

Asset Management Manual

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Introduction #001

The *Asset Management Manual* provides information necessary for managing the assets of LSU Health Sciences Center New Orleans (LSUHSC-NO) from acquisition to disposal.

Asset Management is responsible for:

1. tagging newly acquired moveable equipment with an LSUHSC-NO control number, called a tag number.
 2. performing a physical inventory of all taggable equipment each year.
 3. maintaining accurate inventory records of capital and taggable equipment location, acquisition and betterments, and land and building purchases.
 4. passing audits conducted by State, Federal, or Internal auditors
- and
5. managing the removal of Surplus and Scrap equipment from records.

Corrections, changes, or suggestions should be communicated to the Asset Management Manual coordinator at (504) 568-3061.

In the event of an inconsistency or conflict, applicable law and Louisiana Property Assistance Agency policies and University policies supercede college, department or lower unit bylaws, policies, or guidelines.

The University reserves the right to add, amend, or revoke any of the contained rules, policies, regulations, and instructions or incorporate additional ones, with or without notice, as circumstances or the good of the University community may require.

This manual replaces earlier printed versions, which are no longer provided nor distributed. A complete printout of the manual is available from Asset Management.

Asset Management Contact Information #002

General

Holly Roberts
(504) 568-3061
Assistant Director, Cost Accounting
HKRobe@lsuhsc.edu

Chanel Baiamonte
(504) 568-4841
Administrative Manager III
CBaiam@lsuhsc.edu

Equipment Tagging

Lisa Bonnette
(504) 568-2379
Property Control Coordinator II
LBonn1@lsuhsc.edu

Angelina Puckett
(504) 568-6280
Property Control Specialist III
APucke@lsuhsc.edu

Sherry Humphrey
(504) 568-6281
Property Control Specialist III
SHump2@lsuhsc.edu

Equipment Inventory, Disposal, and Scrap

Ken Loar
(504) 568-6279
Property Control Coordinator II
KLoar@lsuhsc.edu

Joe St. Clair
(504) 568-6280
Property Control Specialist III
JStCla@lsuhsc.edu

Damien Freeman
(504) 568-6281
Property Control Specialist III

Definitions #003

Addition – An extension, expansion, enlargement, or accessory to an existing asset.

Betterments – Improvements, changes, or additions which extend the useful life of an asset, increase the asset's efficiency, or change the asset's intended use.

Buildings – are permanent structures erected above ground, together with fixtures attached to and forming a permanent part of the building, for the purpose of sheltering persons or personal property.

Building Improvements – are major repairs, renovations, or additions to a building that increase the future service potential of the building and benefit future periods.

Cannibalization – The act of disassembling or dismantling equipment to the point of making the equipment unable to perform its intended use.

Capital assets – are those assets that are not allowed to be taken as a current expense and are reclassified for financial statement presentation.

Construction in Progress – Construction in progress (CIP) is the active, on-going construction to property, plant, and/or equipment.

Departmental Property Custodian – individual in a department or division who serves as the liaison between their department and Asset Management.

Depreciable Land Improvements – are defined as improvements made to land that have determinable estimated useful lives and deteriorate with use or passage of time.

Fabricated Equipment – Equipment that is constructed by combining modular components and/or materials into one identifiable unit.

Fixed Property (Building Fixtures) – Equipment that is attached (but not permanently) to a building structure or interior wall.

Government-Furnished Equipment (GFE) – Equipment provided to the university by the federal government or government contractor for grant or contract specific use; title may or may not remain with the federal government.

Historical Treasures & Works of Art – are items which are considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain.

Improvement – Projects embodying the construction or purchase of new facilities, construction of major additions to existing facilities, or construction incident to a major change in function of an existing facility.

Infrastructure – is defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

Land – is an inexhaustible asset that has an unlimited life and therefore is not depreciated.

Land Improvements – are those betterments, improvements, and site preparations that ready land for its intended use.

Lease – An agreement for the right to use property for a specified period at a specified cost. Title remains with the lessor. At no time does the lessee build equity in the property.

Lease/Purchase – An agreement for the right to use property for a specified period at a specified cost. During the term of the lease, the lessee builds equity at a specified rate so that, at the end of the lease period, the lessee has the option of purchasing the property at a specified amount. Title to the property remains with the lessor unless the lessee exercises the option to purchase.

Leasehold Improvements – are improvements made by the lessee to leased property such as land and buildings.

Loaned Equipment – Property provided by an outside party for use by the institution for sponsored project or research-related activities; title to the property does not pass to the university.

Moveable Property – The State of Louisiana defines a movable asset as an item that costs \$1,000 or more and has a useful life expectancy of 2 years or greater and consists of those capital assets that are not fixed or stationary in nature. They are those assets that are not land, land improvements, buildings, building improvements, or infrastructure.

Notice of Change in Moveable Equipment Form - used for relocation of equipment, dismantling of equipment, and surplus or scraping equipment.

Personal Property – Property of any kind except real property or property permanently affixed thereto. It may be tangible – having physical existence, or intangible – having no physical existence, such as patents, inventions, and copyrights.

Property Signout Form – form used to take equipment for off-campus for personal use, loan of equipment, etc.

Real Property – Land and permanently affixed buildings and improvements.

Remodeling – Changing the use of building space or refurbishing to make space more functional or more cosmetically appealing.

Retired – Removed from active asset standing in the Asset Management System.

Sales Tax – A transaction privilege tax imposed on the seller for the privilege of making sales in the state; it is generally passed on to the buyer by the seller of the contract.

Scrap – Surplus material; such as metal pieces, broken component parts or inoperable equipment, which has no utility value in its present state.

Sensitive Property – Property of which the theft, loss, or misplacement could be potentially dangerous to public safety or community security, and must be subject to exceptional physical security, protections, control, and accountability.

Surplus Property – Property not needed by a department within the university. Surplus property includes all excess items and materials other than items that would be typically disposed of in a wastebasket, such as scrap paper, consumed pencils and pens, etc.

