORKING DAYS. (NOTE: IN THE EVENT THAT SAID SUPPLIES ARE NOT RETRIEVED WITHIN FIVE WORKING DAYS FROM THE DATE OF RECEIPT WITHIN THE WAREHOUSE, THE SUPPLIES WILL BE CO-MINGLED WITH NORMAL STOCK FOR ISSUANCE AS NEEDED.) THE WAREHOUSE WILL MAKE EVERY EFFORT TO REPLENISH THESE MATERIALS WITHIN THE CONSTRAINTS OF THE BUDGET. |
| **PLANT SERVICES DIRECTOR** | 9. FAXES “PROJECT MATERIAL RECEIPT NOTIFICATION” TO PHYSICAL PLANT DIRECTOR (SEE ATTACHMENT “A”) |

## SECTION I

## WAREHOUSE INVENTORY

### SUBSECTION G: PROJECT MATERIAL PROCUREMENT AND HANDLING CONT…

| | |
|---|---|
| **PHYSICAL PLANT DIRECTOR** | 10. ADVISES APPROPRIATE MAINTENANCE SECTION TO RETRIEVE MATERIAL FROM WAREHOUSE, TRANSPORT AND SECURE AT PROJECT WORK SITE. (NOTE: AT THIS POINT MATERIAL WILL BE CONSIDERED SUPPLIES FOR WORK IN PROGRESS AND NO FURTHER INVENTORY CONTROL IS REQUIRED.) |
| **WAREHOUSE STAFF** | 11. PREPARES A WAREHOUSE REQUISITION/ ISSUE TICKET AND ISSUE TO APPROVED WORK ORDER. COSTING INFORMATION. |
| **PHYSICAL PLANT STAFF** | 12. IN THE EVENT OF OVER-ESTIMATION OF SUPPLIES NEEDED FOR A SPECIFIC PROJECT THE MATERIAL MUST BE RETURNED TO THE WAREHOUSE. |
| **WAREHOUSE STAFF** | 13. UPON RECEIPT OF SURPLUS SUPPLIES FROM PROJECTS, WAREHOUSE CREDIT WILL BE PREPARED AND THE APPROPRIATE ACCOUNT (THE ACCOUNT ORIGINALLY CHARGED AT ISSUE) WILL BE CREDITED AND THE MATERIAL RE- STOCKED IN NORMAL WAREHOUSE INVENTORY USING A SPECIAL STOCK CODE TO IDENTIFY SUCH STOCK. |

## SECTION I

## WAREHOUSE INVENTORY

**SUBSECTION H: PROJECT MATERIAL PROCUREMENT AND HANDLING CONTD**…

NOTE: CARE SHOULD BE EXERCISED BY THE PHYSCIAL PLANT DIRECTOR IN SUBMITTING PURCHASE REQUISITIONS FOR SUPPLIES SO AS NOT TO PLACE THE UNIVERSITY IN A BUDGET DEFICIT BY OVER-STOCKING THE WAREHOUSE WITH RETURNS AND/OR NON-UTILIZATION OF MATERIALS ORDERED !!!)

**NOTE**: In the event that the Legislative Auditor requires a Physical Inventory of Project Material located at any/or all "Work in Progress" job-sites, the Physical Plant will provide the physical count and material description listing to Plant Services as of June 30. Plant Services/ Inventory Control Section will research each item and provide the current or last out unit pricing, calculate extensions and total project material on-hand as of June 30 and route to the Controller for possible inclusion in the University's Financial Statement.

## RECONCILIATION OF FRS AND WAREHOUSE REPORTS

**IN JULY OF 2000 PLANT SERVICES BEGAN A MONTHLY RECONCILIATION BETWEEN THE FRS REPORT AND WAREHOUSE LEDGER/DAILY REPORTS TO INSURE A CORRECT AND ACCURATE ACCOUNTING OF THE WAREHOUSE INVENTORY BUDGET 1-06331. THESE POLICIES HAVE BEEN WRITTEN AND INSERTED IN JANUARY 2001.**

RECONCILIATION OF THE FRES AND WAREHOUSE LEDGER IS DONE IN TWO PARTS. PART ONE IS INFORMATION FOR OBJECT CODE 4810 (STORES INCREASE). PART TWO IS INFORMATION FOR OBJECT CODE 4910 (STORES DECREASE).

**PART ONE:**
OBJECT CODE 4810 (STORES INCREASE) IS RCONCILED IN THE FOLLOWING MANNER.

1. RUN A PRINTOUT OF THE WAREHOUSE LEDGER FOR THE MONTH TO BE RECONCILED SORTED BY DOLLAR AMOUNT.

2. COMPARE EACH LINE ON THE FRS REPORT FOR P.O. NUMBER AND DOLLAR AMOUNT MATCH UP.

3. CHECK OFF EACH MATCH UP ON BOTH THE FRS AND WAREHOUSE LEDGER.

4. A SPREADSHEET IS MADE OF THE NON MATCHED ENTRIES FROM EACH OF THE REPORTS, SEE SAMPLE BELOW.

5. WHEN OUR RECORDS SHOW A P.O. AS COMPLETED AND THE FRES REPORT SHOW PAMENT BUT FOR A DIFFERENT AMOUNT, RESEARCH IS DONE WITH BUSINESS AFFAIRS OFFICE TO SEE WHY THERE IS A DIFFERENCE. THE DIFFERENCES ARE CONFIRMED AND NOTED AND ARE MAINTAINED ON THE SREADSHEET DESCRIBED IN STEP NUMBER 4. OTHER REASONS FOR A DIFFERENCE BETWEEN REPORTS MAY BE DUE TO AN ERROR ON THE RECEIVING REPORT OR IN PAYMENT.

6. WHEN THE REASONS FOR A DIFFERENCE IS DUE TO AN ERROR IT IS CORRECTED SO RECEIVING REPORT AND PAYMENT AMOUNTS MATCH. AFTER THE CORRECTION HAS BEEN DONE AND THE RECEIVING REPORT AND PAYMENT MATCH IT CAN BE REMOVED FROM THE LIST IN THE SAMPLE BELOW.

| P.O./REF | DATE | VENDOR | AMOUNT | | PO | VENDOR | AMOUNT |
|---|---|---|---|---|---|---|---|
| | | | | | 550836 | CORPORATE EXPRESS | 262.08 |
| 550669 | 12/13/2000 | SHERWIN WILLIAMS (WRR13739) | 11.67 | | 551017 | NCH CORP | 420 |
| 550669 | 12/8/2000 | SHERWIN WILLIAMS (WRR13706) | 22.67 | | B-29206 | TAYLOR SECURITY LOCK | 4360.35 |
| 550669 | 12/12/2000 | SHERWIN WILLIAMS (WRR13732) | 33 | | B-29226 | AAF | 3370.8 |
| 550669 | 12/7/2000 | SHERWIN WILLIAMS (WRR13705) | 35.01 | | B-29337 | CONSTRUCTION SAFETY | 1585.91 |
| 550669 | 12/12/2000 | SHERWIN WILLIAMS (WRR13738) | 137.37 | 239.72 | B-29347 | REDMAN PIPE & SUPPLY | 3058.92 |
| | | | | | B-29348 | BONNER INDUSTRIAL | 2191.76 |
| 550836 | 9/6/2000 | CORPORATE EXPRESS (WRR13312) | 109.44 | | B-29349 | J. A. SEXAUER | 710.89 |
| 550836 | 10/5/2000 | CORPORTE EXPRESS (WRR 13353) | 79.92 | | B-29511 | STUART C. IRBY | 348.98 |
| 550836 | 10/9/2000 | CORPORATE EXPRESS (WRR13439) | 79.92 | 269.28 | | | |
| 550994 | 12/7/2000 | GRAINGER (WRR13655) | 146.46 | | | | |
| 550994 | 12/11/2000 | GRAINGER (WRR13715) | 156.24 | 302.7 | | | |

## PART TWO:

OBJECT CODE 4910 (STORES DECREASE) IS RECONCILED IN THE FOLLOWING MANNER.

