1. Purpose/Introduction

This procedure provides guidance on designating, transferring and disposing of fixed assets.

2. Definitions

A fixed asset is property, such as land, land improvements, easements, buildings, equipment, works of art and historical treasures, and infrastructure, with a cost equal to or greater than $5,000 and a useful life of two or more years.

3. Procedural Steps

How Purchased Equipment is Identified as a Fixed Asset

a. **Fixed Assets Alerted to Possible Fixed Asset Acquisition through Use of Account Codes in SpartanMart** within the SpartanMart purchasing software, an account code table is loaded with capital assets and other typically misused non-capital expenditure account codes selected for Fixed Asset approval. Usage of these codes triggers requisitions to feed through the Fixed Assets approval queue. An email, with a link to the requisition, alerts Fixed Assets to review the requisition for proper usage of account codes and proper formatting of the requisition for fixed assets. Each correct requisition is approved and continues in the chain to the next approval queue. Each incorrect requisition is returned with comments recorded in the document’s history instructing correction. The requisition may be returned more than once until final corrections are made, and the requisition is approved.

b. **Fixed Assets interface program identifies a transaction as a potential fixed asset.** The FFPOEXT, an interface extract program run by Fixed Asset staff, identifies potential capitalized assets that enter Banner Finance through purchasing and accounts payable, and creates corresponding pending asset records. This extract program gathers cost and other asset data from purchase orders, receivers, invoices, vouchers, and other records that are automatically matched through the FABMATC program. Extract processing is controlled by UNCG defined capitalization rules, based on purchase cost and account codes charged for the
purchase. All items on the extract of $5,000.00 or more have been automatically capitalized in the general ledger as origination tags (Otags).

UNCG does not have central receiving, but Banner Finance requires departments record items as received before a check is written in payment. This receiver document date is typically used for the Acquisition Date.

c. Acquisitions may be entered manually into the Fixed Asset module. Acquisitions (such as gifts-in-kind, land, buildings, etc.) not recorded in purchasing or accounts payable may be entered manually into Fixed Assets. When a manual approval transaction is processed in Fixed Assets, data needed to recognize the acquisition as capitalized (i.e., the debit and credit accounts to be posted and the asset cost) is immediately sent to the General Ledger by a Ptag Capitalization document entered in the FFAADJF Adjustment form.

Tagging and Recording Fixed Assets

Based on the University’s inventory and capitalization policies, Fixed Assets determines which items should be assigned a bar code tag number and added to the Fixed Assets System with a Ptag or permanent tag number. **Under no circumstances should anyone take an item off campus before the Fixed Assets staff has properly tagged it. If a department needs an item tagged immediately, they should contact the Fixed Assets staff at 334-5938.**

The Fixed Assets staff work with departments to confirm the correct asset for tagging by comparing the description, serial number, model number, manufacturer, etc. from the vendor invoice to the asset. The Fixed Assets staff also visually verifies that the parts included in the cost of the asset are actually part of the asset. The Fixed Assets staff will place the “Property of UNCG” bar code tag on the front or other area of the item to facilitate scanning with the hand-held scanning unit. Only Fixed Assets personnel, and not departmental personnel, have the authority to tag or remove a tag (i.e., place bar code labels on equipment).

Once the item has been properly tagged and additional information such as building and room numbers, comments, etc. have been entered on the Banner Fixed Assets System, the Fixed Asset Supervisor/Accountant reviews each pending asset for accuracy and completeness and officially approves the addition as a permanent asset. The Fixed Asset Master (FFIMAST) record contains the following information as appropriate for each equipment asset recorded on the Fixed Asset System:

1. Origination Tag # (Otag) and Date
2. Permanent Tag # (Ptag) corresponds to bar code tag and Date
3. Asset Description, model #, manufacturer, serial or VIN #
4. Asset Type
5. Acquisition method and date
6. Total Cost
7. In-service date
8. Vendor name and PO #, invoice number and date
9. Organization and Location
10. Funding Source and Custodian

Supporting detail for fixed assets is maintained within the Fixed Assets module, while summary asset values are recorded in the Banner Finance General Ledger.