Tag – To place an LSUHSC-NO property control number on a piece of equipment.

Table of Exhibits #004

Examples of Capital and Non-Capital Transactions

Property Signout Form

Notice of Change in Moveable Equipment Form

Authority to Release Equipment for Repairs

Delegation of Authority

Department and Property Custodian Update Form

Grants Transfer From LSUHSC-NO Events Checklist

Grants Transfer To LSUHSC-NO Events Checklist

General Ledger #005

The following table contains a listing of the most commonly used Asset Acquisition Accounts:

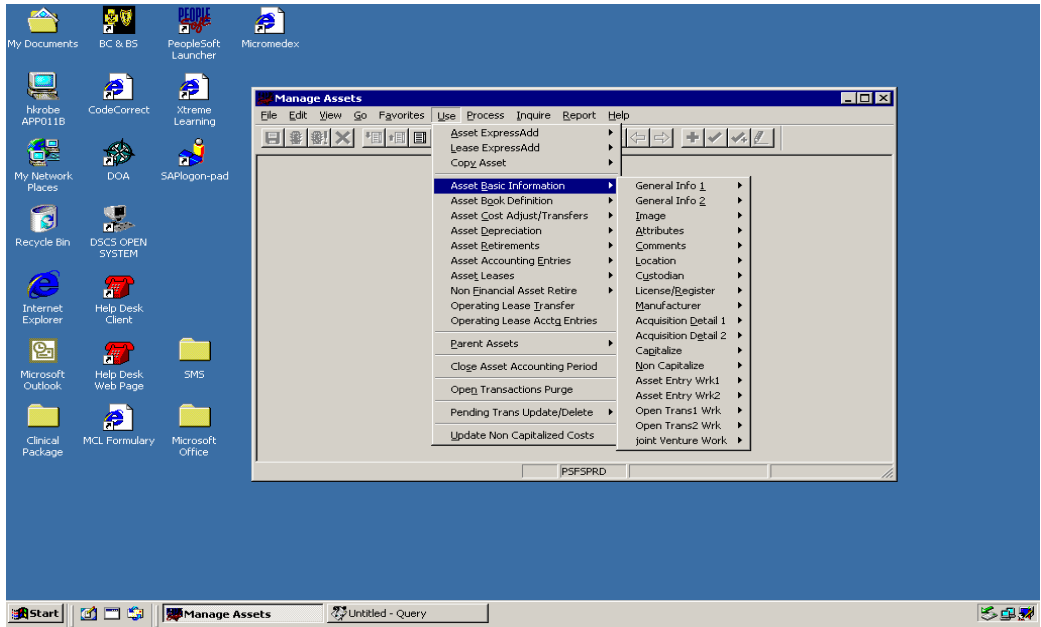
PeopleSoft Account	Description
570200	Acquisition-Buildings
570500	Acquisition-Land
570800	Acquisition-Automotive
571000	Acquisition-Boats & Crafts
571300	Acquis-Equip-Blgs,Grnds,Plnt
571600	Acquis-Communications Equip
571900	Acquisitions-Computer Hardware
572200	Acquisition-Computer Software
572500	Acquis-Scientific Equipment
572800	Acquis-Farm & Heavy Move Equip
573100	Acquis-Household Equipment
573400	Acquis-Library Materials
573700	Acquisitions-Medical Equipment
574000	Acquisitions-Office Equipment
574300	Acquisitions-Other Equipment

The following table contains a listing of the most commonly used Major Repairs Accounts:

PeopleSoft Account	Description
575200	Major Repairs-Buildings
575800	Major Repairs-Automotive
576000	Major Repairs-Boats & Aircraft
576300	Major Rep-Equip-Blgs,Grnds,Plnt
576600	Major Repairs-Communicat Equip
577500	Major Repairs-Scientific Equip
577800	Major Rep-Farm & Hvy Move Equip
578100	Major Repairs-Household Equip
578200	Major Repairs-Library
578700	Major Repairs-Medical Equip
579000	Major Repairs-Office Equipment
579300	Major Repairs-Other Equipment

Basics of Retrieving Data from PeopleSoft #006

To provide a brief overview of how to access Asset Management records in PeopleSoft.

Instructions to Access Basic Asset Information	
Department	1) Send Asset Management request for access to Asset Management module and include a user name.
Asset Management	2) Get approval from the Director of Accounting Services. Information Technology will set up each user and Asset Management or Information Technology will let Department know when access is granted.
Department	3) Sign into PeopleSoft under the Financials Report Database. 4) Go Manage Assets - Manage Assets 5) Use - (choose information) - update/display. Most individuals choose Asset Basic Information and Asset Cost/Adjust/Transfers.
	
	6) If you are unsure of what panel to choose please call a representative from Asset Management.
	7) The business unit is NOLAM.
	8) Put in any other identifying information such as the asset id number which is an 8 digit number or the tag number which is a 7 digit number and should be located on the asset.
	9) Press OK.

Departmental Responsibilities for Inventories #007

LSU Health Sciences Center New Orleans requires departmental assistance in completing University inventories of taggable equipment, answering questions relating to departmental equipment, receiving and processing Asset Management forms, coordinating the disposal of departmental equipment, and providing a contact point for University, State, and Federal audits. Each department and/or division is required to have a Departmental Property Custodian (DPC) to facilitate this policy.

Departmental Property Custodian (DPC)

The Departmental Property Custodian (DPC), otherwise known as the inventory contact person or custodian, is an individual in a department or division who serves as the liaison between their department/division and Asset Management. This individual is normally appointed by the Department Head or Director and assumes the DPC duties in addition to their position responsibilities. The DPC plays a key role in Asset Management's effort to ensure University compliance with University System, State and Federal property guidelines.