1. COMPARE THE TOTAL DOLLOR AMOUNT FROM THE FRS AND THE DAILY WAREHOUSE TRANSACTION REPORT TO MAKE SURE THEY MATCH. BOTH WAREHOUSE CREDITS AND WAREHOUSE REQUISITION WILL BE CHECKED. EXPENSED CREDITS, DEBITS AND REQUISITIONS WITH NO DOLLAR AMOUNT ARE EXCLUDED.

2. IF AN ERROR IS LOCATED ON THE FRS REPORT A COPY OF THE WAREHOUSE REQUISITION AND THE PAGE FROM THE FRS REPORT IS RUN, ERRORS NOTED AND SENT TO BUSINESS AFFAIRS OFFICE FOR CORRECTION.

3. IF AN ERROR IS LOCATED ON THE WAREHOUSE LEDGER THE ERROR IS NOTED NOTED AND CORRECTED.

4. A TOTAL DOLLAR BALANCE SHEET IS KEPT TO SHOW THOW THE TWO REPORTS COMPARE. THIS SHEET IS PREPARED BY FIRST LISTING THE TOTAL FROM THE FRS REPORT. ERRORS ARE LISTED THEN ADDED OR SUBTRACTED AS NEEDED IN ORDER TO CORRECT THE TOTAL BALANCE. NEXT THE DEBITS TOTAL FROM THE CONTROLLED RECORD OF WAREHOUSE INVENTORY IS LISTED. THIS TOTAL THEN HA THE TOTAL EXPENSED AND REGULAR WAREHOUSE CREDITS SUBTRACTED FROM THE TOTAL. SEE SAMPLE BELOW.

| FRS | | | WAREHOUSE INVENTORY | |
|---|---|---|---|---|
| DATE | TOTAL BALANCE | ADJUSTED BALANCE | | TOTAL BALANCE |
| JULY – 2000 | 40162.65 | 40162.65 | 44621.78 | |
| | | | -3114.5 EXPENSED | |
| | | | -1344.63 REG. CREDITS | |
| | | | 40162.65 BALANCE | 40162.65 |
| AUGUST-2000 | 89351.19 | 89351.19 | 52255.81 | |
| ERROR | 390.68 | 89741.87 | -2044.85 EXPENSED | |
| CORRECTED 9/11/00 | -390.68 | | -631.74 REG. CREDITS<br>49579.22 BALANCE | 89741.87 |

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION A: PURPOSE AND SCOPE

Central Receiving is a campus wide institutional support department that circumvents the need for multi-department personnel training in the policies and procedures of receiving merchandise from vendors and third party manufactures and freight agencies. Personnel are trained in the receiving department to properly handle shortage, damages, hazardous materials, etc., thus insuring the assets of the university while negating unnecessary liabilities. Invoice and freight bill contracts are verified upon delivery by current receiving personnel. Goods and merchandise routed through the Central Receiving Depot will be analyzed both quantitatively and qualitatively by receiving personnel. Reporting of same will be incumbent upon the Plant Services area for said goods/merchandise only, services oriented Receiving Reports must be processed by the requesting department. All tag gable movable property is routed through Central Receiving for qualitative and quantitative review and information (serial number, make, model, etc.) capturing and physical tagging with mandatory State of Louisiana Property Tag as an internal control measure. All returns are routed and shipped through Central Receiving so as to capture property information, initiate awareness for pending credit and record the exit from campus. All returns for credit and/or cancellation are routed through Central Receiving for appropriate control and notification to Business Affairs. All receiving and shipping of packages must be delivered same day or next day. The same thing applies to shipping out of merchandise.

**REFERENCE: UNIVERSITY POLICY & PROCEDURES MANUAL, PURCHASING SECTION**

# SECTION II

# CENTRAL RECEIVING & SHIPPING

## SUBSECTION A: RECEIVING DIRECT FROM VENDOR ON INVOICE:

1. Immediately upon delivery, count and examine carefully.

2. Verify descriptions, quantity and quality per their invoice.

3. Note any and all discrepancies on the invoice you sign and also the copy you keep.

4. Have the delivery person sign your copy verifying any shortages or discrepancies. (Only when there are discrepancies).

5. Strictly adhere to and follow Receipt Reporting Policy and Procedure.

6. Research to determine delivery point.

7. Log all information on receipts ledger.

8. Prepare a Delivery Ticket.

9. Route the merchandise to the appropriate department, the same day or next business day.

10. Xerox invoice.

11. Route original invoice to Fiscal Affairs Office.

12. On copy make the following notations:
    a. Date of Receipt
    b. Purchase Order Number
    c. Requesting Department

13. File/keep your copy for future references on Waybill/ticket pad.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

**SUBSECTION A: RECEIVING DIRECT FROM VENDORS ON INVOICE CONTD…..**

14. Report any shortages, damage or discrepancy to the Purchasing Department immediately utilizing existing form memo. Failure to comply with this requirement may result in voiding any claims or adjustments.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

**SUBSECTION B: <u>RECEIVING FROM THIRD PARTIES</u>**: (Prepaid)
(Freight Agency, Parcel Services, Independents).

1. Immediately upon delivery, count and examine cartons carefully. **

2. Verify quantity and physical appearance of cartons, crates drums, etc.

3. Any packages damaged, should be examined in presence of the driver to determine the condition of the articles within.

4. Note any and all damages, shortages and/or discrepancies in detail on the freight bill you sign and also the copy you keep (on all damages, shortages and refusal forward a copy to Director!!!).

5. Have the delivery person **<u>SIGN</u>** your copy verifying the notations. (**<u>NO</u>** initials, full signature).

6. Research to determine corresponding Purchase Order and/or requesting department.

7. Strictly adhere to and follow Receipt Reporting Policy and Procedure.

8. Log all information on Receipts Ledger.

9. Prepare a Delivery Ticket listing the merchandise in crates, drums, cartons, etc. per the freight bill.
   a. Perform analytical review
   b. Follow Receiving Report Policy

10. Route the merchandise to the department listed on the Purchase Order.

11. In the event of damages or shortages, Xerox the freight bill with the proper exceptions and notations and route to Purchasing department with form memo immediately. Failure to comply with this requirement may result in voiding any claims!!!!

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION B: RECEIVING FROM THIRD PARTIES CONTD……

12. File/keep your copy for future reference.

***NOTE**: All packages must be addressed to the Warehouse, Central Receiving and/or have a visible Purchase Order Number. **DO NOT** accept packages addressed direct to Watson Library or Wallace Bookstore. These departments have their own receiving areas**. DO NOT** accept any packages addressed direct to any individual or employee. These packages were contracted to be delivered by the parcel service or freight agency. Receipt of these packages would probably delay their arrival to proper destination. Also, these packages may be of a personal nature and the utilization of State resources for private use is contrary to the State's Constitution and internal policy.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION C: RECEIVING FROM THIRD PARTIES: (Collect)

1. Immediately upon confrontation with a freight bill that has collect charges, verify the terms of the Purchase Order.
   a. Purchase Order reads: F. O. B. – Natchitoches, Agency Dock, Destination, Etc., Freight = NOT ALLOWED, collect charges are **NOT** applicable and the merchandise must not be accepted under any circumstances.
   b. Purchase Order reads: F. O. B. – Natchitoches, LA., Freight = Allowed. Under these circumstances the collect Freight charges are applicable and may be paid provided the merchandise is in good condition.
2. Verify quantity and physical appearance of cartons, crates, drums, pallets, etc., per the freight bill. (Any shortage or damage follow item 13 on page 16.)

