

# Oak Ridge Schools



## Inventory and Fixed Asset Policy and Procedures

### **INTENT:**

To establish guidelines and procedures for the Oak Ridge Schools regarding fixed assets and inventory.

### **OVERVIEW:**

Capitalization of general fixed assets is reported in the financial statements and establishes management control and continuing accountability for fixed assets acquired by governmental agencies.

Capitalization of general fixed assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The amounts represented in the financial statements should be documented by an inventory listing supported with detailed records for each sheet.

It is also the school system's responsibility to ensure property accountability of certain other purchases made with school funds that do not represent general fixed assets. This policy is to encompass that responsibility for "controllable items".

### **Administrative Procedures**

#### Board of Education

- Provide administrative officials with listings of inventory for which they are held accountable.
- Determine procedures for proper disposal and transfer of fixed assets and policy for notification to Inventory Specialist
- Notify administrative officials of findings related to internal reviews conducted by the Inventory Specialist or external audits conducted by the external audit firm of said departments and disposition thereof.

#### Inventory Specialist Duties

The Inventory Specialist operates with respect to the duties of the Board of Education, which governs the operations of the schools. A full cooperative effort of all parties allows the Inventory Specialist to maintain records in Areas of Responsibility as outlined below:

- Maintain inventory listings of all capital assets reported in the financial statements and of other assets (controllable) determined to be tracked by officials.

- Tag all assets as determined by these procedures and input of all related information to the computer system.
- Remove tags and retire assets from computer records upon proper notification by Board of Education.
- Conduct periodic reviews of all departments to determine that all assets are being properly accounted for.
- Prepare annual inventory reports of general fixed assets and controllable assets for school district and auditors.

#### Administrative Officials

Administrative officials (principals, directors, supervisors, grant administrators, etc.) are responsible for the custody and maintenance of all assets purchased for or assigned to their office/school or department.

- Report the theft or loss of property, immediately, to the Inventory Specialist by phone, to be followed by a letter (or approved form) to the Finance Director for insurance recovery, with a copy provided to the Inventory Specialist.
- Report to Inventory Specialist any assets deemed to be surplus by this department for transfer of disposal.
- Any transfer or disposal of assets by administrative officials shall be documented in writing and approved by the Superintendent of Schools and Finance Director in order to relieve that official of said responsibility.
- Allow Inventory Specialist access to all records necessary to aid in determining proper disclosure of fixed assets for reporting purposes.
- Designate person(s) for the custody and control departmental property (departmental property coordinator). The name of this person shall be submitted to the Inventory Specialist for direct communication purposes.
- When an administrative office/or teaching position is vacated by resignation, retirement, or reassignment, a signed copy of the controllable asset document must be reviewed and approved by the incoming administrative official/or teacher (this should be done in written form).
- The Superintendent of Schools may request an audit of the controllable asset inventory file on a site basis if necessary.

#### Departmental Property Coordinator

- Maintain all records of fixed assets and controllable assets accountable to the office/school. These records would include transfers, disposals, and assets surplus through appropriate disposal.
- Notify Inventory Specialist of new asset acquisitions not currently tagged.
- Reconcile and report differences between annual fixed asset inventory and actual physical inventory to the Inventory Specialist.

## **Accounting Procedures**

### Capitalization:

The following items will be capitalized in the General Fixed Asset Account Group:

- Land
- Buildings (includes all permanent equipment and furniture included under construction contract when facility was built).
- Building improvements and additions that do not constitute repairs and maintenance.
- Machinery and Equipment\*
- Furniture and Fixtures\*
- Construction in Progress

\*These items will be subject to a dollar value test and/or life expectancy test. (A cost of \$5,000 or more and a minimum useful life expectancy of three years. Freight charges and installation costs shall be included in the cost.)

### Controllable Assets

Controllable assets are assets which do not meet the criteria for a fixed asset but will be included in property management's records for control purposes. Such property would include televisions, VCR'S, low cost computers, software and other items as desired by departments.