DPC responsibilities can vary greatly from department to department, depending on the position held by a DPC or the degree of management support and authority given to this individual. The basic DPC responsibilities include: 1) answer questions from Asset Management relating to departmental equipment, 2) report all changes in department's equipment status 3) receive and process Property SignOut Forms and Notice of Change in Moveable Equipment Forms, 4) coordinate completion of departmental physical inventories, 5) coordinate disposal of equipment, and 6) provide contact point for property audits conducted by the University, State, and Federal officials.

The department should keep Asset Management informed of any changes in the DPC, so a current list may be maintained.

Capitalization #101

Capital assets acquired by the University departments are classified for accounting purposes into plant acquisitions, equipment acquisitions, library acquisitions, and historical treasures and works of art. Special considerations must be noted for certain acquisitions and their related costs. For example, the treatment of property may vary for purposes charged to sponsored projects as described in the award document.

Plant Acquisitions

Plant acquisitions are divided into six categories:

1. land
2. improvements to land other than buildings
3. buildings
4. fixed property
5. construction in progress
6. infrastructure

Land

All land acquired or donated shall be capitalized, except any land that is purchased for speculative purposes.

1. Acquisition by Purchase – Land purchased by the University is recorded at cost. Cost includes land; legal, title, and broker's fees; landfill; and clearing, grading, and other costs necessary to prepare the land for its intended use. Land shall not be depreciated, but improvements to the land will be depreciated.
2. Acquisition by Gift or Bequest – Recorded at the fair market value at the date of the gift (appraisal usually has been completed).
3. Acquisition through Eminent Domain – Recorded at the amount of the court award made to the landholder(s).

Improvements to Land Other Than Buildings

This category consists of land improvements outside the building. Improvements to land other than buildings, are required to make land ready for its intended use.

This category includes landscaping, fences, curbs, and similar items.

Buildings

Expenditures for new building or new construction must be \$5,000 or greater to be capitalized.

1. **Buildings** – The cost of buildings (permanent structures housing persons and personal property) is the construction cost of the building shell and its components. Examples of construction costs include, but are not limited to, building materials, architects' fees, building permit fees, subcontract fees, rent for property, other than real property, to complete construction, operating and maintenance costs for property used in the construction, site preparation, compensation for work performed, and cost of supplies consumed in the construction. Capitalization takes place during the completion of the project.
2. **Building Components** – Building components are items permanently attached to the building shell necessary for the building to be used as intended. Building components are either integral to the building or cannot be removed without damaging the building or component. Examples of building components are plumbing systems, electrical wiring, and air-conditioning duct work.
3. **Building Additions** – New additions to buildings resulting in additional square footage are capitalized regardless of the dollar threshold.
4. **Renovations** – Major building component replacements or renovations of a building that extend the original life of the building and/or increase its value to the university are capitalized with the exception of projects involving expenditures less than \$5,000, which are considered an expense.
5. **Demolition Costs** – The cost of building demolition in preparation of new construction is added to the cost of the new building as "site preparation costs." If new construction is not planned, the demolition costs are not capitalization.

Fixed Property

Fixed property (building fixtures) includes carpeting, drapes, shades, Venetian blinds, shelving, bulletin boards, awnings, and lab benches bolted to the floor. Fixtures must be able to be removed without extensive alterations to the building structure. Fixed property is capitalized for expenditures of \$5,000 or more and has a useful life expectancy of 2 years or greater.

Construction in Progress

Construction in Progress is the cost of construction work undertaken but not yet completed. The Construction in Progress asset account is a holding account which accumulates the costs of construction completed to date. Upon completion, capitalized costs are transferred to an asset classification such as buildings, equipment, etc. Construction in Progress amounts should not depreciate.

Infrastructure

Infrastructure is defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Although these assets are long-lived, useful lives are assigned to these assets and they are depreciated. The capitalization threshold for infrastructure assets is \$3,000,000 with a preliminary estimated useful life of 40 years or greater.

Equipment Acquisitions

Equipment Acquisitions are divided into three categories:

1. Moveable Assets - Equipment
2. Moveable Assets - Major Improvements
3. Software

Capital vs. Non-Capital

When acquiring equipment correct coding is essential in determining capital vs. noncapital equipment. For a list of capital equipment codes see policy #005 General Ledger. **Equipment Acquisitions with costs of \$1,000 or more and has a useful life expectancy of 2 years or greater should be coded to the capital equipment acquisition codes.**

Asset Management records the equipment in the PeopleSoft asset management system at cost (net of any discounts and inclusive of freight, taxes, and installation), tags the equipment with a unique identification number, and performs a physical inventory of the equipment once a year.

Equipment is capitalized for financial statement purposes with costs of \$5,000 or more and has a useful life expectancy of 2 years or greater. If the total acquisition cost of the purchase is less than \$5,000 the equipment will be considered an operational purchase for financial statement purposes. This will not affect the original coding by the department or the tagging of the equipment. Capitalization criteria as mentioned below refers to the original coding to equipment acquisition expense category.

Movable Assets - Equipment

The State of Louisiana defines a movable asset as an item that costs \$1,000 or more and has a useful life expectancy of 2 years or greater.

When an item is purchased, it shall be considered to be a movable asset when it meets all of the following criteria. If it does not meet all of the criteria, then it shall be considered a supply.

1. Under normal conditions of use, including reasonable care and maintenance, it has an anticipated useful life of two years or more.
2. The total acquisition cost of the item meets the minimum cost criteria of \$1,000 (Total acquisition cost is defined later).
3. The item will retain its original shape and appearance with use.
4. It is non-expendable; that is, if the item (in part or whole) becomes damaged or has worn parts, it is more cost effective to repair the item than to replace it with an entirely new item.
5. It does not lose its identity through incorporation into a different or more complex unit or structure.
6. It is not permanently affixed to a building or structure.

Care must be taken in applying the capitalization criteria to newly acquired assets. In many instances, a single item may consist of several components that function together, but are often purchased separately (or listed on the purchase order as several line items). In these instances, a thorough understanding of the item being purchased is required to properly capitalize, and later tag, the item.

