



**DEPARTMENT OF CORRECTIONS
Chief Financial Office**



Title:	Fixed Assets	DOC Policy: 30.2.1
Effective:	04/09/18	Supercedes: 03/01/08
Applicability: All DOC employees and contractors		
Directives Cross-Reference: Capital and Non-capital Assets – 10.50.00 PO and 10.50.00 PR DOC Policy 30.2.2		
Attachments: CD1468- Fixed Asset Disposition Request Form CD1810- Property Disposition Request		

I. PURPOSE

The purpose of this policy is to establish responsibility within the Department of Corrections for the acquisition, accountability, control, maintenance and disposition of assets in accordance with the Oregon Accounting Manual: Capital and Non-capital Assets – 10.50.00 PO and 10.50.00 PR

II. DEFINITIONS

- A. **AFAMIS:** DOC's Accounting System: Automated Financial, Accounting, Manufacturing, and Inventory System software.
- B. **Asset Security Officer:** The Asset Security Officer, within the Office of the Chief Financial Office, assigned responsibility of initiating and reconciling physical inventory results, and processing all property transactions affecting the automated inventory control system, including acquisition, disposal, and location changes of controlled property.
- C. **Authorized Receiving Points:** Distribution Services warehouses and other persons designated by Distribution Services to receive, store, and tag fixed assets.
- D. **Capital Outlay:** Expenditures for property that has a useful life beyond a single year and has an initial cost of \$5,000 or more. The \$5,000 cost includes all charges to prepare it for use including additional charges such as shipping, installation, etc.
- E. **Controlled (Tagged) Property:** Property assigned an inventory tag number and placed on an automated inventory tracking system.
- F. **Cost Center Manager:** Management service employee assigned by the functional unit manager to manage and monitor cost center(s) within a functional unit.
- G. **Employee Assigned Property:** State owned property assigned directly to employees,

contractors, or volunteers because it is required to accomplish their job. Examples include cell phones, pagers, cameras, firearms, PDAs, laptop computers, security cards, credit cards, etc.

- H. **Expendable Property:** Items that are not consumed in the normal course of agency operations can be used more than once, have a useful life less than two years, and cost less than \$5,000.
- I. **Fixed Asset:** Items which are not consumed in the normal course of agency operations, can normally be used more than once, have a useful life of more than two years and whose value is \$5,000 or more, including additional charges such as shipping, installation costs, taxes, interest, and any other expenditures required to place the asset in its intended location and condition for use; also referred as capital assets or non-expendable property.
- J. **Fixed Asset Accountant:** The DOC staff that performs all fiscal transactions necessary to record and dispose fixed assets into and from the AFAMIS system. This position works with the Asset Security Officer and the Facilities Unit to ensure that all fixed assets are recorded accurately and in a timely manner in the DOC Accounting System (AFAMIS) and the State Financial Accounting Application (SFMA). The Fixed Asset Accountant is the primary contact regarding coding and classification of fixed assets purchased or manufactured for the Department of Corrections.
- K. **Fixed Assets Disposition Request:** DOC form CD1468 used by the cost center manager anytime they seek to dispose of or transfer property.
- L. **Functional Unit Manager (FUM):** Any person within the Department of Corrections who reports either to the Director, Deputy Director, an Assistant Director or administrator and has responsibility for the delivery of program services or the coordination of program operations.
- M. **Inventory Tag:** A tag with a unique number affixed to controlled property used for identification and tracking; also known as a 'property tag'. Only the Office of the CFO or ITS can issue or authorize issuance of official property tags.
- N. **Information Technology Services (ITS):** is a centralized department under the General Services Division that provides operations, technical, application development, maintenance, and business support to the department.
- O. **Non-controlled Property:** Property that is not assigned an inventory tag number.
- P. **Physical Inventory:** The physical verification of all controlled (tagged) property listed on inventory records. A physical inventory is required a minimum of once each year.
- Q. **Property:** Tangible, physical property (such as land, buildings, and infrastructure) that DOC has title to or possession of that cannot be tagged.
- R. **Property Disposition Request (PDR):** DOC Form CD1810 required for the removal of controlled property from active inventory records prepared and issued by the Asset Security Officer. The PDR is also required for disposal of non-controlled property.
- S. **Qualified Rehabilitation Facility (QRF):** A non-profit organization designated by DAS as being eligible to receive state surplus property. Please refer to the donations policy when determining where fixed assets can be donated.
- T. **Supplies:** Items that are consumed in the normal course of agency operations such as food,

clothing, office supplies, and other supplies which can normally be used only once or have a useful life of less than two years. These items are not tagged or tracked.