3. Pay driver.

4. Have the driver mark "Paid Cash", sign and date two (2) copies, one being the original freight bill and the other a consignee's memo. (If consignee memo is not available a xerox copy of the original is sufficient).

5. Research to determine requesting department.

6. Strictly adhere to and follow Receipt Reporting Policy and Procedure.

7. Log all information in Receipts Ledger

8. Prepare a Delivery Ticket.

9. Route to the department listed on the Purchase Order.

10. Original Freight Bill should be placed in the safe for Petty Cash reimbursement procedures.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION C: <u>RECEIVING FROM THIRD PARTIES CONT</u>…

11. Consignee Memo (or Xerox Copy) should be filed for future references (Waybill File).

**NOTE**: Under no circumstances sign a Collect Freight Bill that should be prepaid. Make sure the driver changes both copies to prepaid and signs your copy, if applicable.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION D: <u>RECEIPT REPORTING</u>

1. **PURPOSE AND SCOPE**:
   This procedure outlines the University's method of handling and reporting the complete or partial receipt of GOODS ordered Purchase Orders and routed through the Central Receiving Depot. Central Receiving has been established to expedite delivery of materials and supplies (excluding services) ordered on Purchase Orders, provide qualitative and quantitative review of same and provide a report thereof so as to expedite payment to our vendors.

| RESPONSIBILITY | PROCEDURE |
|---|---|
| **BUSINESS AFFAIRS PURCHASING SECTION** | 2. Routes Plant Services a copy of all Purchase Orders to utilize in reviewing receipt. |
| **PLANT SERVICES RECEIVING SECTION** | 3. Receives and maintains a "pending" receipt purchase order file. |
| | 4. Receives and/or coordinates receipt from Third Party Carriers and/or vendors (if applicable). |
| | 5. Perform qualitative and quantitative review of manifests, bills of lading, packing lists, invoices, etc., in accordance with ICC and internal rules and regulations so as to ensure proper receipt and circumvent unnecessary costs to the University. certify same by endorsement of the waybill, invoice, Etc...<br>A. Shipment has no discrepancies: Proceed to item #7 below. |

## SECTION II

## CENTRAL RECEIVING & SHIPPING

**SUBSECTION D:** **RECEIPT REPORTING CONTD ….**

**DISCREPANCIES ON CARRIER RECEIPT**.

**PLANT SERVICES RECEIVING SECTION**

B. Shipment is damaged and/or short as opposed to delivery waybill, packing list, invoice, etc.; Proper notations are made on the delivery document (s) and certified with endorsement by the Carrier driver or representative of the vendor.

1. A cover letter and copy of the delivery document is forwarded to Business Affairs for further negotiation with the vendor and/or the carrier (see Purchasing Policy).
2. Merchandise with all original packaging is retained and secured in a designated location within the Warehouse pending instructions from Business Affairs.

**BUSINESS AFFAIRS PURCHASING SECTION**

6. Negotiates the replacement and/or files claims for damages, if applicable, or arranges for other settlements for the merchandise. Notifies the Receiving Department thereof and instructs on disposition of matter.

**NO DISCREPANCIES ON CARRIER RECEIPT**

**PLANT SERVICES RECEIVING SECTION**

7. Perform qualitative and quantitative review of the merchandise utilizing the written specifications on the University's Purchase Order.
   A. When merchandise is ambiguous or a clear determination of compliance with specifications cannot be determined by Receiving Personnel, the Requestor or their designee is notified utilizing a form memo.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

**SUBSECTION D: RECEIPT REPORTING CONTD….**

**REQUESTING AGENT/ BUDGET UNIT HEAD**

7B. So as to facilitate expedient reporting and timely payment of invoices, the requesting agent, budget unit head or their designee shall appear at the Receiving Depot and provide qualitative review of the questioned merchandise. This must be accomplished within forty-eight hours of the initial notification from Central Receiving. If discrepancies exist see #5B-#6 above.

### RECEIVING REPORT PREPARATION

(Goods routed through Central Receiving Only!!!)

### NON-PARTIAL SHIPMENT

(e.g., all merchandise received in initial shipment)

**PLANT SERVICES**

8. Upon completion of qualitative and quantitative review utilizing the Purchase Order as the control document and taking into consideration all discrepancies have been reconciled; The following information is mandatory to the Receiving Report: (**SEE EXHIBIT #1)**

A. Date prepared (current)
B. Vendor (From P.O.)
C. Account No. (From P.O.)
D. Purchase Order No.
E. Remit To: (Note Vendor name only, DO NOT LIST ADDRESS!!!!)
F. Complete Certification (All items on P.O. have been received!!!)

**NOTE: Information in the "ITEMS RECEIVED" section is not required on receipts where all the merchandise noted is received in the initial shipment (NON-PARTIAL SHIPMENT). In this instance, the Receiving Agent or in his absence, the Director or his designee, shall only check the complete certification statement and certify said with signatory and date (Items 7A – 8G above and I & J below must be completed**.

**SECTION II**

**CENTRAL RECEIVING & SHIPPING**

**SUBSECTION D: RECEIPT REPORTING CONTD ……**

4. H. **NOT COMPLETE CERTIFICATION** = Check only if the partial delivery **DOES NOT** complete the order!!
   I. **CERTIFIED BY** = Signatory of Director, Receiving Agent or designee.
   J. **DATE** = Date reviewed and signed.
   K. **ITEM** = Item number must correspond with item number as listed on subject Purchase Order!!!
   L. **DESCRIPTION** = Abbreviated Purchase Order description.
   M. **QUANTITY** = Note quantity received on this shipment.
   N. **UNIT** = Unit of measure as noted on the subject purchase order.
   O. **UNIT PRICE** = Unit price as noted on the subject purchase order (Note: Discrepancies therein will be negotiated by accounts payables section.)
   P. **TOTAL PRICE** = Quantity X Unit Price

**PLANT SERVICES RECEIVING SECTION** 9. Receiving Reports are decollated, batched and routed daily to appropriate areas.

A. White, Green and Canary copies to Business Affairs.
B. Pink copy to Central Receiving P.O. and attachment thereto (file maintenance),
C. Goldenrod copy to budget unit head for receipt review.

**BUSINESS AFFAIRS** 10 Receives Report from Central Receiving and place in-line for invoice reconciliation and payment processing.

**BUDGET UNIT HEAD** 11. Reviews copy of Receiving Report and coordinate problem with Business Affairs and/or Central Receiving, whichever is deemed appropriate by the Vice President of Business Affairs.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

**SUBSECTION D: RECEIPT REPORTING CONTD**…..

12. **MANAGEMENT CONTROLS**: All receipts are mandated to be logged immediately upon entry into Receiving. The system in place requires a receiving report number be assigned to each entry. The Receiving Log is monitored daily by the Director's secretary who posts each receipt to a database and monitors for acknowledgment of delivery to the requestor by a designated notation on the Receiving Log. The secretary maintains a numerical supporting file to ensure accuracy and negate the omission of any reporting. The Director periodically reviews the log at random for deficiencies and/or the omission of an entry versus actual packages on hand. action above should enhance security and ensure accuracy while negating circumvention of internal controls. Also constant feedback from vendors, carriers, and the university community points to any inconsistencies or non-compliance with P & P.