Transfer of Fixed Assets to the University with Researcher
Equipment that accompanies a researcher (grant) for use at the University of North Carolina Greensboro must be promptly reported to the Fixed Assets staff for addition to the Banner Fixed Assets System if appropriate. Documentation that the researcher’s former institution transferred title to the equipment must be provided, along with attributes (asset description, serial number, original acquisition date, cost, net book value, date placed in service at UNCG) required for entry into the Banner Fixed Assets System. The successor University unit to which the researcher subsequently is assigned must inform the researcher before acceptance of the equipment; unless the research sponsor has mandated otherwise, the equipment becomes property of the University of North Carolina Greensboro upon transfer.

Fixed Assets Workshop
Periodically during the year (at least 6 times), Fixed Assets staff in coordination with Accounts Payable staff present a workshop to provide basic information about requisitioning and purchasing fixed assets, tagging and inventory process, and guidance for required forms.

To sign up for a workshop, go to the UNCG workshop webpage.

- Banner Finance (Faculty/Staff Only)
- Banner Finance Accounts Payable and Fixed Assets

Physical Inventory of Fixed Assets
The Fixed Assets staff will conduct a physical inventory of capitalized items (equipment/vehicles) annually in accordance with the Capital Asset Standards to meet minimum thresholds. Fixed Assets staff will spot check physical inventory on departments chosen at random or departments who are deemed to be high risk. The remaining departments will be asked to perform self-audits of physical inventory by department designees.

Prior to all inventory audits, Fixed Assets staff will send inventory worksheets listing all bar-coded assets to the department head, along with instructions so the department head’s designee will be prepared for the physical inventory.

For spot checked audits, the designee should locate all items prior to inventory audit. The designee should also request an appointment date and time for the physical inventory. Once Fixed Assets staff has recorded any changes on the Fixed Assets System, they will print an updated physical inventory worksheet on the day of the appointment. The designee should be prepared to escort the Fixed Assets staff to each item, to arrange for items located off campus to be brought to the office, and have access to locked offices, classrooms, or labs. Using the hand-held scanner, Fixed Assets staff will scan each asset barcode.

For departments requested to conduct a self-audit of physical inventory, the department designee should perform the physical audit in accordance with the instructions, training, and guidance provided by the Fixed Assets staff. A Self-Audit Inventory Form will be provided by Fixed Assets staff and this form should be used to record any changes discovered throughout the self-audit. Once the self-audit is concluded, the department designee should submit the completed Self-Audit Inventory form to the Fixed Asset staff and should be signed by the department ORG head for approval.

Upon completion of all physical inventory audits, Fixed Assets staff will update the Fixed Asset System as needed and send a closing memo letter with the updated inventory report to the department head and designee. If applicable, Fixed Assets will print a schedule of “missing” items, on the FYRWMISS report, and send it to the department head with a request they attempt to locate the items during the next ten business days. If the department subsequently locates a missing item, they should request Fixed Assets to scan the item and delete the missing notation on the Fixed Assets System. Monthly, Fixed Assets staff will prepare reports of missing items by division and will send the reports to the appropriate Vice
Chancellors and Provost. Fixed Assets staff will record these missing items as disposed of on the Fixed Assets System by June 30th if the Vice Chancellors and Provost are unable to locate them.

Disposal of Fixed Assets
University equipment cannot be thrown away or discarded, regardless of condition. To dispose of a capitalized asset (assets on your inventory, costing $5,000 or more), the responsible department must complete an Equipment Disposal Form (eDisposal) when custody of the fixed asset changes due to the item being surplused, junked, destroyed, lost, stolen, traded in, or transferred to another agency or university. When a properly completed and approved eDisposal form is received by Fixed Assets, it will be recorded as disposed of on the Fixed Assets System.

The eDisposal Form and instructions are found on the Fixed Assets website:

Disposing of Multiple Capital Assets

**Note:** When you have more than 5 capitalized assets to dispose of, you may use the Multiple Asset Disposal Attachment Form. Type the required information and attach it with the eDisposal Form you may insert rows as needed into the spreadsheet). Use generic Asset Barcode No: 0999990000 when submitting a Multiple Asset Disposal Attachment form. Email approval from the organization head signifies approval for all disposals on the attachment.