- U. **Surplus Property:** All DOC property that is turned over for sale at Department of Administrative Services (DAS) – Surplus Property Sales. Also includes any property with special disposition requirements such as recycling, DEQ requirements, or security disposal.
- V. **Trackable Assets:** A group or class of assets that are not defined as capital assets but are required to be managed for other purposes, such as security, maintenance management, state policy (IT Assets), or other business reason.

III. POLICY

The Department of Corrections will purchase, account for, control, and utilize all property in compliance with statutes, rules and policies of the Department of Administrative Services – Oregon Accounting Manual.

A. Responsibilities:

1. Chief Financial Officer (CFO)
 - a. Determine and approve policies for fixed asset management.
 - b. Review findings and recommendations related to internal audits conducted by inventory control personnel or external audits conducted by the state and/or Secretary of State.
 - c. Ensure any identified deficiencies or noncompliance with policies are addressed and corrected.
2. Office of Fixed Asset Control
 - a. The Office of Fixed Asset Control is under the direction of the Operations Financial Services Administrator, Office of the CFO, which provide procedures for managing fixed assets in the Department of Corrections. Fixed asset control operates under the direction of the CFO to assure DOC's fixed asset program is in compliance with the Oregon Accounting Manual.
 - b. The Asset Security Officer within the Office of Fixed Asset Control will determine the final disposition of property within the DOC.
 - c. Property needs to be tagged if it is capital outlay expenditure, with the exception of land, buildings or improvements. The Asset Security Officer will assign control tags to all property except IT hardware. ITS will assign control tags for computer hardware. A list of controlled (tagged) property is available upon request from the Asset Security Officer by manager, location, or institution.
3. Functional Unit Manager (FUM)
 - a. The functional unit manager will ensure proper inventory control is established and maintained within the functional unit. The functional unit manager will assign each cost center manager within a functional unit responsibility for all property in

their control as identified in the inventory. The cost center manager is charged with the responsibility for supervising proper care, usage, safeguarding, and disposal of such property. Expendable supplies, expendable property, trackable assets, non-expendable property, assets manufactured by the department, personally assigned assets, and products manufactured within the functional unit will be properly secured and safeguarded from theft or other loss at all times.

- b. FUM responsibilities include, but are not limited to, the following:
 - (1) Report the theft or loss of property, immediately, to fixed asset control by telephone, to be followed in writing to the fixed asset control office. A police report should be obtained on all losses suspected of being stolen.
 - (2) Report/request to the fixed asset control office using Fixed Asset Disposition form CD1468, any assets deemed to be surplus and not necessary by the department so that proper transfer or disposal can proceed.
 - (3) Any acquisition, transfer to another DOC department, or disposal of assets by DOC management shall be documented in writing on Fixed Asset Disposition form CD1468 to the fixed asset control office.
 - (4) Allow staff from the office of fixed asset control access to all records and inventory necessary to aid in the determining of proper disclosure of fixed assets for reporting purposes.
 - (5) Designate person(s) for the custody and control of departmental property (departmental property coordinator). The name of this person shall be submitted to fixed asset control for direct communication purposes.

4. General Responsibility

- a. Each functional unit will conduct physical inventory of tagged property at least once every year.
- b. Acquisition and Receiving of Fixed Assets:
 - (1) Procurement: All fixed assets purchases must originate with an order request to the Procurement unit to assure compliance with state procurement statutes in the Oregon Accounting Manual.
 - (2) Receiving: All fixed assets must be formally received at the location designated and assigned a tag to establish accountability over the asset and initiate the internal payment process. See DOC Policy 30.2.2, Warehouse Operations.

B. Assignment of Inventory Control TAGS

- 1. An inventory tag will be assigned to all items meeting the definition of a fixed asset and controlled property, at the authorized receiving point. Only the Office of the CFO and

ITS can issue or authorize issuance of official property tags. Both units ensure that each property number is unique.