## SECTION II

## CENTRAL RECEIVING & SHIPPING

### SUBSECTION E: MATERIAL RETURNED/SHIPPED FOR CREDIT

**PURPOSE AND SCOPE**: To establish minimal policy and procedure so as to negate possible derogation of procurement, receiving and shipping controls.

**GENERAL POLICY**: All merchandise/packages received by Plant Services, Shipping and Receiving Section for shipment outside this agency will be properly identified and packaged by the requesting department. All shipments designated "Return for Credit" must be properly noted and Fiscal Affairs, Payables Section alerted to seek, acquire and properly post said credit.

**CONTROLS**: It is the responsibility of the requesting Unit head to properly identify the terms of all shipments requested to transact of the Shipping & Receiving Depot and transmit on a Shipping Request Form. It is the responsibility of the Plant Services and/or his designee to request, capture and forward the information pertinent to this type of transaction. After notification from the Plant Services Director, it is the responsibility of Business Affairs to seek, acquire and properly post and utilize any credits due the university.

| **RESPONSIBILITY:** | **TASK** |
|---|---|
| **Budget Unit Head** | 1. Prepare uniform Shipping Request noting all pertinent information for all shipments of tagged property and "returns for credits". Deliver SR Form and package(s) to Central Receiving Depot (SHIIPMENT READY). |
| **Receiving Staff** | 2. Receive packages from BUH and screen for appropriate packaging and proper notation on SR Form. If not stated thereon, inquire about conditions of return (Is this a return for credit? Has a receiving report been prepared and submitted for the items being shipped? Does the package contain tagged property?) |
| **Receiving Staff** | 3. Coordinate with Property Officer prior to any and all tagged property shipments. Fill-out "Authority to Release Equipment for Repairs" form and forward to Property Officer. Copy all Shipping Request Forms that are designated as "Credit Returns" and forward to the Director for review and transmittal to FA, payable Section. |
| **Fiscal Affairs** | 4. Flag Shipping Request and periodically follow up to ensure acquisition, posting and utilization of the credit. |

Log on too NSU ALPHA
1. Type in user name
2. Enter password
3. Enter ZCTL02
4. Enter 002
5. Enter your I.D. number
6. Enter your password

If you know Purchase Order Number

1. Go to Screen 230. Create Receiving Report Screen.
2. Tab to P.O. Space enter P.O. Number, hit the enter key. Screen should display P.O. information, vendor name and requesting dept.
3. Tab down to Location: Enter CRW (Central Receiving Warehouse)
4. Tab down to Receiver ID. Enter receiver's initials
5. Tab to Carrier, enter carrier info.
6. Tab to Bill of Lading, enter lading and freight info.
7. Tab down to No. of Boxes, Enter the number of containers
8. Receive all/Multiple lines: If after review of P.O. you have received all merchandise enters "Y" to receive complete P.O. This will transfer you to Screen 931.
9. Screen 931 tab to "Receive Entire Order" enter "Y", tab to Quality enter "A".
10. Screen print 931 by pressing F2. This print will be filed behind P.O in Central Receiving file.
11. Screen print screen 284, stamp with receiving stamp.
12. Sign and date forward to Business Affairs, Account Payable Section.

If on step 8 after review of P.O. you did not receive all items, two ways to handle this situation.

A: Received part of a line. Leave "Received all/Multiple lines" blank hit enter.
This will transfer you to Screen 230 part 2. On this screen you can receive line by line, or part of a line.
To receive line by line tab down to Receiving Report: UOM enter UOM off P.O.
Example, EA, PKG, SET, etc.
Tab to "Accepted" enter Qty Received
Quality ______ enter "A = Good, B = Fair, C = Poor, but retained.
Tab to "Stat" Enter "F" for final, Enter "P" for partial
Hit enter this will bring you to line two repeat step "A" above for each line.

B. Received complete lines enter Y at "Received all/Multiple Lines"
This will bring you to Screen 931, tab down to receive by line enter "Y" "quality" A, B, or C. Tab to next line received and repeat above step.

C. Screen print 931 to put behind P.O. file.

D. Screen Print 284 to forward to Accounts Payable.

To delete items or make a correction, go to Screen 239.
Enter line you want to delete, then hit enter.
Tab to "Delete Flag _____ enter D
Tab to comments ___________________, type reason for deletion.  Note these comments can only be viewed on screen 239.

Physical Receipt Discrepancies/Damages Identified
By Budget Unit/Requesting Department

When the Budget Unit/Requesting Department or designee determines:

A. Items received do not meet SCT Online Purchase Order, Screen 228, PO Line Item Inquiry specifications:

B. Items received show visible or hidden damages:

**Budget Unit/**
**Requesting Department**

1. Complete a Physical Receipt Discrepancy Form (Attachment #A) indicating items and type of dispute and submit a copy to Central Receiving & Shipping and Business Affairs – Purchasing Section and Accounts Payable Section for notice In delay of delivery and payment pending discrepancy Resolution.

2. Confirm with vendor that the incorrect or damaged item(s) received will be returned and replacement item (s) will be shipped. When the vendor does not furnish a replacement in accordance with specifications, a Request for Cancellation/Change of Purchase Order Form, IX.A.8 is completed and routed to Business Affairs – Purchasing Section in accordance with Conditions in Physical Receipt Discrepancy Form (Attachment A).

3. Notify Central Receiving & Shipping for pick-up.

**NOTE: ALL PACKAGES MUST BE SEALED, READY FOR SHIPPING, INCLUDING SHIPPING AND RETURN ADDRESS IN ORDER FOR CENTRAL RECEIVING TO ACCEPT PACKAGE FOR RETURN TO EXPEDITE THE PROCESS, IT MAY BE BENEFICIAL FOR BUDGET UNIT TO DELIVER PACKAGES TO CENTRAL RECEIVING.**

| | | |
|---|---|---|
| **Central Receiving & Shipping** | 4. | Pick up damaged goods and/or incorrect shipments from the Budget Unit – Requesting Department. |
| | 5. | Notify vendor and/or carrier for return instructions and notifications of return. |
| | 6. | Merchandise with all original packaging is retained and secured in a designated location within the Warehouse pending pick-up and replacement shipment. |
| | 7. | File claims for damages, if applicable, or arrange for other settlements for the merchandise. |
| **Business Affairs/ Accounts Payables** | 8. | Facilitate a credit memo from vendor for invoiced items that are canceled. Payment remains pending until receipt of correct replacement item(s) or credit memo. |
| **Budget Unit/Requesting Department** | 9. | If re-order is requested, process SCT On-line Purchase Requisition to re-order returned/canceled item(s). |

## SECTION III

## PROPERTY CONTROL

**PURPOSE AND SCOPE**: The Property Control section is charged with assimilating information and acting thereon so as to comply with the Louisiana Administrative Code, Title 34, Part VII, the Constitution of the State of Louisiana, LA Revised Statutes, Title 39, Sections 321 through 332 (and amendments thereto) and this agency's internal Property Control Manual. This section's basic responsibility is the custodianship of all state owned movable property maintained by Northwestern State University. Property Control is responsible for assigning property control tag numbers; seeing that the property is properly tagged; transmitting additions and deletions to the Asset Management Computer System (both internally and externally); the disposition of property that is no longer in use or is no longer needed by NSU; seeing that an annual inventory of property is performed and certifying the results of that inventory. It is also this section's responsibility to establish and maintain files of documents supporting these activities, and establish internal procedures to effectively maintain control and accountability of movable property, including Annual Physical audits of inventory. The Director and Property Coordinator must be familiar with State Property Control regulations and must have a copy of these regulations available for reference.