Moveable Assets - Major Improvements

In addition to the initial purchase of a movable asset, expenditures that represent major improvements to an existing asset should be capitalized and the value added to the original asset cost. This is not intended to include repairs and/or maintenance, which are expenditures that serve only to restore an asset to its original operating condition.

When a non-recurring expenditure is made that improves an existing asset, it shall be capitalized and the value of the expenditure added to the asset when it meets **all** of the following criteria. If it does not meet all of the criteria, then it shall be considered a repair part, repairs, or maintenance.

1. The total cost of the expenditure meets the minimum cost criteria of \$1,000.
2. The expenditure relates to an existing asset.
3. The purpose of the expenditure is to improve the original asset – not merely repair or maintain it. (Does the expenditure extend the useful life of the item; does it allow the asset to function in more ways than it did when it was originally purchased; does it upgrade the asset beyond its original capabilities? Or does it merely return the asset to a condition similar to its original condition when purchased and/or allow its usual functions to continue unchanged?)
4. The expenditure must be non-recurring.

Software

Computer software that is purchased separately from the hardware should be capitalized if the cost of the software exceeds \$5,000 and has a useful life expectancy of 2 years or greater.

Internally developed software should be capitalized if the costs exceed \$1,000,000 with a useful life expectancy of 3 years or greater. In accordance with Generally Accepted Accounting principles directed by NACUBO Advisory Report 99-7 which makes AICPA Statement of Position 98-1 applicable to public not-for-profit higher education institutions, only internally developed software costs associated with the application development phase should be capitalized. Costs associated with the preliminary project and the post-implementation/operating phases should be expensed as incurred. General and administrative costs and overhead expenditures associated with software development should not be capitalized.

Total Acquisition Cost for Moveable Assets

When a movable asset is acquired, the following costs should be included in the total cost associated with acquiring the asset.

1. The original invoice price actually paid for the item.
2. All freight, handling, and/or storage charges paid that relate to the asset through delivery and installation.
3. All specific in-transit insurance paid for the asset.
4. All sales, use, or other taxes related to the purchase of the asset.
5. All costs associated with installation of the asset including site preparation. If the installation and/or site preparation is done by an outside contractor, the actual invoice amount should be added to the asset.
6. All costs of testing and preparation.
7. All books, manuals, or training guides necessary for the operation of the asset.
8. All operating systems software purchased with the computer.

Library Books

Library books are generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books which include journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items

which provide information essential to the learning process or which enhance the quality of academic, professional or research libraries.

If library books are considered to have a useful life of greater than one year, they are capital assets and may be depreciated. Because most library collections consist of a large number of books with modest values, the changes in value for professional, academic or research libraries may be reported on an aggregated net basis.

Historical Treasures and Works of Art

Works of art as defined by this University are items which are considered inexhaustible and held for public exhibition, educational purposes, or research enhancement of public service instead of financial gain. Generally, collections of historical treasures and works of art will be considered inexhaustible, and therefore not be depreciated. However, special rules apply for the capitalization of these assets. If a collection was capitalized as of June 30, 1999, the collection must continue to be capitalized along with all additions to the collection. However, if the collection was not capitalized as of June 30, 1999, do not capitalize the collection.

Depreciation #102

Generally, capitalized assets will be depreciated with the exception of land and other inexhaustible assets. LSU Health Sciences Center New Orleans (LSUHSC-NO) defines depreciation as the allocation of the total acquisition cost of a fixed asset over its estimated useful life.

Depreciation Convention: Straight-line depreciation, using the half-year convention with an assumed salvage value of zero, are the recommended methods to record depreciation expense. Straight-line depreciation is calculated by dividing the total net book value of the asset cost by the estimated remaining useful life. In the half-year convention, all property is deemed to be placed into service or disposed of at the midpoint of that fiscal year.

Asset Cost: Total asset cost includes purchase price or cost of construction plus any other charges incurred to place the asset in its intended location and condition for use. Donated assets are valued at their fair market value at the date of acquisition.

Useful Life: The estimated useful life of a depreciable asset is the period over which services are expected to be rendered by the asset. LSUHSC-NO uses the American Hospital Association (AHA) depreciation schedule to determine the useful life of equipment. Asset components and related estimated useful life is shown below:

Equipment	AHA schedule
Land	Not depreciable
Land Improvements	20 year life
Building Shell	60 year life
Building Systems	20 year life
Building Interior/Renovations	18 year life
Building Fixed Equipment	AHA schedule

It is LSUHSC-NO's position that the tables utilized in the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets booklet and other useful life estimates better meet the depreciation needs of the system.

Changes to estimated useful lives, due to a material amount of assets fully depreciated but still in use, should be accounted for as changes in accounting estimates and reported prospectively per Governmental Accounting Standards Board (GASB) 34.

Depreciable Basis: The depreciable basis is what was paid for the item or its cost. Some adjustments to the basis may be made such as improvements to buildings or a casualty loss. If the asset is donated, the basis is usually the fair market value of the item at the time of transfer. An asset involving a trade-in of another asset requires adjusting its basis to account for the value of the asset traded in. If the asset traded in had already been depreciated, the new item's depreciable basis is its cost less the trade-in value obtained.

When Depreciation is Claimed: An asset becomes qualified to claim depreciation when it is placed into business use or for the production of income, not necessarily when it was originally bought. LSUHSC-NO considers it being placed into use "when it is ready and available for specific use." Assets considered as missing/retired are treated as disposed and do not claim depreciation unless the asset is located and is reinstated as active. Depreciation of newly constructed buildings will commence in the year of useful occupancy.

Capital Lease #103

Governmental Accounting and Financial Reporting Standards GASB Code Section L20.109 requires that a lease agreement meeting any of the following criteria be capitalized:

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to seventy-five percent or more of the estimated economic life of the leased property.
4. The value at the beginning of the lease's term of the minimum lease payments, excluding that portion of the payments representing executory costs to be prepaid by the lessor but including any profit thereon, equals or exceeds ninety percent of the excess of the fair value of the leased property to the lessor at the inception of the lease.

