

# *UNIVERSITY OF HAWAII*

## *COMMUNITY COLLEGES POLICY*

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### **UHCCP #8.501 Non-Capital Assets**

August 2009

#### **I. Purpose**

To establish responsibilities for the appropriate management and control of non-expendable property, specifically non-capital theft sensitive controlled property assets, hereafter defined as “Non-Capital Assets” owned by or in the custody of the University of Hawaii Community Colleges. These non-capital assets have a useful life of more than one year and an acquisition cost of at least \$1,000, but less than \$5,000 per unit, and are not considered to be equipment. To also establish responsibilities for the care, custody, and physical security of non-capital assets to ensure proper stewardship of public, Federal, or agency funds is supported.

The non-capital assets covered under this UHCCP are not covered by APM A8.505 – State Personal Property or APM A8-550 – Capitalization, as APM A8.505 is limited to equipment and controlled property administered by the Property and Fund Management Office (PFMO).

#### **II. Related University Policies**

- A. UH Systemwide Administrative Procedures Memorandum No. 09-06 dated May 14, 2009 (Attachment A)
- B. Memorandum from Karen Morimoto, Director of UH Property and Fund Management dated May 15, 2009, Non-Capital Assets. (Attachment B)
- C. UH Systemwide Administrative Procedures A8.505 State Personal Property (<http://www.hawaii.edu/apis/apm/a8505.html>)
- D. UH Systemwide Administrative Procedures A8.550 Capitalization (<http://www.hawaii.edu/apis/apm/a8550.html>)

#### **III. Definitions**

- A. Acquisition – The net invoice unit price of a non-capital asset including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it is acquired. Other charges, such as the cost for installation, transportation, taxes, duty, or the protective in-transit insurance, shall be included in the unit acquisition cost in accordance with University accounting practices.

- B. Capital Asset – Capital assets are major assets that benefit more than a single fiscal period. Typical examples are land, land improvements, infrastructure, buildings, building improvements and equipment.
- C. Controlled Property – Tangible, non-expendable personal property less than \$5,000 per unit which is not capitalized and meets either of the following criteria:
  - 1. Any firearms/weapons; and
  - 2. Property which is Federal or agency owned under the provisions of an extramural award and is accountable to the University.
- D. Disposal – To pass or part with, in relieving custodial responsibility when an asset is sold, lost, obsolete, damaged beyond economic repair, etc.
- E. Equipment – Any tangible non-expendable personal property having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit (as defined in APM 8.550, Capitalization).
- F. Non-Capital Asset – An asset that does not meet the criteria for a capital asset or is considered to be controlled property. Non-capital assets have a useful life of more than one year and an acquisition cost of at least \$1,000, but less than \$5,000 per unit.
- G. Transfer – Assigning custodial responsibility of an asset to another custodian or account; movement of property to another physical location.

#### IV. Responsibilities

- A. It is the responsibility of the Chancellor to develop and maintain an inventory tracking system to appropriately monitor and control the acquisition, transfer, disposal, and loss or damage of theft sensitive non-capital assets.
  - 1. Campuses may design an inventory tracking system which appropriately addresses the risk associated with non-capital assets as well as the maintenance requirements of the inventory system.
  - 2. The specific procedures for the tracking of theft sensitive non-capital assets will be left to the discretion of the Chancellor.
- B. Each Chancellor is to exercise appropriate control over their non-capital asset purchases that no longer meet the revised Controlled Property guidelines. As with all University purchases, management and individual responsibility for care, custody, and physical security will continue to apply to all non-capital asset purchases so that proper stewardship of public, Federal, and agency funds is supported.

