



MEMORANDUM

TO: All University Departments

FROM: Diane Goddard, Associate Vice Provost/Comptroller
Katrina Yoakum, Assistant Comptroller
Janet Mears, Property Accountant

DATE: March 13, 2008

RE: University Equipment Capitalization Policy Update

In response to changes within the State's Surplus Property guidelines as well as recommendations from the KU Internal Audit Department, the Comptroller's Office has made the decision to revise the University's equipment capitalization policy for equipment with an original cost of less than \$5,000.

Under the current equipment capitalization policy, Central Property Accounting, in cooperation with university departments, is responsible for tracking all moveable equipment with an original value of \$5,000 or more and with a useful life exceeding one year. Additionally departments are responsible for maintaining a separate departmental inventory for items (between \$2,000 and \$4,999.99) not on the University Property Inventory (central database).

When the current policy was established in January 2004, State Surplus guidelines required surplus property with an original cost greater than \$2,000 to be approved either at the agency level or by Kansas State Surplus Property (KSSP) prior to disposal. These guidelines have been revised and now provide the University greater flexibility in regards to surplus property. Since certain paperwork requirements no longer have to be met, the Comptroller's Office and Internal Audit agreed that the University's focus should be on our equipment with an original cost of \$5,000 or greater as well as equipment that is highly vulnerable to theft.

Therefore effective immediately, departments are no longer required to maintain a separate departmental inventory listing for all items with original values between \$2,000.000 and \$4,999.99. Instead, departments will only be required to maintain listings of equipment under \$5,000 considered highly vulnerable to theft. In addition to ensuring that departments are properly safeguarding state assets, requiring departments to maintain a "vulnerable items" listing is consistent with the State's Policy and Procedure Manual for Property Inventory (Filing 13,001), which states:

Small Dollar Amount Assets

Only items with a cost of \$5,000 or more and with a useful life exceeding one year are reported on the capital asset listing for the agency.

However, the state agency also has a responsibility to safeguard all other assets including desirable items such as calculators, cameras, recorders, power tools, office machines, notebook computers, software, weapons, etc. The property management officer, or designee (a.k.a. department equipment coordinator), is responsible for ensuring these and similar assets are not simply "lost" over time, and that they are disposed of in accordance with State Surplus Property rules and procedures.

Key items that should be included on every department listing are:...

- Computers
- Digital projectors
- Cameras
- Other popular items, especially electronic devices

A department's "vulnerable items" listing should include at a minimum...

- Equipment Description
- Acquisition Date
- Original Cost
- Make
- Model
- Serial Number (very important)
- Any other unique identifying information to assist University Police in case of theft (e.g. department tag #, engravings, unique physical characteristics)

KU Internal Audit has already begun to recommend that departments maintain a "vulnerable items" listing within its departmental audit findings.

Departments are reminded that property purchased with KUEA funds and gifts to the University are considered state property. Likewise, any items purchased with a combination of state funds and KUCR funds are also considered state property.

In regards to the University's surplus property/disposal process, DA-110 forms will still be required for any item with an original cost of \$5,000 or above or for items that a department wants to trade-in, sell, or transfer to another state agency or institution.

Should you have any questions or concerns about this policy update, please contact either Janet Mears (jmears@ku.edu, 864-5975) or Katrina Yoakum (kyoakum@ku.edu, 864-3261). If you have questions regarding whether or not an asset is considered a vulnerable item, you may also contact Internal Audit (864-3741).

Thank you for your continued cooperation.