Accounting Treatment: For accounting purposes, a capital lease is treated roughly the same as a situation in which the purchase of property and the related financing transaction occur separately;

- The property is recorded as an asset and then depreciated.
- The lease obligation is shown as a liability.
- The lease payments are treated as amortized loan payments, with a portion expensed as interest and the remainder applied to the unpaid principal balance.

Construction in Progress #104

Property, plant, and equipment that is constructed, replaced, or added is first recorded as Construction in progress (CIP). When it is placed into service the balance will be transferred to the appropriate completed plant account.

Definition: CIP is the active, on-going construction to property, plant, and/or equipment.

Construction in Progress Costs: Property, plant, and equipment that is constructed, replaced, or added is first recorded as CIP, in the appropriate construction/plant accounts.

When it is placed in service the balance will be transferred to the appropriate construction/plant accounts within other structures and facilities, buildings, or other general property, plant, and equipment as applicable. All land costs shall be recorded in land and land rights.

The costs of construction include both contract costs and noncontract costs incurred to bring the asset to its intended use. CIP includes costs of direct labor, direct material, and indirect costs incurred in the construction of property, plant, and equipment. Costs may include the following:

- amounts paid to vendors
- transportation charges to the point of initial use
- handling and storage costs
- labor and other direct or indirect production costs (for assets produced or constructed)
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys
- acquisition and preparation costs of buildings and other facilities
- an appropriate share of the cost of the equipment depreciation and facilities used in construction work
- fixed equipment and related installation costs required for activities in a building or facility

- direct and indirect costs of inspection, supervision, and administration of construction contracts and construction work
- legal and recording fees and damage claims
- fair value of facilities and equipment donated by the Government
- interest during construction
- certain post-authorization investigation or study costs attributable to the asset being constructed
- certain post-authorization cultural resource or archaeology costs attributable to the asset being constructed
- certain temporary easements directly attributable to the asset being constructed (if related directly to land)

Bond Accounting: The University may participate in a series bond issue for approved capital projects. Normally, pursuant to the bond indenture, a portion of the bond proceeds are held in an escrow account by the trustee. The University is responsible for its pro-rata share of the debt service and receives a pro-rata allocation of the income earned on unexpended bond proceeds. A capital project may take several years to complete and the transactions for such bond financing activities are recorded within fund groups of the plant fund. Funds for repayment of interest and principal may be budgeted within the Current Fund and transferred to the Plant Fund as required.

The bond proceeds and the associated bonds payable should be recorded to the Unexpended Plant fund. Funds being held in escrow for retirement of indebtedness and the corresponding liability should be recorded in the Retirement of Indebtedness (ROI) fund.

Collection – Works of Art #105

Historical treasures and works of art are items which are considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain. Examples are paintings, sculptures, photography, maps, manuscripts, musical instruments, recordings, film, furnishings, artifacts, tools, weapons, and other memorabilia.

Collections already capitalized as of June 30, 2001 should remain capitalized and all additions to those collections should be capitalized, even if they meet the conditions for exemption from capitalization.

Generally, collections of historical treasures and works of art will be considered inexhaustible, and would therefore not be depreciated.

Plant Funds #106

Below are the Plant Funds:

(400) Plant Fund - Value is used for roll-up reporting

(411) Unexpended Plant Fund - Unexpended resources from various sources used to finance the acquisition of plant assets

(412) Renewals & Replacements - Funds transferred to finance maintenance and replacement of physical assets

(413) Retirement of Indebtedness - Interest and principal payments and other debt service charges relating to plant fund indebtedness

(414) New Investment in Plant - All long-lived assets in the service of the University except those of endowments and similar funds

Equipment Acquisition – General #201

Individual departments may purchase equipment using state, local, sponsored, and agency funds. Regardless of the source of funds, all purchases must be made in accord with applicable federal and state law and university policy. Equipment also may be acquired by gift, donation, or lease/purchase; or it may be furnished by the government.

Government Furnished Equipment #202

Government-furnished equipment (GFE) may be provided to the university for reasons that the sponsor determines are in the interest of both government and sponsor.

Commingling GFE and University Equipment: GFE should not be commingled with university equipment unless commingling is consistent with the best use of that equipment in carrying out the terms of the contract. Approval must be obtained from the administrative contracting officer before commingling.

Controlling GFE Equipment: GFE needs to be controlled with extreme care. Accurate records must be maintained on its use, location and maintenance. The government may schedule periodic audits of GFE whenever desired or whenever to fulfill contract requirements.

Procedure

1. The Department should notify Asset Management immediately upon receipt of GFE.
2. Asset Management will tag the GFE with an LSU Health Sciences Center New Orleans tag (LSUHSC-NO) and government tags where applicable.
3. If the title to the equipment is transferred to LSUHSC-NO, Asset Management will record the value of the equipment in the Asset Management module cost field.

Responsibility for Losses: Asset Management records, or certified copies thereof, shall be considered the government's official property records unless an exception has been authorized in the contract. The university shall establish and maintain adequate property control records for all GFE, including equipment provided to and in the possession or control of a subcontractor.

Acquisition of Vehicles #203

Departmental purchases of vehicles using state, local, or sponsored funds must be made in accord with applicable federal and state law and university policy.

Purchase: Departments must follow applicable purchasing procedures in acquiring vehicles.

Registration and Title: Title vests with LSU Health Sciences Center New Orleans (LSUHSC-NO) immediately when a vehicle is purchased with state or local funds. Title to vehicles purchased with sponsored funds vary depending on the terms of the contract or grant.

Procedure

1. The University Fleet Manager is responsible for registering the vehicle with the state Department of Motor Vehicles, adding university decals and/or any safety features applicable. A copy of the registration and title must be given to Asset Management.
2. To comply with federal and state requirements, LSUHSC-NO places a tag on all vehicles meeting the taggable criteria promptly upon receipt. Asset Management identifies and tags vehicles received by the department within two weeks from the date of the receiver. If the vehicle is not identified or tagged within two weeks, the department should contact Asset Management.
3. When the Fleet Manager receives the title, registration, and license plates the license plate should be applied to the vehicle, the registration and title should be placed in the vehicle with a copy going to Asset Management.