## SECTION III

## MOVABLE ASSET MANAGEMENT

### SUBSECTION A: <u>PERPETUAL INVENTORY MAINTENANCE</u>

**1. <u>Acquisitions</u>**

a. Copy of all purchase orders are printed out at Central Receiving. (Central Receiving is housed within the Property Control Unit.)

b. Purchase Orders are screened for property purchases which should be coded as capital outlay acquisitions?

c. Purchase Orders for property are flagged with notice, copied for Property Control Maintenance File and filed in Central Receiving, thus alerting all of an incoming acquisition.

d. Property Control's Maintenance File is maintained in a manner, utilizing P. O. copy and Acquisition Reports and information from FMB009 report, so as to indicate pending or liquidated and complete.

e. Upon receipt of property, all required information is compiled from the purchase order and transferred to an acquisition report from which delivery is made of tagged items within Ten (10) days of receipt.

f. After certified delivery is accomplished, the acquisition report is utilized to update/add the new property record to NSU's Vax V6.2 File and Division of Administrations Progete' (On-line data entry).

g. A copy of the acquisition is attached to Property Control's purchase order Maintenance File indicating complete or incomplete.

h. Business Affairs delivers "Open Commitment Report" #FBM009 to Property Office monthly. (See SECTION III. SUBSECTION D.)

## SECTION III

## MOVABLE ASSET MANAGEMENT

**SUBSECTION A: <u>PERPETUAL INVENTORY MAINTENANCE CONT</u>….**

i. Property Control submits monthly report of transactions with perpetual balance to Fiscal Officer.

## SECTION III

## MOVABLE ASSET MANAGEMENT

### SUBSECTION B: <u>PERPETUAL INVENTORY MAINTENANCE</u>

1. **<u>DISPOSITIONS:</u>**
   a. From internal audits or department requests, surplus items are noted.
   b. NSU Movable Property Transaction Report is prepared by Property Custodian noting requested disposition.
   c. Report is routed to Property Manager for review of compliance with approved policies and procedures, etc.
   d. . Work order is cut from the Plant Service Web Page for Plant Service employees to pick up surplus items that are not deliverable by department. A log is kept from information on the MPTR once property is received in surplus. Log information contains tag number, type of disposition, description, and account number.
   e. A log or ledger is kept from the MPTR one property is received in surplus. The log As of July 2003, when LPAA brought Protégé on line as their software of record; the transfers are done online and approved daily. **<u>This replaces the BF-11 form</u>**.
   f. Upon requests for disposition referencing trade-in, scrap, agency-to-agency transfer to agency transfer, or dismantling of an item, is binding!
   g. Upon receipt of approved transfers, the item(s) are removed from NSU's inventory file and the cost debited from the Perpetual total**<u>. NOTE: Prior to disposal, items approved for" Scrap" will be rendered useless by the Property Officer and the State Tag removed!!!</u>**

2. **<u>CHANGES:</u>**
   a. Changes are initiated by the Departmental Custodians for moving from one location to another, from department to Department, building to building, etc... These transactions are transmitted to Property Control via NSU Movable Property Transaction Request Form.

   b. Moves initiated as per the aforementioned forms will generate a work order within Property Control to acquire the labor for the physical moving by an independent contractor if needed.

## SECTION III

## MOVABLE ASSET MANAGEMENT

**SUBSECTION B: PHYSICAL INVENTORY MAINTENANCE "CHANGES" contd…**

c. The initiating owner releases the property as per the requesting signature on the form and acceptance by signature at the delivery point constitutes a proper move with the approval of the Property Manger.

d. Said transactions are posted (internally and externally) by Property control.

## SECTION III

## MOVABLE ASSET MANAGEMENT

### SUBSECTION C: PHYSICAL INVENTORY

1. Annual inventory for Northwestern State University will commence the first working day of January and run through the end of the approximately middle of February. All departments will be supplied with (2) printouts prior to January 1.

2. All departments Property Custodians shall be required to accomplish this physical task, certify the results and forward certified copy of their department's inventory to the Agency's Property Office by the assigned due date in February.

3. Property Control will notify Division of Administration thirty (30) days prior to the initial inventory date and request a numeric priority printout for the Agency/University.

4. During the physical inventory process, Property Control will reconcile the printout provided by the Divisions of Administration against NSU'S property printout. All changes, additions and/or deletion will be noted and corrective action taken so as to provide paralleling inventories.

5. Departmental Inventory printouts will be reconciled upon receipt at Property Control contingent upon proper certification and compliance with internal policies.

6. Property Control will build a file from all items noted as "not located" by the Department Custodians, by listing in an "unallocated year" category.

7. Upon receipt of all physical departmental inventories, the Agency Head will be notified of discrepancies for possible correction action and/or request written response of those in excess as to why and how it will be negated in the future?

## SECTION III

## MOVABLE ASSET MANAGEMENT

**SUBSECTION C:** **PHYSICAL INVENTORY CONT…**

7a. In the case of an overall unacceptable discrepancy the agency head will declare priority action for a second or re-inventory in an attempt to locate missing items.

8. After completion of all aforementioned tasks, a Certification of the Annual Property Inventory is submitted to State Property Control prior to anniversary deadline. Certification shall be submitted along with current year Discrepancy Report, previous years Discrepancy Reports, transfer for 3rd copy of last page of printout, copy of Agency Internal Procedures, forms, annual re-appraisal of livestock and an up to date property location listing.

9. A current year discrepancy report is routed to the Chief of University Police for notification on the NCIC and possible recovery through normal policies and investigative matters.

## SECTION III
## MOVABLE ASSET MANAGEMENT

**SUBSECTION D: <u>PROCEDURES IN RECONCILING OPEN COMMITMENT REPORT</u>**

1. Fiscal Affairs delivers "Open Commitment Report" #FBM009 to Property Office monthly.
2. Reconcile report #FBM009 found in Capital Outlay Database specifically seeking P. O. (s) with liquidated amounts charged to Capital Outlay. If no record of P.O. is found in Capital Outlay database, check Central Receiving Purchase Order File for copy.
3. If copy present; make copy and route to incoming Capital Outlay P. O. posting basket so as to be posted to the Capital Outlay database.

    aa.) If no copy in Central Receiving purchase order file use Screen 220, 228 on SCT to make a copy of critical information.

    1.) Print copy from SCT screen 220, 228, 284 and route copy to the incoming Capital Outlay P.O. Posting basket so as to be posted to the Capital Outlay database.

4. Check the Capital Outlay database for acquisition totals that show liquidation on the Open Commitment Report #FBM009.

    1. If no acquisition report has been processed, make copy of the purchase order and place copy in pending tagging folder.

    aa.) Check with department receiving Property to verify that the property has been received.

    1.) If department does not have property hold copy of the purchase order in pending tagging folder and notify Fiscal Affairs.

    2.) If department has property, initiate tagging procedure.

    2. Upon completion of tagging mission, log acquisition dollar amount, tag number assigned on the Open Commitment Report #FBM009 log beside liquidation amount.

## SECTION III

## MOVABLE ASSET MANAGEMENT

**SUBSECTION E:** **<u>REQUIRED FORMS</u>**

1. **INTERNAL:**
   a. **Movable Property Transaction Request**:
   Used to notify Agency Property Control of intent to move, transfer, location change, dismantle for parts etc.

   Responsibility: Department Property Custodian

   b. **Movable Property Acquisition Report**:
   Notification to Agency Property Control of receipt of property at the Agency. Property Control will initiate tagging of property.