**V. Guidelines**

- A. Theft sensitive non-capital assets are items identified at high risk for loss, which have a useful life of more than one year and an acquisition cost of at least \$1,000, but less than \$5,000 per unit and shall include:
1. Microscopes, balances
  2. Television/monitors, audiovisual equipment, cameras
  3. Computers, projectors
  4. Works of art
  5. Other items determined by a program to be theft sensitive or have a high loss potential.
- B. Chancellors are responsible for direct control, use, care, maintenance, and safekeeping of all theft sensitive non-capital assets for their campuses. They shall maintain and control the physical location, account records, and assure the security of the property to accurately track all theft sensitive non-capital assets.
- C. While the specific procedures for tracking theft sensitive non-capital assets are at the discretion of the Chancellor, basic custodial responsibilities include:
1. Proper identification and location of all non-capital assets purchased for, or assigned to, their respective programs.
  2. Appropriate tracking of transfers, disposals, lost, damaged, or stolen non-capital assets.
  3. Appropriate reports and/or on-line screens related to non-capital assets to facilitate and document the tracking process.
- D. Per memorandum from Karen Morimoto, Director of UH Property and Fund Management dated May 15, 2009, Non-Capital Assets (Attachment B), campuses are informed regarding reports, decals, and the use of current controlled property subcodes for non-capital assets as follows:
1. 7709 – Equip & Mach – Non-Capital
  2. 7719 – Equip, Off – Non-Capital
  3. 7729 – Equip, Educ – Non-Capital
  4. 7739 – Equip, Sci – Non-Capital
  5. 7749 – Disaster, Content Replace – Non-Cap
- E. While the design and development of the non-capital asset inventory system is left to the discretion of the campuses, an extension of the inventory system designed specifically for this purpose is available for use by all campuses.




UNIVERSITY  
of HAWAII  
SYSTEM

Howard S. Todo  
Vice President

May 14, 2009

## ADMINISTRATIVE PROCEDURES MEMORANDUM NO. 09-06

**TO:** University Administrators and Chancellors

**FROM:** Howard S. Todo   
Vice President for Budget and Finance  
Chief Financial Officer

**SUBJECT: ELIMINATION OF NON-CAPITAL THEFT SENSITIVE CONTROLLED PROPERTY ASSET STATUS**

After reviewing the positive and negative impact of tracking non-capital theft sensitive controlled property (CP) assets in the Fixed Assets System (FFX) module of FMIS, the University of Hawaii Business Process Council has recommended that the mandatory requirement to establish an asset record for non-capital theft sensitive CP assets be eliminated. Key components supporting this recommendation are as follows:

1. One of the primary reasons for centralized administration of asset records is to allow for accurate asset reporting for financial and extramural award purposes. The reporting requirements, however, do not apply to the general population of non-capital theft sensitive items.
2. Individual departments can tailor their programs to appropriately address their risk associated with non-capital theft sensitive property.
3. For internal control purposes, physical security, individual responsibility and custodial oversight are at the department level and are more effective than central administration that PFMO may provide.
4. There should be a substantial decrease in paperwork and processing time for departments relating to non-capital assets as documents previously submitted to the Property and Fund Management Office (PFMO) for action can now be handled internally by the departments (i.e., transfers and disposals).
5. There should be a substantial reduction in time required by departments to complete and submit to PFMO annual equipment inventory verifications since non-capital assets will not be included.

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6. Departments will no longer need to transfer non-capital assets accountable to an invalid SL account code (accounts created and purged from FMIS because they are no longer required for accounting purposes) to a valid SL account code in FFX since non-capital assets will not be tracked in FFX.

The following classification of assets shall be removed from the definition of CP as defined in APM A8.550, Capitalization:

*3) theft sensitive personal property with a useful life of more than one year and an acquisition cost of at least \$1,000, but less than \$5,000 per unit. Theft sensitive property shall include:*

- a. Fax machines*
- b. Microscopes and balances*
- c. Television sets, audiovisual recorders/players, cameras*
- d. Computers, printers, monitors, scanners*
- e. Works of art*
- f. Other items determined by a program to be theft sensitive or have a high loss history.*

The only mandatory asset records that must be established are for moveable equipment with a unit cost of \$5,000 or greater and a useful life of more than one year, firearms/weapons regardless of cost, and Federal/agency owned property regardless of cost which is accountable to the University under provisions of an extramural award.

Individual departments are to exercise appropriate control over their non-capital purchases that no longer meet the revised CP guidelines. As with all University purchases, management and individual responsibility for care, custody and physical security will continue to apply to all non-capital equipment purchases so that proper stewardship of public, Federal and agency funds is supported.

### **Impact**

- 1. Existing asset records of non-capital theft sensitive items.** Since the centralized tracking of non-capital theft sensitive items is no longer mandatory, PFMO will discontinue administrative oversight of these assets. Applicable non-capital assets will be marked as “deleted” (status code D) in FFX. However, departments will continue to have access to their existing non-capital theft sensitive asset records in eInventory for viewing, updating, transferring and disposing if they choose to do so.
- 2. Annual inventory verification.** The annual physical inventory verification that is coordinated by PFMO will not include the assets that no longer meet the revised controlled property definition beginning with the June 30, 2009 inventory.

