

## Dothan City Board of Education

### Capital Asset & Inventory Control Policies and Procedures Manual

#### General Policy Statement

Dothan City Schools shall establish and maintain a capital asset record and inventory control system for all assets located within the school district. All items with a unit cost of \$500 or more will be tracked in our capital asset system. All items with a unit cost of \$5,000 or greater will be capitalized, depreciated and tracked. Fixed assets will be assigned to a specific cost center. Principals and Directors responsible for a cost center will be responsible for all capital assets assigned to such.

The goals of these capital asset policies and procedures are to safeguard assets and to assist in the audit process toward an unqualified audit financial opinion and to assign responsibility and accountability for the security of these assets within the district.

#### I. Definitions:

1. **Capital Asset** – Assets whose cost is \$500 or greater and whose useful life exceeds one year.
2. **Building Improvements** – Attachments to a building that are not intended to be removed without damage to the building. Cabinets affixed to the wall are an example of building improvements. Building Improvements are accounted for separately and not purchased on fixed asset purchase orders.
3. **Capital Leases** – All capital assets that are being acquired under a lease/purchase agreement. A lease is a capital lease if it qualifies under one of these criteria:
  1. The ownership of the asset is shifted from the lessor to the lessee by the end of the lease period.
  2. The lessee can buy the asset from the lessor at the end of the lease term for a below-market price.
  3. The period of the lease encompasses at least 75% of the [useful life](#) of the asset.
  4. Present value of the minimum lease payments exceeds 90% of the fair value of the asset at the beginning of the lease.
4. **Cost Center** – A cost center is a budgetary or operational unit to be used in routing financial resources, segregating expenditures, tracking capital assets, and establishing accountability. Each school and central office department constitutes a cost center.

## II. Procedures

1. **Purchasing** – Complete an Online purchase requisition (Appendix 1). An online requisition is input for all purchases of capital assets. “All purchases” is completely inclusive. It includes central office funds, internal school funds, grants, donations, and outside sources such as external PTO funds. If sources are other than general funds, federal funds or CNP funds, then the purchaser will have the school send a check to cover the total cost of the capital asset, including shipping costs. The reason capital assets are purchased through the central office is to allow the capital asset to be tagged with a capital asset barcode and to be input into the capital asset tracking system. This is imperative to ensure capital assets are controlled, maintained, and accounted for. Federal regulations and property accounting procedures demand that we have a capital asset tracking system to monitor and account for capital assets by fund source purchasing the item.

### **When federal funds are used to purchase equipment:**

- Equipment purchased with federal funds is the property of the district’s specific federal program.
  - Equipment may be housed and used in school /sites where children are served by the program.
  - Equipment may be considered the property of a particular school only in Title I schoolwide programs where the district has a policy of allowing funds to be commingled.
  - Purchases with federal funds that are not consumable are to be tracked at the school level.
2. Once a capital asset requisition is input online then the principal will approve the requisition. The requisition will then be approved by the Federal Programs Director and finally by the Chief School Finance Officer before the requisition is turned into a purchase order and sent to the vendor.
  3. A capital asset purchase order is printed in the Accounting Department and copies are distributed as follows:
    - Vendor Copy
    - Accounting Copy
    - Receiving Copy
    - School Copy
    - Accounting Inventory Control Copy
    - Coordinator Copy (when federal funds are used)
  4. Attach a Check, If Applicable. Checks should be made payable to Dothan City Schools – Other, vendor number 245677. Assets purchased by internal school funds require a school check. A requisition will be done to the vendor for the capital asset being purchased (using a general fund code that has 007711 in the modifier space in the account number) and a requisition to Dothan City School – Other for the check reimbursing the General Fund. Assets purchased by external sources, PTO, Booster

Club, donations, etc. require a check from the entity. This check should be made payable to the school, deposited into the school's internal fund and follow procedures outlined in item 4 above. **Outside sources are not permitted to purchase capital assets directly and have them delivered to the school.**

5. **Receiving Process** - All technology items purchased over \$500 should be delivered to the Technology Department with the exception of Viewsonic boards and Chromebook charging carts. All other purchases should be delivered directly to the school for which they are purchased.
  - a. Items received by Technology in satisfactory condition are recorded and noted as "received" on the Received Technology Shipment Log.
  - b. Accounting inventory control personnel assign and place on the asset a property tag containing a sequential 9 digit control number (human readable) and a scanable bar code. The placement of the tag should facilitate its usefulness during the re-inventory process without hindering the operation of the asset. Generally, property tags are affixed in an easily visible location, without requiring movement of the asset.
  - c. The asset is forwarded to the appropriate school/department along with the school copy of the purchase order.
  - d. The receiving copy of the purchase order is forwarded to the Accounting Department for payment.
  - e. Upon receipt of the receiving copy of the purchase order in Accounting, inventory control personnel add the item to the fixed asset inventory system. A report should be prepared monthly of items added to the fixed asset inventory system. Accounting inventory control personnel compare the monthly listing of bar code numbers to account that all items have been entered into the capital asset inventory.
  