When the disposal code is SU, approval emails are sent to the Fixed Assets office and the Warehouse. If pickup is required, approval emails are sent to the Warehouse for the following disposal codes: SU, DS, JK. When pickup is required, the Warehouse will contact the department to arrange for pickup. The department may also arrange to deliver items to the Warehouse by contacting the Warehouse Services Associate.

Fixed Assets staff will verify the person approving the disposal is the authorized department head for the asset being disposed of. If it is not the appropriate person, Fixed Assets staff will email the person who submitted the eDisposal Form (and the Warehouse) to let them know the appropriate person has not approved the disposal and it cannot be disposed of.

Please make sure you have completed the proper eDisposal Form for capitalized assets (assets on your inventory) or the UNCG Surplus Submission form for non-capitalized assets (items which are not on your inventory) before you send any surplus assets to Warehouse Operations.

The sale of fixed assets is not permitted by individuals or departments. Departments should contact Warehouse Services and Surplus Property personnel at 336-334-5927 with questions about disposing an asset. All potential Negotiated Sale of Assets / Cost Applied Transfers to any University must go through the Finance Manager and the Controller of the University. The NCDOA State Surplus Office must approve all Negotiated Sales.

Guidelines for disposing a non-capitalized asset (cost less than $5,000), and a UNCG Surplus Submission Form can be found on the Warehouse Services website:

Sale of Fixed Assets

The sale of fixed assets is not permitted by individuals or departments. Departments should contact Warehouse Services and Surplus Property personnel at 336-334-5927 with questions about disposing an asset.

Negotiated Sale of Fixed Assets / Cost Applied Transfers

All potential Negotiated Sale of Assets / Cost Applied Transfers to any University must go through the
Finance Manager and the Controller of the University. The NCDOA State Surplus Office must approve all Negotiated Sales / Cost Applied Transfers. Assets are to remain in the University’s possession until the sale has been finalized and are not to be released any earlier under any circumstances. All assets are to be held at the Surplus Warehouse during the approval process until the sale/transfer is finalized.

To begin the Negotiated Sale / Cost Applied Transfer process, departments must contact the Finance Manager or the Controller to discuss the assets to be sold. Assets are only to be sold if they are no longer of use to any department within the University. Assets must be sold at a reasonable asking price of fair market value approved by the Controller. Once the Controller has approved the sale price of the assets and it has been determined the assets are no longer of benefit to the University, the Finance Manager will assist the department in creating a request packet.

A request for approval packet must contain a signed letter of request from the buyer, a signed letter of request from the Department Head outlining the reason and purpose of the sale, a written outline describing each asset (capitalized or otherwise) as well as how the sale value was determined, and a summary request cover sheet to be provided at the time of request.

The Finance Manager will submit the finalized request packet to the State Surplus Office for final approval. Once approved, the Finance Manager will coordinate with the appropriate parties the invoice request into the State Surplus online portal. The State Surplus office will be responsible for invoicing the buying entity.

Once the payment is received by the State Surplus office, a credit will be received in NCFS by the University and assets will be released for delivery. The buying entity is responsible for all shipping/delivery costs and coordination of pickup with Surplus.

**Destroyed Assets**

When an asset is considered to have no useful value to any department at the University because it was destroyed by fire, water, etc., the department must submit an eDisposal Form with supporting documentation attached and marked for pick up if appropriate.

Destroyed capitalized assets with proper documentation will be recorded as disposed of on the Fixed Assets System when a properly completed and approved eDisposal Form is received by Fixed Assets. **Note: Any portion or shell of a destroyed asset should be sent to the Warehouse for proper disposal or salvage.** Contact the Warehouse Services Associate if you have questions on surplus.

- Example of Destroyed Documentation – Sample 1 (.dox)
- Example of Destroyed Documentation – Sample 2 (.pdf)
- Example of Destroyed Documentation – Sample 3 (.pdf)
- Email Flowchart for Destroyed (.docx)

**Junked Assets**

When an asset is considered to have no useful value to any department at the University, it may be retained by the department for parts (cannibalism). However, the department must submit an eDisposal Form with supporting documentation attached and marked for pick up if appropriate.

Junked for parts (cannibalized) capitalized assets with proper documentation will be recorded as disposed of on the Fixed Assets System when a properly completed and approved eDisposal Form is received by Fixed Assets. **Note: Any portion or shell of a junked-for parts asset should be sent to the Warehouse for proper disposal or salvage when no longer retained for parts.** Contact the Warehouse Services Associate if you have questions on surplus.
Lost Assets
When an asset is lost (not stolen) the department must submit an eDisposal Form with supporting documentation attached.