Vehicles that have not been properly identified and tagged may not be covered for insurance by the Office of Risk Management.

Acquisition of Donated Equipment #204

All equipment that is donated to LSU Health Sciences Center New Orleans (LSUHSC-NO) must be recorded, tagged, and placed on the Movable Property Inventory if value is \$1,000 or greater.

Procedures

It is the responsibility of the school or department that is receiving the donated equipment to notify Asset Management, that the equipment has been received. This notification should include a valuation review of the donated equipment.

Valuation Review: A valuation review must be furnished to Asset Management for donated equipment having an estimated fair market value of \$1,000 or more. The Asset Management Department neither furnishes nor confirms an appraisal to the donor.

Donated equipment is recorded at fair market value at the date of the gift. In the absence of significant indications to the contrary, estimated fair market value is as stated by the donor.

Valuation methods are on a case-by-case basis depending upon the estimated fair market value and whether an independent appraisal is readily available. Valuation review methods include, but are not limited to, the following:

1. the net value of the equipment as stated by the donor (for new equipment)
 2. a quotation obtained by Supply Chain Management (for donated equipment commonly sold through wholesalers)
 3. an estimate by the director of Supply Chain Management based upon comparable items
- and
4. an estimate of knowledgeable persons employed by the university (for art objects and rare books).

Upon receipt of the donated equipment Asset Management staff will contact the Departmental Property Custodian (DPC) and make an appointment to tag the equipment. The data base will then be updated to reflect the donated equipment.

Leased Equipment #205

LSU Health Sciences Center New Orleans(LSUHSC-NO) assumes no responsibility for leased or rented equipment unless a responsibility is specifically stated in the contract or written agreement. Only then does LSUHSC-NO insure the equipment against theft or damage.

Note: Replacement value cost must be included in the contract.

Definition of Lease: An agreement for the right to use property for a specified period at a specified cost. Title remains with the lessor. At no time does the lessee build equity in the property.

Loaned Equipment #206

LSU Health Sciences Center New Orleans assumes no responsibility for equipment on loan or demonstration unless an agreement of insured coverage is formally approved and recorded by the Office of Risk Management.

Sensitive Property #207

Sensitive property acquired at \$1,000 or more is tagged and tracked by LSU Health Sciences Center New Orleans. The following types of property are considered as “sensitive” by Asset Management:

1. weapons such as carbines, grenade launchers, rocket launchers, machine guns, pistols, recoilless weapons, revolvers, rifles, or shotguns
2. ammunition for the above weapons
3. explosives, including demolition material; e.g., detonators, charges, blasting caps, firing devices, fuses, primers, timers, grenades, mines, explosive waste developed from the manufacture of the foregoing
4. narcotics and dangerous drugs
5. radioactive material; any item or material that is, in itself, radioactive or that is contaminated with radioactive material, giving readings in excess of background radiation as measured on an instrument designed specifically for the type of radiation being emitted
6. hazardous material: any used or unused personal property, including scrap and waste, that is ignitable, corrosive, reactive, or toxic because of its quantity, concentration, or physical, chemical, or infectious characteristics. The property can be in a solid, liquid, semiliquid, or contained gas form and may cause or significantly contribute to an increase in the mortality rate or serious illness, or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.
7. hazardous waste: any material that is a solid waste, as defined under the Resource Conservation and Recovery Act (RCRA), and has been classified as hazardous in conformity with the provisions of RCRA. The Environmental Protection Agency (EPA) decides whether to deal with a solid waste as hazardous. Also, EPA-approved state hazardous waste programs may identify additional solid wastes as hazardous, and departments must comply with these state designations as well, and rare and precious metals: gallium, gold, iridium, osmium, palladium, platinum, radium, rhodium, and silver.

Retention of Property Records #301

LSU Health Sciences Center New Orleans (LSUHSC-NO) is required to keep and maintain property control records for all active, missing, and retired capital equipment on the property control system. The retention period required by the Louisiana Property Assistance Agency is for current year property records plus three years.

Property records are retained by Asset Management for a minimum of current plus three years.

Identifying Purchased Equipment #401

To comply with federal and state requirements, Asset Management places an LSU Health Sciences Center New Orleans (LSUHSC-NO) tag number on all moveable equipment promptly upon receipt.

Procedure

1. Asset Management identifies and tags equipment received by the department within two weeks from the date of receipt. If equipment is not tagged or identified within two weeks of receipt the department should contact Asset Management.
2. Asset Management views amounts posted to the Equipment Acquisition account codes weekly to check for any new equipment purchased and will reclass any moveable equipment not tracked in the Asset Management system. Items that might be reclassified include supplies and office equipment less than \$1,000.
3. Asset Management will then reconcile items in the Equipment Acquisition account codes to items tagged and/or tracked in the Asset Management system.

Tag Placement

A tag number is affixed to the front, or near the front to be seen easily and aid in the inventory process. Louisiana Property Assistance Agency (LPAA) must approve any instance where the tag number cannot be affixed if the size and nature make it impractical. An example of an item approved by LPAA where the tag number is not affixed is modular furniture.

Capital equipment remains identified as university or sponsor owned equipment as long as it is in the custody, possession, or control of the university. Such marking and identification are removed or obliterated from the equipment only when sold, disposed of, or scrapped. Should the LSUHSC-NO tag accidentally or mistakenly be obliterated, defaced, or removed, the equipment is retagged using the identical tag number.

Equipment that has not been properly identified and tagged with an LSUHSC-NO tag number may not be covered for insurance by the Office of Risk Management. Therefore, the department should contact Asset Management if the moveable asset has not been tagged within two weeks of being received.