   Responsibility: *Department Property Custodian

   *Note: Upon receipt at Central Receiving,or if delivered to department responsibility revolves to Agency Property Control.

   c. **Monthly Perpetual Asset Report**:
   Report submitted to Agency Comptroller with a running balance of the value of the Agency's Movable Property, listing credits debits (acquisitions/dispositions).

   Responsibility: Agency Property Control

   d. **Movable Property Manual**:
   Rules and regulations provided for custodian usage. As of July 1, 2006, manual will be posted to University Plant Service web site.

   Responsibility: Agency Property Control

## SECTION III

## MOVABLE ASSET MANAGEMENT

### SUBSECTION E: REQUIRED FORMS CONT…

5. **Annual Perpetual Asset Report**:
   Report submitted to Comptroller listing updated* end of fiscal year balance, current fiscal year discrepancy, previous two (2) years of discrepancies.

   Due date: July 1

   **Responsibility: Agency Property Control**

   *Note: Update shall include reassessment of of livestock value.

**2. EXTERNAL:**

a. **Movable Property Acquisition Report Form** :
   All acquisitions, dispositions, and changes are done on line by transfer request through LPAA software Protégé. Some changes such as: serial numbers, acquisition date, acquisition type, purchase order number, and item classifications must be done by LPAA by e-mail request through the Protégé system.
   **Responsibility: Agency Property Control**

**b. Protégé Transfer Request :**
   Request to State Property Control for disposition of agency property whether it be by transfer, sale dismantling, scrap, not located, inventory adjustment, etc. All requests are done electronically.

   **Responsibility: Agency Property Control**

## SECTION III

## MOVABLE ASSET MANAGEMENT

**SUBSECTION E:** **REQUIRED FORMS CONT….**

**c. Annual Certification of Movable Property**

Report of Agency's efforts on physical inventory of movable property due on or before the anniversary of the last certification. Report shall include, but not be limited to the following:

1.) Current year Discrepancy Report
2.) Previous $1^{st}$ and $2^{nd}$ years Discrepancy Reports.
3.) Transfers for $3^{rd}$ Previous Years Discrepancies.
4.) Copy of last page of printout.
5.) Copy of Agency Internal Procedures
6.) Annual Certification form letter.
7.) Annual re-appraisal of livestock.
8.) Copy of Current Policies and Procedures
9.) Location Index

# TABLE OF CONTENTS

## FOR

## ASSET MANAGER
## POLICIES AND PROCEDURES

# Policies and Procedures

## Purpose and Scope:

Identify and categorize all Capital Assets and improvements to meet GASB Statement 34 "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments" and Statement 35 for Public Colleges and Universities. The new statement requires reporting of capital assets and depreciation in the government-wide financial statements and is to be implemented for this university by June 30, 2002.

## Background

Governmental Accounting Standards Board is a private, nonprofit body responsible for establishing and improving accounting and financial reporting standards for more than 84,000 governmental units in the United States (not including the federal government). These include: states, counties, parishes, cities, and other local governments, as well as any organizations under those governments' jurisdictions such as public power authorities, municipal hospitals, and state universities.

GASB Statement 34 states that capital assets should be reported at historical cost or if information is not available, estimated historical cost. The cost of a capital asset should include any charges necessary to the asset into place. Capital assets that are not being depreciated should be disclosed separately. Donated capital assets should be reported at their estimated fair market value at the date of donation, inclusive of any ancillary charges.

## Definitions:

(Definitions taken from OSRAP and GASB documentation)

Capital Assets

"Capital assets include moveable property (furniture & fixtures, machinery & equipment, automobiles, etc.), land, land improvements, buildings, building improvements, leasehold improvements, infrastructure, library books, historical treasurers & works of art, and all other tangible or intangible assets that are used in operations that have initial useful lives beyond a single reporting period."

**Movable Property**

Consists of those capital assets that are not fixed or stationary in nature. In general, movable property includes furniture and fixtures, machinery and equipment, and automobiles. Movable property with an acquisition costs of $5,000 or more are depreciable.

Computer software developed or purchased for internal use

This grouping of movable property requires special consideration due to its nature and difficulty in accounting for the costs associated with it. Computer software used by an entity may be developed in house or purchased from outside sources. Whether computer software is purchased or developed internally, certain costs incurred would by capitalized. Costs that may be capitalized associated with developed software include those incurred during what is called the "application development stage". Activities that occur during this stage include configuration, interfacing, coding, installation, conversion of old data, and testing such as parallel processing. The capitalizable costs incurred during this stage include the purchase price of the software or the materials needed to internally develop the software, and cost of services needed after purchase of the software or during internal development. Any payroll costs for employees who are directly associated with and who devote time too directly to the software development stage are also costs that would be capitalized. Any general and administrative costs and overhead costs associated with the software development stage are not costs that are capitalized.

**Buildings**

They are permanent structures erected above ground, together with fixtures attached to and forming a permanent part of the building, for the purpose of sheltering persons and/or personal property. The cost of a building includes all labor, materials, and professional services required to construct the building, and any other costs to put the building into its intended use.

**Building Improvements**

Major renovations, repairs, and additions, to a building that increase the future service potential of the building and benefit future periods. The buildings and the improvements become one and inseparable. Examples would be new wings to the building or new air conditioning systems.

**Leasehold Improvements**

They are improvements made by the lessee to leased property such as land and buildings. The lessee has the right to use facilities and improvements during the life of the lease, but the improvements made to the property would revert to the lesser at the expiration of the lease. For this reason, the useful life of the leasehold improvement cannot be longer than the remaining lease term. The useful life of the leasehold improvement would be the lesser of 20 years (if a depreciable land improvement), 40 years (if a building improvement), or the remaining lease term. These improvements to leased property are treated as separate capital assets and are capitalized and depreciated if they are above the threshold for capitalization for the particular type of leased capital asset.

**Land**

Land or property is an inexhaustible asset that has an unlimited life and therefore is not depreciated.

**Land Improvements**

Land improvements are those such as sites preparations that ready land for its intended use. Land improvements can be categorized as non-exhaustible and exhaustible.

**Land Improvements (Non exhaustible**) these expenditures for improvements that do not require maintenance or replacement, expenditures to bring land into condition to commerce erection of structures, expenditures for improvements not identified with structures, and expenditures that do not deteriorate with use or passage of time are additions to the cost of land and generally not exhaustible and therefore not depreciable.

**Depreciable Land Improvements (Exhaustible) Land Improvements** are defined as improvements made to land that have determinable estimated useful lives and deteriorate with use or passage of time. These improvements are built or installed to enhance or facilitate the use of the land for a particular purpose. Depreciable land improvements may include walking paths and trails, fences, gates, landscaping, sprinkler systems, fountains, and beaches.

**Infrastructure**

Assets that are defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Although these assets are long-lived, useful lives are assigned to these assets and they are depreciated.

**Historical Treasures and Works of Art**

These are assets, which are considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain. Generally, collections of historical treasures and works of art will be considered inexhaustible, and would therefore not be depreciated.

However, special rules apply for the capitalization of these assets. Governments are encouraged, but not required to capitalize collections. If a collection was capitalized as of June 30, 1999, the collection must continue to be capitalized, along with all additions to the collection, but if the collection was not capitalized as of June 30, 1999, do not capitalize the collection.

**Library Books**
According to GASB statement 34 if library books are considered to have a useful life of greater than one year, and are depreciable capital assets. In certain situations, library books may be considered works of art or historical treasures. The determination will depend on the function, if the book is a reference book, and then its useful life would be limited and depreciable. If the book is considered an original, first edition, or one of a kind, it would probably be considered a historical treasure and have no exhaustible life and not depreciable.

**Historical Cost**
The actual cost of a property to the present owner – the original cost as of the date the property was first constructed and originally placed in service.