Lost capitalized assets with proper documentation will be recorded as disposed of on the Fixed Assets System.

Stolen Assets
According to General Statute 143B-920, if any state property has been stolen, the employee discovering the suspected theft must report the theft to his/her supervisor within 24 hours. The supervisor must notify the head of the department within the next 24 hours. The department head should notify the University Police at the University of North Carolina at Greensboro or municipal police department if off campus, within the following 24 hours. The University Police should be notified as soon as possible, but no later than three days from the day of discovery.

The department must submit an eDisposal Form and attach a copy of the University Police or municipal report pertaining to the theft and containing the asset description, serial number, and/or barcode number.

Stolen capitalized assets with proper documentation will be recorded as disposed of on the Fixed Assets System.

Surplused Assets
When an asset is considered to have no useful value to any department at the University, it may be surplused by the department. The asset may or may not have value to someone other than the University. The department must submit an eDisposal Form to surplus a capitalized asset. If the department marks the asset for pick up, the Warehouse Services Associate will arrange to pick up and physically dispose of the asset. If the department wants to bring assets to the Warehouse for proper disposal, they may contact the Warehouse Services Associate to make the necessary arrangements.

Regardless of cost or condition, all University property must be disposed of through University Warehouse personnel. Under no circumstances should anyone remove University property tags and/or dispose of any fixed assets belonging to the University.

Traded Assets
A replacement asset may be acquired when an existing asset is traded to the vendor as partial payment on the new item. The Procurement Services must approve the item being traded after gaining permission from State Surplus. See Procurement Services Policy 12 Special Considerations Related to Equipment. Trade in with Purchase for instructions. The department must submit an eDisposal Form.
for trade-ins when the physical custody of the asset changes to the vendor.

Traded-in capitalized assets with proper documentation will be recorded as disposed of on the Fixed Assets System.

This same traded-in asset information should be put into the SpartanMart Trade-In Form and inserted into the 1st requisition line on the new asset requisition.

- Example of Traded In Documentation (.docx)
- Email Flowchart for Trade-In Assets (.docx)

TRANSFER OUT OF FIXED ASSETS TO ANOTHER UNIVERSITY OR AGENCY

Transferred to another university or agency, capitalized assets with proper documentation will be recorded as disposed on the Fixed Assets System.

- Example of Transfer Out Documentation (.pdf)
- Email Flowchart for Transfer Out (.docx)

TRANSFER OF FIXED ASSETS TO ANOTHER DEPARTMENT ON CAMPUS

When a department has equipment it no longer needs, but another department within the University may make use of the equipment, the department can transfer it to the other department by filling in a Form FA-14 Equipment Transfer Form.

Form FA-14 is filled in by the department initiating the transfer with the appropriate tag number, description, date, telephone number for each department, department name and number for each department, and building and room number of the new location. The department head for the current location, as well as the department head for the new location must sign Form FA-14. The completed Form FA-14 is sent to Fixed Assets. Once the Fixed Assets Section receives Form FA-14, the changes are recorded on the Fixed Asset System.

When a department moves an asset from its current building or room location to a new location, it is only a location change. Form FA-14 (Equipment Transfer Form) can be used to notify Fixed Assets staff to update the Fixed Assets System. The department would enter their department name as both the current location and the new location, along with the new building and/or room numbers. An equipment swap may be initiated on Warehouse Services Swap Shop. Any capitalized asset swapped must have an FA-14 Equipment Transfer Form completed and sent to Fixed Assets.

Fixed Asset Items Located Off-Campus

FA-16 Agreement for Equipment Located Off-Campus

Under no circumstances should anyone take an asset off campus before it has been barcoded. The department can request an asset be bar-coded immediately by calling 334-5938. Removal of university equipment for off campus use without department head approval may result in the individual being prosecuted for misappropriation of state property and/or larceny.