6. **Repairs** -  
Removal of an asset for repair purposes should be documented on the out for repair Form. Items sent to Technology for repairs as well as items returned to vendors for repairs should be documented prior to being removed from the school site. The school/department sending the asset out for repairs initiates the form. The form shall be approved by the principal/director prior to the item leaving the school/department. Once the item is returned to the school the person receiving the item shall sign the repair form and date when item is received.
  
7. **Transfer of Capital Assets** -  
Transfer of capital assets from one school to another school or from the central office to a school must be documented on the transfer of capital asset form as follows:
  - a. The school or department transferring the asset initiates the form, enters the control # and description of all items being transferred to a single location. When the transfer occurs, the transferring principal/director signs their approval of the transfer. The receiving principal/director signs for the acceptance of the asset.

- b. The transferring school/department forwards a copy to the Accounting Department, a copy to the receiving school/department and maintains a copy.
- c. Upon receipt of the transfer form the Accounting Department will transfer ownership of the asset to the new school/department in the fixed asset system. The Accounting Department will maintain a listing of all transfer and keep for audit purposes. NOTE: Transfers of capital assets within a school/department should be recorded at the building level. No paperwork is required at the Accounting Department.

**8. Temporary Assignment of Capital Assets -**

On rare occasions an employee has approval of their principal or director and a need to remove a capital asset from district premises for school district business. Prior to removal, a temporary assignment of the fixed asset form should be completed and approved. The employee should be aware of their responsibility and sign the form indicating their acceptance of this responsibility while the item is under their care and use. Under no circumstances should an asset be removed for personal use or on a permanent basis. Distribution of this form for temporary assignment of a fixed asset is as follows:

- a. Copy retained by the principal/director.
- b. Copy retained by the employee.
- c. Copy sent to the Accounting Department for updating the fixed asset system and to have for audit purposes.

**9. Deletions or Removals from the Capital Asset System –**

The Chief School Finance Officer must approve all deletions or removals from the capital asset system inventory. Assets must be removed if they are lost, damaged, stolen or have become obsolete. One form will serve as record for all deletions or removals from the system. The Accounting Department will keep a listing of all deletions or removals for audit and accountability purposes.

- a. Lost. When an asset is lost and the responsible principal or director is confident that all attempts to locate the asset have been exhausted, a report of obsolete, lost damaged or stolen capital assets should be filed. After completing and signing the form the principal or director should forward the form to the CSFO for approval. The school/department should keep a copy of this form and a copy will be kept in the Accounting Department for audit and accountability purposes. The responsible employee or principal or director may be responsible for repayment of a depreciated cost of the capital asset lost. All such request for payment will be approve by the Superintendent, if in their opinion the lost item was due to negligence on the part of the employee.
- b. Damaged or Obsolete Assets – If the asset is technology related, e.g. computers, monitors, printers or any other computer related paraphernalia the Director of Technology Services is to be notified and he or his designee will determine if the asset is damaged to an extent that the asset is no longer useful. If the asset was funded by federal funds then the Federal Programs Director shall also be notified of the request to declare an item as damaged or obsolete. The report should be completed in detail explaining the circumstances leading to the damage or obsolete nature and the intentions for

disposing of the asset. The form is to be signed by the principal or director and if the asset is technology related the Director of Technology Services or his designee shall sign approving that the item is damaged beyond repair or is obsolete and no longer useful to the system. If the asset is not technology related the principal or director shall notify the CSFO. All such requests must be approved by the CSFO prior to disposal. The disposal of the item must be witnessed by two people, who must sign off attesting that the item was disposed as approved. The form shall be sent to the CSFO, once disposal is complete and the asset shall be removed from the capital asset system. If the obsolete items have value that can be recovered from sale and benefit the system, the Director or Principal will recommend the Board deem it as surplus. Once board approval is obtained, the item will be advertised for sale and sold to the highest bidder. If the equipment does not sale it may be donated to another educational or not-for-profit institution. A listing of all such removals will be kept by the Accounting Department for audit and accountability purposes.