**Estimated Original Cost**
Estimated cost of the property in accordance with market prices as of the date the property was first constructed/purchased.

**Fair Market Value**
The Fair Market Value is the estimated amount at which the property would be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, and each having reasonable knowledge of all relevant facts.

**Replacement Cost**
It is the estimated amount required to reproduce a duplicate or a replica of the entire property at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment, contractors' overhead and profit, and fees, without provision for overtime, bonuses for labor, or premiums for material or equipment.

## Depreciation

Depreciation, in accounting terms, is the process of allocating the cost of tangible property over a period of time (useful life), rather than deducting the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the depreciation for each accounting period (accumulated depreciation) should equal original cost less salvage value. Northwestern State University's policy is:

1. NSU will not consider salvage value.
2. The straight-line method of depreciation will be used for all depreciable capital assets.
3. A full year of depreciation will be taken for the fiscal year the asset is placed in service.
4. No depreciation will be taken for the year of disposal.
5. Capital assets should be depreciated over their estimated useful lives, unless they are inexhaustible.

Depreciation expense should be reported in the Statement of Activities according to GASB 34 paragraph 44 and 45. Based on this statement, our Net Capital Asset Summary is grouped as followed:

1. Non-depreciable Capital Assets
2. Depreciable Capital Assets
3. Accumulated Depreciation of Capital Assets
4. Net Capital Assets

## Requirements to Report Depreciation

To meet the reporting requirements for depreciation expense prescribed by GASB Statement 34; it will be necessary to identify and separate assets by category:

1. Land & Land Improvements
2. Buildings & Building Improvements
3. Infrastructure
4. Non Depreciable Capital Assets
5. Library Books
6. Equipment and/or Movable property

Once the assets are identified as one of the above, they are then added to the depreciation schedules according to category. Identify assets that meet capitalization and depreciation threshold, record all improvements, renovations, and new constructions in each category in date order and establish depreciation schedules, accordingly. If improvements do not meet thresholds they are added to non-depreciable schedules in each category. When all depreciation schedules are complete for the fiscal year, depreciation expense for capital assets will be reported in the Statement of Activities as per the GASB requirements.

The depreciation schedules record the assets including: the asset function, funding source, the asset number, and description of the asset, acquisition year, age of asset, depreciable life of asset, previous year's accumulative depreciation, and current year depreciation, accumulated depreciation to date and remaining asset value at end of current fiscal year.  We also identified square footage, replacement cost, and its valuation date.  We are currently using the Louisiana State Office of Facility Planning and Control web site to identify replacement cost, some are not current.  Must find out whom to contact to update web site information.  Web site would be a good source of documentation if updated. We are still gathering supporting documentation and some may not be available.  Estimated historical cost data is being utilized when necessary due to the fact that we have some of the oldest structures in the Louisiana System.

**Definitions for Terms related to Depreciation**

**Depreciation**
The process of allocating the cost of tangible property or asset over the useful life of the property rather than deducting the entire cost of the asset as an expense at acquisition date.

**<u>Salvage Value</u>**
A value assigned to an asset at the time of disposal is considered the salvage value. It is the amount that asset can be sold for.

**<u>Estimated Useful Life</u>** – An asset must have an estimated useful life greater than one reporting period to be considered for capitalization and depreciation. <u>Assets that are consumed, used-up, habitually lost or worn-out in one year or less should not be capitalized.</u> In determining useful life, governmental entities should consider the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands. We are currently using information on useful life from the OSRAP documentation dated May 7, 2001, located on their web site.

**<u>Asset Cost</u>** - The second criterion for determining depreciable capital assets is cost; does the cost meet set thresholds. Governmental entities do not need to capitalize every asset with a useful life greater than one year. To do so is an unnecessary burden and will not materially affect financial results. A threshold that is too low will be burdensome and one that is too high could cause material misstatement of the governmental entity's financial condition. Northwestern State University is a member of the Louisiana System and will follow thresholds set by OSRAP.

**<u>Associated Debt</u>** – The third criterion is associated debt. Governmental entities should carefully consider the merits of capitalizing assets purchased with debt proceeds. Doing so may minimize the potential of negative net assets being reported in the statement of net assets.

**<u>Straight-line Method</u>**
Straight line is the process that is the simplest and most commonly used for calculating depreciation. It can be used for any depreciable property. Under the straight-line depreciation method, the basis of the asset written off evenly over the useful life of the asset. The same amounts of depreciation are taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life. The total amount depreciated can never exceed the asset's historical cost.

**<u>Information needed to calculate depreciation</u>**

- The date the asset was placed in service.
- The asset's cost or acquisition value.
- The assets salvage value. (NSU does not consider salvage value.)
- The asset's estimated useful life, and
- The depreciation method–(NSU will use straight-line depreciation only.)

## Capital Asset Categories, thresholds, and useful life:

(Based on policies set by Office of Statewide Reporting and Accounting)

| CATEGORY | THRESHOLD | LIFE (in years) |
|---|---|---|
| Movable Property | $5,000 | Varies See below |
| Computer Software (for internal Use | $100,000 | 3 |
| Buildings & Improvements | $100,000 | 40 |
| Leasehold Improvements | $100,000 | 20 to 40 |
| Land & Non-depreciable Land Improvements | Capitalize All | N/A |
| Depreciable Land Improvements | $100,000 | 20 |
| Infrastructure | $3,000,000 | 40 |
| Historical Treasurers & Works of Art | N/A | N/A |
| Library Books | N/A | 5 |

| **Capital Asset** | **Useful Life** |
|---|---|

| Movable Property | |
|---|---|
| **1. Office furniture & fixtures** | **10** |
| **2. Computers & peripheral equipment** | **5** |
| **3. Computer software (Cost that may be capitalized include those Incurred during configuration, interfacing, Coding, installation, conversion of old data And testing such as parallel processing.)** | **3** |
| **4. Office machinery & equipment other than computers including such items as: Typewriters, calculators, adding machines, copiers, and other duplicate equipment.** | **6** |
| **5. Medical Equipment.** | **5** |
| **7. Automobiles.** | **5** |
| **6. High mileage Automobiles, such as police cars.** | **3** |
| **7. Light general-purpose trucks (<13,000 lbs.)** | **5** |
| **8. Heavy general purpose trucks (13,000 lbs. Or more)** | **6** |
| **9. Trailers and trailer mounted containers** | **6** |
| **10. Buses** | **9** |
| **11. Over the road tractor units** | **4** |
| **12. Airplanes** | **6** |
| **13. Assets used in research and experimentation** | **12** |

## IDENTIFYING CATEGORIES OF CAPITAL ASSETS:

### Depreciable Land Improvements

Improvements that do not meet the threshold will be expensed as maintenance or other expenses, and items that meet the threshold for Land Improvements will be added to the Land Improvement Summary and depreciated. Since the threshold is $100,000, for Land Improvements, most if not all of these improvements will be expensed. This process will update as the improvements are completed and documentation will be added to the asset's file.

### Infrastructure

GASB has outlined general guidelines for identifying all capital assets. Infrastructure is generally a large part of the capital assets. Our immediate goal is to identify all infrastructure assets on the campus and to track all infrastructure capital projects dating back to June 30, 1980. Each asset should have an accurate description, year of acquisition, estimated original cost or historical cost, current replacement cost or professional estimated replacement cost, quantities and unit cost per foot, and any other additional information that will support capitalized cost. We have a tentative inventory of infrastructure assets. We are still compiling information on physical inventory of infrastructure assets. Professionals will be enlisted to obtain estimated historical cost on infrastructure assets and estimated replacement cost. According to GASB 34 paragraphs 158 through 160 the initial capitalization amount should be based on historical cost, but if not practical because of inadequate records, estimated historical cost may be used.