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3. **APMs.** Existing APMs have been updated to reflect the revised definition of CP. For both of the following APMs, the definition of CP will be revised. Non-capital theft sensitive items will no longer be considered CP.
  - APM A8.505, State Personal Property
  - APM A8.550, Capitalization
4. **eInventory.** ITS is working on modifications to eInventory to include basic functionality for departmental management of non-capital assets. The target completion date is June 30, 2009. Please note that tracking is non-mandatory and any tracking can be tailored accordingly.
5. **New acquisitions.** PFMO will no longer create non-capital theft sensitive asset records in FFX. If the individual campuses/departments elect to track any of these assets, they will be able to create asset records in eInventory when available. This process reflects the current Kualu Financial System (KFS) business process for non-capital assets.
6. **Asset decals.** For departments that elect to track non-capital assets using eInventory, decals for identification purposes can be obtained through PFMO. Decals issued by departments for non-capital assets will be both human and machine readable and will be printed on a white background.
7. **Transfers.** Form FMIS-74, Equipment Transfer, should be submitted to PFMO for processing transfers of equipment and controlled property assets administered by PFMO. As a reminder, transfers of building location, room/floor, other location and custodian name should continue to be updated by the departments in eInventory.
8. **Disposals.** Form FMIS-76, Disposal Application, should be submitted to PFMO for processing disposals of equipment and controlled property assets administered by PFMO.
9. **Subcodes.** New subcodes have been established for CP assets to be administratively monitored by PFMO.
  - **7759 Federal/agency owned property < \$5K**
  - **7789 Firearms/weapons < \$5K**

Departments should continue to code Federal/agency owned property and firearms/weapons  $\geq$  \$5,000.00 per unit to an already existing equipment subcode in the 77X0 subcode format as appropriate.

- **7700 Equip, & Mach, Other**
- **7710 Equip, Office**
- **7720 Equip, Educational**
- **7730 Equip, Scientific**
- **7780 Motor Vehicle**

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**10. Processing by PFMO.** Effective May 22, 2009, PFMO will no longer create, transfer or dispose of non-capital theft sensitive assets.

Should you have any questions, please call Karen Morimoto at 956-3359.



## UNIVERSITY of HAWAII SYSTEM

May 15, 2009

### MEMORANDUM

To: Fiscal and Administrative Officers

From: Karen Morimoto *Karen Morimoto*  
Director

Subject: Non-Capital Assets

As referenced in the Administrative Procedures Memorandum No. 09-06 dated May 14, 2009, non-capital theft sensitive controlled property will no longer be administratively managed by the Property and Fund Management Office (PFMO) effective May 22, 2009. Additional clarification regarding non-capital property is being provided for your information.

#### Subcodes

Departments may continue to use the current controlled property subcodes which will be renamed as follows:

- 7709 – Equip & Mach – Non-Capital
- 7719 – Equip, Off – Non-Capital
- 7729 – Equip, Educ – Non-Capital
- 7739 – Equip, Sci – Non-Capital
- 7749 – Disaster, Content Replace – Non-Cap

#### Monthly Reports

The following Fixed Assets System (FFX) disposal reports for May 2009 will include the non-capital assets that will be disposed in the inventory system:

- TBDR040 – Disposal Report by SL Account Code
- THDR040D – Disposal Report by Fiscal Officer

The non-capital assets will be administratively disposed in FFX with the disposal method code of “OD” (Other Disposal).

#### New Reports

Fiscal Officers will receive the following reports via PageCenter:

- TH1CP002 – Report of non-capital assets disposed in FFX that will become active records in eInventory.
- TBDU065N – Accounts Payable Extract (Non-Capital) produced weekly on Fridays will display transactions such as purchase order, contract and DCS payments that are coded to non-capital equipment subcodes



- THDU070N – Miscellaneous Transactions (Non-Capital) produced weekly on Fridays will display other financial transactions such as RCUH payments, journal vouchers, p-cards and departmental deposits that are coded to non-capital equipment subcodes.

The TBDU065N and the THDU070N reports can be used by the field to establish non-capital assets in eInventory (projected effective date June 30, 2009) if they choose to do so.

**Decals**

Decals for new acquisitions of non-capital assets are available from PFMO. Please contact Marita Tom at 956-8735 to request an initial supply of decals.

Should you have any questions, please call me at 956-3359.