Relocation Equipment On-Campus #501

Departments moving taggable equipment from building to building, room to room (an intradepartment transfer), or department to department are required to complete a Notice of Change in Moveable Equipment form. For large quantity transfers, Property Control may authorize an attachment to the Notice of Change in Moveable Equipment form listing the equipment being relocated.

Procedure

1. Department completes a Notice of Change in Moveable Equipment form and sends to Asset Management.
2. Asset Management contacts department for approval of relocation.
3. If equipment requires move from Physical Plant, the department completes a work order to Physical Plant.
4. Physical Plant or department relocates equipment.

Relocation Equipment Off-Campus #502

LSU Health Sciences Center New Orleans (LSUHSC-NO) property may be taken and used off-campus if used for permissible reasons and properly authorized.

Procedure

Authorization of Taking Property Off-Campus

1. Taking property off-campus requires a Property Sign-Out Form to be completed. The Property Sign-Out Form must be signed by the individual taking equipment off-campus and the Department Head, Dean, or Vice Chancellor. A copy should be kept by the individual taking equipment off-campus, the Department Head, Dean, or Vice Chancellor and Asset Management/Property Control.
2. If the property value is greater than \$1,000 the item must be tagged. The department should contact Asset Management/Property Control to complete this process or refer to policy #401 Identifying Purchased Equipment.

Certification and Inventory of University Equipment

In accordance with the Louisiana Administrative Code Title 34 Section 305, a yearly inventory is performed for all LSUHSC-NO off-campus property. Each off-campus moveable equipment item will be inventoried by a form letter.

1. The form letter is sent to the custodian of the equipment and this individual must sign the form to acknowledge the equipment's location or notify Asset Management/Property Control of any changes.
2. Department Heads, Deans, or Vice Chancellors are also required to sign the form to signify the department's continued authorization of the equipment to be used off-campus.

Required Return of Equipment

Off-campus equipment should be returned to the University prior to an individual's separation or upon notice by the Department Head, Dean, Vice Chancellor, Property

Manager, or other authorized individual without reason or notice. Failure to produce the property could result in the individual reimbursing LSUHSC-NO the cost of the property.

A copy of the original Property Sign-Out Form with the appropriate Department Head, Dean, or Vice Chancellor acknowledging return of equipment should be forwarded to Asset Management /Property Control.

Relocating Equipment to Subcontractor Facilities #503

University subcontractors who control or possess university, government, or sponsor owned equipment must adequately care for and maintain this equipment and ensure that it is used as authorized by the contract or grant.

Asset Management may survey property control systems at subcontractor facilities at will. Subcontractors must inventory university, government, and sponsor owned equipment located at subcontract facilities once every year. Asset Management will forward to each subcontractor an inventory listing that must be reviewed by the subcontractor.

Procedure

1. The department responsible for the equipment must complete a Property Signout Form. The department should send the completed and signed form to the department head for approval before removing equipment.
2. The original of the form should be retained for the department and a copy should be sent to Asset Management.
2. A contact person, address, and phone number at the subcontract facility must be forwarded to Asset Management by the department purchasing the equipment.
2. The equipment must be tagged with a numbered LSU Health Sciences Center tag. If the equipment is being shipped directly to the subcontractor facility Asset Management can forward a tag to the contact person at the subcontract facility.
3. The subcontract facility is required to inventory equipment once each year and verification of this process must be sent to Asset Management.
4. The equipment must be returned to the University after completion of use and/or be surplus/scrapped through normal University procedures. The department should complete the bottom portion of the Property Signout Form showing receipt of equipment and forward a photocopy to Asset Management.

Annual Inventories #601

LSU Health Sciences Center New Orleans (LSUHSC-NO) is required by the Louisiana Property Assistance Agency (LPAA) and the federal government to perform a physical inventory of all capital equipment each year. Asset Management/Property Control conducts inventories building-by-building using bar code scanners. When the inventories of all buildings on campus are completed, departments receive a “Missing” report of property that was not found. Departmental personnel then work on and complete the “Missing” reports.

Procedure

Asset Management

1. Determine which buildings are scheduled to be inventoried, using a rotating schedule.
2. Conduct inventory of each building by using a blueprint of the building, and scanning room to room.
3. Conduct a manual search of items on the interim unders/discrepancy report.
4. A schedule should be prepared by building showing the start date of inventory, start date of manual search, and the ending date of inventory.

Upon completion of all buildings on campus:

3. Send “Missing” reports to department heads, deans, directors, business managers, or designees. (Note: the “Missing” report reflects all inventoriable equipment not found during the physical inventory.)

Department

4. Respond within 30 days to the “Missing” report by:
 - a. Looking for assets that are “missing” and Confirm with Asset Management/Property Control whether asset(s) have been found.
 - b. Include location of assets that have been found.
 - c. Correct any other discrepancies for the asset(s) on the “Missing” report.

Asset Management

5. Any equipment not located remains in a missing inventory status for three years and then is reviewed for final disposition. It is no longer shown on the department inventory or “Missing” reports in the future but remains on the property control system.
6. Equipment coded as missing may be found in future inventories. When this occurs the asset will be reinstated to in-service.

Maintenance or Repair of Capital Equipment #701

Capital equipment should be maintained by department personnel or outside vendors in accordance with the manufacturer's recommended maintenance schedules. Records of maintenance performance or repair should be kept for each item of capital equipment.

Procedure

Required Maintenance Records

Departments should keep the following records on capital equipment for which they have custodial responsibility:

1. LSU Health Sciences Center New Orleans tag number
2. condition of equipment at time of maintenance or repair
3. date maintenance or repair was performed
4. description of maintenance or repair performed

Security of Capital Equipment #702

Capital equipment should be secured and protected by department personnel.

Procedure

The following procedure is encouraged for improving capital equipment security in departments:

1. Confirm that the capital equipment has a LSU Health Sciences Center New Orleans tag number affixed to it.
2. Lock and secure all areas where capital equipment is located when employees are not present in the area.
3. Secure capital equipment to lab benches or desks, where possible.
4. Inventory capital equipment in the department bi-annually.