As of February 26, 2002, Office of Statewide Reporting and Accounting (OSRAP) reversed a previous decision on infrastructure thresholds, and now state that individual asset expenditure must meet the $3,000,000 threshold in a single fiscal year in order to be depreciated. We will continue to record improvements to the infrastructure network of assets as they are done.

**Valuation of Infrastructure Assets for Transition:**

- Infrastructure assets will be reported in the statement of net assets at historical cost less accumulated depreciation.
- Report only historical cost or estimated original cost for major infrastructure assets and networks of infrastructure asset systems.
- Replacement cost or current cost, which is then deflated back to the acquisition date, is an acceptable method for estimating original cost.
- Ancillary charges include costs that are directly attributable to an asset's acquisition.
- All infrastructure assets will be reported from June 30, 1980.

To be considered as major infrastructure asset expenditure, the following criteria should be considered: cost or estimated cost of the "subsystem" is at least 5% of cost of all general capital assets, or the cost or estimated cost of a "network" of infrastructure assets is at least 10% of all general capital assets.

In our current situation, we are enlisting the help of Mr. Rick Nowlin and his staff to record the miles of roads located through out the campus. He will measure the roads and sidewalks; give a professional estimated historical cost and estimated replacement cost.

Louisiana Department of Transportation and Development (DOTD) have available for parishes and municipalities the following:

- A summary of road types, inclusive of road miles; current replacement cost, estimated useful lives, and estimated depreciable costs.
- A detail listing of roads.
- Road inventory map of each parish.
- A detail list of bridges, with structure type, replacement type, length, width, and year built, useful life, and estimated replacement cost. This information is located on the World Wide Web.

## Buildings and Building Improvements

Items of renovation or improvements that do not meet the threshold for depreciation will be expensed as general maintenance unless they are considered to add useful life to the asset. Improvements that meet the threshold for Buildings and Building Improvements will be added to the schedule of depreciation and depreciated. Since the threshold is $100,000 for Buildings, most if not all of these improvements should go through State Facility Planning. Those items that would be considered major renovations that are not state funds should be closely evaluated for purpose, fund source, and useful lives added to the asset. Order ISIS report from Facility Planning in Baton Rouge twice a year in order to determine the progress of Facility Planning projects. Updating the Investment in Plant process at the end of each month when receiving the FBM092 report will allow more time at the end of the fiscal year to recheck all improvements for thresholds requirements and documentation of files. Files should be updated according to the projects that are ongoing. The process of updating the files will be continuous as the improvements are completed and files will be maintained for documentation. Each building that has major renovations will have a file with a description of the renovation and cost. Each file should have a cover sheet that describes the building, date constructed, original cost or estimated original cost, square footage, brief description of building as for as construction materials, purpose of building, fund source if available, estimated replacement cost and valuation date of estimate. (See attached Asset Cover Sheet)

## Equipment (Movable Property)

We identify and divide our equipment assets into categories of those less than $5,000 and those greater than or equal to $5,000 for purpose of identifying those assets that meet the depreciation thresholds.

On an annual basis the Asset manager will request a list of all equipment acquisitions equal to or greater than $5,000, less any livestock and loan-ins. We also request a list of those equipment assets that are deleted from inventory during the current fiscal year. This is requested on or around June 1st of each year to aid in the preparation of a perpetual inventory and to be submitted at year-end closes. Included in this information should be any up-grades to current depreciable asset that has had that will affect asset value and perpetual inventory totals. (See attached memo)

Library Books
Revised as of September 1, 2005

Library Books
On June 1st of each fiscal year, the Asset Manager will send a written request for information regarding depreciation of Library Assets to the Library Director.
According to OSRAP and GASB, Library book collections are to be depreciated over a five year period. Library acquisitions are captured from the FBM 092 reports for the end of the fiscal year.
In a memo from the Library director, the number of deletions and donations and the average cost of deletions and donations should be returned to the Asset Manager in a timely manner so that journal entries can be made for the close of the books. The Bowker Annual has been the source for determining the average cost of deletions and donations in the past. The Library Director is responsible for figuring the average cost of deletions and donations.

Above is the revised policy for Library Books to be depreciated. This year due to the fact that SACS accreditation is moving the response times up by a couple of weeks; I am requesting that the number of all deletions and donations and the dollar value be turned in no later than May 31, 2006. If any deletions or donations occur in the month of June 2006, those should be reported by June 30, 2006 in the form of an e-mail to hernandezl@nsula.edu These will be added to the list from May 31, 2006.

Works of Art or Historical Treasures
All collections or items which are considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain. Since they are considered inexhaustible they are not depreciated.
All items in the Louisiana Room at Watson Library that meets the criteria to be classified as Historical treasures have been capitalized. A brief description of the inventory has been obtained from Mary Linn Wernet, Assistant Professor. (See attached copy of brief description)

Land
Land is not depreciated. It is recorded on the capital asset summary at historical cost in the section of items not being depreciated. If sold, gains or losses will be recorded as a special item in the statement of activities. Land inventory is a one-page document. Need

to check with local assessor's office to determine if they maintain a listing of land parcels titled to our university. Most recent acquisition, Dear acquisition, is well documented.

## Livestock

Livestock is not depreciated. Livestock is part of the movable property inventory. It is deducted from movable property inventory along with loan-ins to give and accurate figure for depreciation.

## Construction in Progress

ISIS reports are used to determine the status of State Facility Planning projects. Mr. Loran Lindsey will notify this office of the status of Land improvements, Building Improvements, and other improvements for this university, so that we know whether they are to be capitalized and/or depreciated at the end of the fiscal year. The university does not include work in progress/construction in progress on the financial statement but is mentioned in the footnotes.

**Note: In many cases information is not complete on all assets, a situation where an asset has ongoing years of capitalization, but no depreciation. All years will be considered as one project and will be depreciated in the last year the work is completed.**

## Construction of Documentation Files

Using the Investment in Plant Summary for 1999-2000, 2000-2001, and 2001-2002 and Depreciation Schedules from each fiscal year, build files on all capital asset categories that have had renovations or additions or that have been constructed after June 30, 1980. These files should contain accurate descriptions of the asset including: acquisition cost if available or estimated original cost, or construction cost, date of construction, acquisition, purchase, or donation, funding source, estimated useful life, and function(s) that use the asset. The file should also include the square footage (if a building) or cost per square foot (if infrastructure), the identification numbers, building numbers, or asset number, and replacement value of the asset and the last valuation date. Each file should have a brief description of the asset, and list of the improvements to the asset since 1980. It should contain a brief description of the renovation, major repair, or addition, the cost or projected cost of the project, the fund source, function, and an ISIS report from State Facility Planning to show completed cost and date of completion if a State Project. State Facility Planning's web site has pictures of each building on campus that can be downloaded and put in the building files.
The cover sheet should be the first sheet you see when opening the file. Then the file should be divided according to the projects or renovations in date order, with the most recent project first.

**Documentation File order:**

1. Cover sheet for asset.
2. Picture of building if available. (Facility Planning has pictures on web site.)
3. In date order, the latest addition, renovation, or improvement to the asset.

4. State Facility Planning (ISIS) report if it is state funded will confirm the amount spent on the renovation or improvement and when it was completed.
5. Other documentation of the addition, renovation, or improvement.
6. Charts or drawings that show the renovation.

The cover sheet should summarize the asset so that a person opening the folder for the first time would have a complete description of the asset on the first page. It should be updated as the file is updated with new construction, improvements or renovation.