2. Within each authorized receiving point (see DOC Policy 30.2.2, Warehouse Operations) a person is authorized to ensure that an inventory tag is placed on each fixed asset before it is released for use.
3. If it is impractical to place a tag on the item, the assigned property tag number will be affixed on the property with an alternate method such as engraving, indelible ink marker, or serial number reference.
4. Inventory tags affixed to each piece of controlled property will be retained for the period of existence of the item, will not be removed or defaced, and will never be reassigned to another piece of property.
5. Inventory tags and/or property numbers inscribed on property will be located in a place that provides for easy identification for physical inventory and accountability purposes.
6. Any item that is manufactured internally by the Department of Corrections (for example: software, equipment, structures, etc.) which meets the minimum dollar value for a capitalized asset (\$5,000) and has a useful life of greater than one year shall be tagged and recorded as an asset.
7. The functional unit in possession of the property will retain all warranties and guaranties.
8. All titles for vehicles, heavy equipment (forklifts, etc.), ATV's and electric carts will be maintained by the Asset Security Officer regardless of cost.

C. Physical Inventory - Controlled Property

1. Once each year, the Asset Security Officer and ITS will schedule physical inventories of controlled (tagged) items in coordination with each Department of Corrections location.
 - a. In addition to the Annual Inventory and at the discretion of the Chief Financial Office, when an appointment of a new executive level position such as a superintendent occurs, Inventory of the facility or area of responsibility should occur.
 - b. When there is a change in Management for a Functional Unit (i.e. Food Services, Physical Plant, etc.) an additional inventory may be conducted for that unit at the discretion of the Chief Financial Office.
2. The Asset Security Officer will generate a report from the automated inventory system for all assets assigned to a functional unit and forward these reports to the FUM for distribution to use as work sheets in conducting physical inventory. A memo signed by the CFO's Office will accompany the printout outlining the manager's responsibilities for the inventory as well as protecting assets in their custody.
3. Functional unit managers and cost center managers will assign individuals at each location to work with the Asset Security Officer to conduct the physical inventory and will:

- a. Identify and verify by physical sight the location of all controlled (tagged) property on the list of property assigned to each cost center manager.
 - b. Address each item as either “found”, noting the location found, or “not found.”
 - c. Document property found but not listed on the cost center manager’s inventory sheets, including description, inventory tag number (if available), and location. This documentation will be attached to the original computerized inventory work sheets.
 - d. Sign the original inventory work sheets and obtain the signature of the responsible cost center manager.
 - e. Forward the original signed work sheets, along with any attachments, to the Asset Security Officer.
4. When all the work sheets have been returned, the Asset Security Officer will reconcile inventory results and forward a list describing any missing property to the functional unit manager.
 5. Functional unit managers will be responsible for making a final attempt to locate the missing property.
 - a. The functional unit manager will address all lost/stolen property on a memorandum to the Asset Security Officer. The memo will describe the property, the circumstances of the loss and be signed by the FUM. In addition, the FUM will attach any related paperwork; Police Report, Unusual Incident Report, pictures or any other relevant documentation to the memo and forward to the DL Fixed Assets. Property lost/stolen will be documented on a Property Disposition Request (PDR) form CD1810 as “lost or stolen” by the Asset Security Officer and removed from active inventory records by the Fixed Asset Accountant. The Asset Security Officer shall forward a copy of the PDR to the Director, Inspector General, Internal Audits, functional unit manager, and cost center manager.
 - b. Items will be returned to active inventory records if subsequently located.
 6. If property is missing as a result of apparent fraudulent or dishonest acts by agency officers, employees, or other agents of the department, the CFO’s Office must contact the Risk Management Division and DOC Internal Audits. Disclosure of the loss must be made within 10 days after discovery. Internal Audit will report losses of public funds or property in accordance with ORS 297.120
 - a. The Department of Corrections will furnish all evidence of loss, fraud or dishonesty to the Risk Management and Audits Division upon request.
 - b. The Department of Corrections cannot forgive, release, or promise not to prosecute any staff alleged to have caused a loss (per Oregon Accounting Manual 10 50 00 PR).
 - c. ORS 297.120 does not differentiate a loss based on fraud or dishonesty. Any loss of \$100 or more of public funds or property involving a public official who is entrusted with the custody of the funds or property, or who is charged with the duty to account for the funds or property, shall report the loss in writing to the

Secretary of State (through DOC Internal Audits) within 30 days.

7. Firearms: All armors must submit their inventory of firearms bi-annually (January and July) to the Asset Security Officer in an excel spreadsheet or other electronic format.