**When equipment purchased with federal funds must be relocated, must be sold, or is determined to be obsolete:**

- When federally funded equipment is housed in a building that is no longer receiving federal allocation (such as Title I), that equipment must be moved to a location served by that federal program.
  - A federal program with the district may offer federally funded equipment to another federal program within the district (ex. Transfer from Title I school to CNP)
  - The district may purchase equipment from the federal program at fair market value. The equipment inventory should record the date of the exchange.
  - Obsolete equipment should be marked as such, disposed of according to district policy and the equipment inventory should note the date of the process.
  - Records should be maintained for five years after any transfer/disposal of equipment from the Title I program.
- c. Stolen – Any theft of Dothan City School’s property shall be reported immediately to the appropriate law enforcement agency and the CSFO. A police report shall be completed by the appropriate principal/director and a copy of this shall be attached to a report of obsolete, lost, damaged or stolen form. A copy of the form should be retained by the reporting school/department and a copy sent to the CSFO. The Accounting Department shall remove the item from the capital asset system and a file shall be kept of these items for audit and accountability purposes. NOTE: The subsequent return of any stolen asset should be reported immediately to the CSFO. A copy of the stolen asset report kept by the school/department shall be attached. If the item is still useful and not damaged beyond repair it shall be added back to

the capital asset system. A file shall be kept in the Accounting Department of these type items for audit and accountability purposes.

### **III. Annual Inventory**

1. **Procedures for Conducting the Annual Capital Assets Inventory**  
The Accounting Department will furnish each principal and director a current property list for their school or department and a date for conducting a 100% inventory.
2. **Locating Items on the Current Inventory List**  
The principal/director, or their designee, shall attempt to locate all assets reported on the capital asset listing for their school/department prior to the scheduled inventory date.
3. **Conducting the Inventory**  
The principal/director, or their designee, will accompany the person doing the inventory in locating and scanning all the capital assets at their school/department.
4. **Discrepancies**  
The Accounting Department will prepare a report of discrepancies for the CSFO and the principal/director. The report will indicate items that could not be located, are at the wrong school/department, or have bypassed the capital asset system and are not bar coded.
5. **The Accounting Department and the principal/director or their designee will work together to resolve any discrepancies, research missing assets, and complete necessary paperwork to remove assets from the asset schedule, if not found after all of the above measures cannot locate the asset. Once a base-line inventory is established, there should be no discrepancies. The CSFO will review all discrepancies.**
6. **Capital Asset Inventory Updates**  
Upon approval of the CSFO, the Accounting Department will update the inventory system accordingly. The updated capital asset inventory will be sent to the principal/director for their review and approval. The capital asset inventory for each school/department is maintained for audit and accountability purposes.
7. **Reporting**  
The CSFO and the Accounting Department will furnish all principals/directors with an updated capital asset inventory listing by room number. This inventory should serve as the master copy throughout the year to track movement of assets within the school/department(room to room). This master list will greatly reduce the burden of future inventories.
8. **Post-Inventory Transactions**  
Any transaction (additions, deletions, transfer, etc.) affecting capital assets between the date of the inventory is conducted and the end of the fiscal year September 30<sup>th</sup> must be documented in a timely manner. Transactions occurring between September 1 and September 30 of each year are highly discouraged and must be approved in advance by the CSFO. It is imperative that any change that occurs during this time frame is immediately documented and sent to the Accounting Department.

### **IV. Title I Inventory**

Title I inventories should be updated when materials are delivered. Make sure all equipment (computer, printers, etc.) and non-consumable materials (textbooks, supplemental readers,

etc.) are marked with Title I and the fiscal year funding assignment (ex. Title 1 FY20). Inventory should be housed at the school. Federal law requires all Title I school inventories meet the minimum requirements. The Title I inventory must be documented at each Title I school and must have the following information: location (ex. Room#), funding source (ex. FY19), ID number (ex. DCS asset # and serial #), date of purchase, description (ex. Dell Computer, HP Printer). Different formats are acceptable; however, all required components must be in each Title I school inventory. Inventory is required to be updated continuously and reconciled annually. See additional information distributed directly from Assistant Superintendent Lee Jacobs for further information.