The employee user and department head must sign a new Form FA-16 during physical inventory each year. When an off-campus item is returned to campus, the department must put the date of the return along with the asset’s building and room location on the Form FA-16 and send it to Fixed Assets for update.
**Returned/Exchanged Assets**
If the department returns an asset to the vendor which has been bar coded, the department should contact the Fixed Assets Accountant at 334-5938 and provide a copy of the credit memo or check received from the vendor.

If the department exchanges an asset, that has been bar coded, for a replacement asset, the department should provide Fixed Assets with documentation of the Returned Merchandise Authorization (RMA). Documentation should include vendor reference to the exchanged asset’s serial number and replacement serial number, authorization from the department’s authorized party for the return/exchange of merchandise, and any other supporting documentation. Upon receiving this documentation and verification of Net Book Value, Fixed Assets will apply a barcode of the replaced asset number to the new equipment and update the serial number in the Fixed Assets record.

**Record of Disposed Assets**
The Fixed Asset System includes a file of disposed assets as inactive items on the Master File. The Master File is a listing of all University property, which meets the Capitalized Fixed Asset criteria. The Fixed Asset Section maintains the Master File. Entering appropriate codes on the Disposal Screen moves the item to inactive. Disposed assets remain on the Fixed Asset System until purged. If a department has any questions about a previously disposed item, please contact the Fixed Asset Section.

**Moving Assets**
When informed by Space Management of a department moving to a new location, Fixed Assets will send the Department Head and designee a listing of assets recorded for the department in the original building along with a reminder to complete an eDisposal Form for any assets disposed of. The department will update the physical location on the schedule when the move is completed and send the schedule back to the Fixed Assets office to allow records to be updated accordingly. The department is responsible for safeguarding all assets for their department.

**Additional Information Regarding Fixed Assets**

**Reconciliation of Fixed Assets**
The Fixed Assets Supervisor reconciles the Fixed Assets System, monthly, to the cumulative logbook using WebFocus reports: FWRWFAMA Monthly Additions by Asset Type, FWRWFADP Disposals by Asset Type, FYRWFACA Fixed Assets Cost Adjustment Report, FWRWFAAA Monthly Attachments by Asset Type and FWRWFATP Summary of Fixed Asset Permanent Tags by Asset Type. The Finance Manager then reconciles the Fixed Assets System to the general ledger using the Fixed Assets Accountant’s reconciliation, WebFocus reports such as Pending Fixed Assets (No Ptag Assigned), General Ledger Summary, and the FWRWFATP. Pending fixed assets have not yet been approved and added to the Fixed Assets System but have been processed and fed to the Fixed Assets System as Otags and have been posted to the general ledger.

In addition, the Finance Manager reconciles accumulated depreciation on the Fixed Assets System to the general ledger, utilizing WebFocus reports: Fixed Assets Accumulated Depreciation G/L Summary, Fixed Assets Disposals by Asset Type Showing Cost and Accumulated Depreciation, FWRWFATP Summary of Fixed Asset Permanent Tags by Asset Type.

**Construction in Progress (CIP), Buildings and Other Structures**
Each June, the Finance Manager reviews the FWRWGCIP YTD Construction Expenditures for Repair and Replacement Projects and Capital Improvement Projects (WebFocus report), determines which projects were in CIP for the prior year and which projects should be added to the current year CIP and prepare a schedule for the University Controller’s approval. During the thirteenth month process, the Finance
Manager calculates current year CIP by completing the CIP schedule with the following information: prior year CIP, contract retainage, accrued payables, transfers to investment in plant, and project to date expenditures. The CIP spreadsheet includes a schedule of accrued payables for thirteenth month and a summary of open commitments by project for the CAFR and the UNCG Financial Report. The University Controller approves the final CIP schedule, and the Finance Manager enters the CIP and retainage journal vouchers in the thirteenth month.

**Building and Other Structure Additions**

Using the DOA-State Property Office & DOI –Risk Management Property Reporting form which include date of acceptance (in service date), the Finance Manager completes a Building/Other Structure Information Form for Additions to the Fixed Assets System (FAS) for each building and/or other structure placed in service during the fiscal year ended June 30th. The form includes asset name, description, address, date placed in service, total cost, estimated useful life, FAS Ptag# assigned, FAS asset type and description, capital asset fund and account, building # from space management, CI budget code and Banner fund. The Finance Manager calculates the total cost of each addition using the FWRWGCIIP report excluding costs for equipment or any other non-capitalizable expenditures. The University Controller approves all building and other structure additions to the Fixed Assets System. The Finance Manager enters additions to the Fixed Assets System and adds them to the logbook (cumulative total of amount of assets and asset count).