D. Removal or Transfer of Controlled (Tagged) Property from the Fixed Asset Records/Inventory

The cost center manager is responsible for proper care and utilization of controlled property officially released as follows:

1. Transfers: All transfers of assets between functional units must be made using DOC form CD1468.
 - a. Only the Asset Security Officer or designee will have the ability to approve property transfers. The signatures of both the receiving and sending managers involved in the transfer must be obtained. The signed Fixed Asset Disposition form CD1468 will be sent to the Asset Security Officer using the DL Fixed Assets for approval and final disposition.
 - b. Upon completion of transfer processing, property control will return copies of the finished transfer documents to the affected managers.
2. Removal for repair or maintenance: The cost center manager is responsible for tracking property that has been sent in for repair or maintenance. The inventory tag number and serial number should be referenced on any service request, request for purchase, or functional unit maintenance log. All firearms transferred between Institutions or other Functional Units must be made on Fixed Asset Disposition form CD1468 and submitted to the Asset Security Officer before the transfer is completed.
3. Controlled and Non-Controlled Property Disposal: Fixed Asset Disposition form CD1468 must be prepared for disposals of controlled or non-controlled property and submitted to DL Fixed Assets. Each request must have all fields filled out except the property tag number for property without a tag and signed by the person listed with ownership in AFAMIS. Property will not be disposed of prior to receiving an approval from the Asset Security Officer on the Property Disposition Request, Form CD1810. The property will be disposed of by the Asset Security Officer using any of the appropriate methods listed below:
 - a. For surplus items with a value greater than \$250, transfer to DAS Surplus Property program.
 - b. The cost center manager may recommend an option for disposal of an asset worth less than \$250 in the following manner as designated on the Fixed Asset Disposition form CD1468:
 - (1) Sale to the public as surplus property through Department of Administrative Services;
 - (2) Trade-in on new purchase: Purchasing and the Asset Security Officer must be notified prior to transaction. Before a firearm is sent in for service, a CD1468 must be submitted to the Asset Security Officer. Any paperwork associated with the trade-in of a firearm from the manufacturer must be submitted to the Asset Security Officer;

- (3) Salvage/scrap: Purchasing must be contacted in order to bid out scrap metal which has a market value prior to disposal because state contracting rules must be followed;
 - (4) Transfer or sale to another State or Local government entity;
 - (5) Donation to QRF; Local government entity or other qualified non-profit as defined in ORS 279A.250(2);
 - (6) Lost or stolen;
 - (7) Reuse it within DOC: Salvage/scrap and other property valued at less than \$250 can be used to create goods with inmate labor (inmate revenue);
 - (8) Recycle in accordance with state and local laws; or
 - (9) Place in refuse stream in accordance with state and local laws.
- c. Prior to disposal of computer equipment, all files will be deleted from the hard drive before removal from the work site.
 - d. The Asset Security Officer will evaluate the Fixed Asset Disposition request (CD1468) and determine the appropriate method of disposal. The Asset Security Officer will prepare a Property Disposition Request (PDR) form CD1810 authorizing disposal and forward it to the work unit that originated request.
 - (1) The cost center manager will certify instructions have been completed by signing the form, and return it to the Asset Security Officer. An additional witness will sign the PDR if the property is disposed of as scrap.
 - (2) Property cannot be retrieved from waste receptacles by employees even if the property is scrap.
 - (3) Once the PDR has been filled out and signed, a copy of the document shall be forwarded to the Fixed Asset Accountant. The Fixed Asset Accountant will process all fiscal transactions to transfer or dispose of the asset identified in the PDR.
 - (4) Note that no disposal in the AFAMIS system will occur until the signed PDR is delivered to the Fixed Asset Accountant.
 - e. Special handling must occur when deposing of a firearm. Form 1468 shall be filled out and turned into the Asset Security Officer. No action shall be taken regarding the fire arm until the Asset Security Officer identifies how the disposal of the firearm will occur.
 - f. At all times DOC will strive for the highest and best use of state property. DOC should avoid disposing of surplus state property in a way that may appear to be a waste or misuse of state resources.

E. Trackable Assets

Trackable assets as defined above are the responsibility of the functional unit to ensure that

they are properly tracked and managed according to the purposes of the functional unit. This list is not exhaustive. Each functional unit will need to determine if tracking is required of groups or classes of assets and proceed accordingly. The method of tracking and the frequency of "counts" or confirmation will depend upon the groups or classes of assets.

IV. IMPLEMENTATION

This policy will be adopted immediately without further modification.

Certified: __signature on file _____
Michelle Mooney, Rules Coordinator

Approved: __signature on file _____
Brian Belleque, Deputy Director