The Foundation Finance office reports any buildings sold or gifted to the University. Buildings sold to the University are recorded at the Foundation Finance Office’s book value at the time of sale. Buildings donated to the University are recorded at the value reported on the appraisal from Advancement Services at the time of the gift. Each gift or purchased building addition is approved by the University Controller.

When the University demolishes a building, the Executive Assistant to the Vice Chancellor of Finance and Administration will report the demolition to the Finance Manager. With appropriate documentation and approval of the University Controller, the Finance Manager will record the building as disposed of on the Fixed Assets System and will remove it from the cumulative logbook.

When a building has been gutted and rebuilt, the original asset will be disposed of on the Fixed Assets System and entered as a new asset with the appropriate total cost. The disposal and new asset addition are approved by the University Controller before the Finance Manager records the transactions on the Fixed Assets System and makes the changes to the cumulative logbook.

**Depreciation**

If necessary, the Finance Manager runs prior year depreciation in audit mode and then update mode.

The Finance Manager runs depreciation for the current fiscal year in Banner Production (FFPDEPR) in the audit mode for the University Controller’s review and approval. The Finance Manager randomly checks calculations. Since the Depreciation report from Banner Production is not subtotaled or totaled, the Finance Manager runs a WebFocus report FYRWASTY (from Banner Production Fixed Assets System) of the total asset cost and accumulated depreciation by asset type to an Excel spreadsheet before running depreciation in update mode. With the University Controller’s approval, the Finance Manager runs depreciation in update mode. After depreciation has been posted, the Finance Manager runs the WebFocus (FYRWASTY) report again by asset type to an Excel spreadsheet. The two reports are combined, and a calculation is made for the difference between the before and after accumulated depreciation to calculate depreciation expense for each asset. The Finance Manager reconciles depreciation expense on the Banner Fixed Assets System to the operating ledger in thirteenth month. The Finance Manager prepares a schedule for fixed assets and accumulated depreciation for the CAFR and UNCG Financial Report which is approved by the University Controller.
Once a year, the Finance Manager runs a report of fully depreciated assets and forwards the report to the University Controller. Banner does not allow the University to change the asset type for remaining years, so no adjustments to depreciation for an asset can be made after depreciation has been recorded.

For the fiscal year ended June 30, 2008, asset types and useful lives were reviewed by the Fixed Assets Supervisor and the Financial Accounting Manager based on equipment and other structures which were fully depreciated, and the useful lives recommended by the North Carolina Office of State Controller. With approval of the University Controller, new asset types were created in Banner Production. New asset types are added as needed with the University Controller’s approval.

**Real Property Demolition**

Upon demolition of property the Vice Chancellor for Finance and Administration will:

- Cause a Board of Trustees Action Item to be generated
- Determine the conditions of acquisition and whether the State Property Office needs to be notified
- Determine from the State Property Office whether subsequent action by the Council of State needs to be taken
- Determine the last value assigned to the structure
- Provide Fixed Assets with the proposed date of demolition and last known value for the structure to be demolished

4. **Forms, Tools, Etc.**

   **UNCG workshop webpage**
   **Equipment Disposal Form (eDisposal)**
   **Warehouse Services**
   **Example of Destroyed Documentation – Sample 1 (.dox)**
   **Example of Destroyed Documentation – Sample 2 (.pdf)**
   **Example of Destroyed Documentation – Sample 3 (.pdf)**
   **Email Flowchart for Destroyed (.docx)**
   **Example of Junked for Parts Documentation (.docx)**
   **Email Flowchart for Junked for Parts (.docx)**
   **Email Flowchart for Surplused Assets (.docx)**
   **SpartanMart Trade-In Form**
   **Example of Traded In Documentation (.docx)**
   **Email Flowchart for Trade-In Assets (.docx)**
   **FA-14 Equipment Transfer Form**
   **FA-16 Agreement for Equipment Located Off-Campus**
   **Procurement Services Policy 12 Special Considerations Related to Equipment**

5. **Revision Table**

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<th>Section #</th>
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