Use of University Equipment #801

LSU Health Sciences Center New Orleans (LSUHSC-NO) prohibits personal use of University or sponsor owned equipment.

Permissible Use of University Owned Equipment

University owned equipment may be used only for University purposes. Permissible university purposes include the following:

1. an individual's assigned duties at LSUHSC-NO
2. research work of a faculty member
3. course work of an individual working two-thirds time or more
4. cooperative endeavors, contracts, subcontracts, or other agreements that require University owned equipment to be loaned to another state, public, or private corporation or association.
5. other activities as approved by the individual's department chair, dean, director, or designee, as appropriate.

Permissible Use of Sponsor Owned Equipment

Sponsor owned equipment may be used for its intended purpose outlined in the contract or grant.

Stolen University Equipment #901

LSU Health Sciences Center New Orleans (LSUHSC-NO) departmental personnel must report stolen (or believed to be stolen) equipment immediately to University Police.

Police reports are required by Louisiana Administrative Code Title 34, Part VII, Chapter 5, Paragraph 503, D.5.

Act 1101 of the 2001 Legislative Session also requires the Legislative Auditor and the District Attorney to be notified of any apparent theft of public funds or assets. The police report is utilized for this notification.

Procedures

1. Departmental personnel reports stolen (or believed to be stolen) equipment immediately to University Police.
2. University Police completes a campus police report and/or contacts the New Orleans Police Department as deemed necessary to complete a police report.
3. University Police forwards a copy of the police report(s) to the Asset Management Manager and the Internal Audit Director.
4. The Internal Audit Director notifies the Legislative Auditor of the apparent theft of University equipment.
5. The Asset Management Manager completes a transfer form explaining the circumstances of the reported stolen equipment.
6. The Asset Management Manager forwards a copy of the transfer form and police report to the Louisiana Property Assistance Agency (LPAA).
7. LPAA reviews and approves the transfer form.
8. The Asset Management Manager removes the equipment from the University inventory.

Disposal of Idle/Surplus Equipment #1001

University departments are responsible for coordinating with Asset Management and Physical Plant the disposal of all surplus or scrap equipment.

Procedure

Responsibility	Action
Department	1) E-mail Property Control Specialist Designee tag #, item description, and location of item to be surplus. 2) Complete work order located at www.is.lsuhscc.edu/plant/workpass .
Computer Services	3) Contact Computer Services to remove any electronic data from computers.
Physical Plant	4) Work order # assigned and tracked by Physical Plant. 5) Physical Plant picks up equipment and delivers to Surplus Warehouse 6) Physical Plant logs work order as closed
Property Control	7) Property Control Specialist Designee goes to Surplus Warehouse at time of delivery to verify equipment against original e-mail. 8) Location changed to Surplus Warehouse. 9) Form electronically prepared and sent to LPAA to get approval for surplus equipment.
LPAA	10) LPAA picks up the equipment at the Surplus Warehouse.
Property Control	11) Equipment retired from the PeopleSoft Asset Management module.

Idle or surplus equipment should be made available to other university units or sent to Surplus Property. University property may not be donated to any organization. Departments should identify idle or surplus equipment, and if the property is determined to be of no use to another department, send it to surplus or salvage.

Restrictions: Departments are responsible for removing all paper, chemicals, biohazard materials, supplies, wires, data etc. that are not part of the intended Surplus Property. Physical Plant will not pick up any equipment that has not been emptied. Compliance with University HIPAA, state, and federal regulations should be followed when preparing

equipment for surplus or disposal. Property found not in compliance with these restrictions will be returned to the Department.

Disposal of Scrap Equipment #1002

University departments are responsible for coordinating with Asset Management and Physical Plant the disposal of all surplus or scrap equipment.

Procedure

Responsibility	Action
Department	1) E-mail Property Control Specialist Designee tag #(if tagged), item description, and location of item to be scrapped.
Property Control	2) Form electronically prepared to send to LPAA to get approval to scrap equipment. 3) Notify Department of approval or denial from LPAA to scrap equipment. 4) Equipment retired from the PeopleSoft Asset Management module if approved by LPAA.
Department	5) If approved for scrap department can complete work order located at www.is.lsuhscc.edu/plant/workpass .
Physical Plant	6) Work order # assigned and tracked by Physical Plant. 7) Physical Plant picks up equipment and delivers to designated disposal location 8) Physical Plant logs work order as closed

Idle or surplus equipment should be made available to other university units or sent to Surplus Property. University property may not be donated to any organization. Departments should identify idle or surplus equipment, and if the property is determined to be of no use to another department, send it to surplus or salvage.

Restrictions: Departments are responsible for removing all paper, chemicals, biohazard materials, supplies, wires, data etc. that are not part of the intended Surplus Property. Physical Plant will not pick up any equipment that has not been emptied. Compliance with University HIPAA, state, and federal regulations should be followed when preparing equipment for surplus or disposal. Property found not in compliance with these restrictions will be returned to the Department.

Relocation of Sponsor-Funded Equipment #1003

Faculty or principal investigators desiring to relocate their research and property to another university may do so at no charge to the acquiring university except for shipping or freight. Sponsor-funded equipment that has been cost shared with state or local funds may be subject to reimbursement for the state or local participation.

University personnel are responsible for notifying a sponsored projects coordinator when sponsored-owned or funded equipment is being transferred to another university.

Procedure

1. Department or individual must contact sponsored projects coordinator and give information on what equipment is to be transferred.
2. Sponsored projects will request, in writing, an equipment transfer to the sponsor. If approved, a copy of the memo will be sent to the requesting department or individual and Asset Management.
3. Asset Management will request permission to release the equipment from to the University's inventory by preparing and filing transfer forms with the Louisiana Property Assistance Agency (LPAA).
4. If permission is granted by LPAA, Asset Management must remove any asset id tags and retire the equipment from the Asset Management system on equipment departure date.

Computer and Data Disposal #1004

For computer equipment capable of storing information, compliance with HIPAA, state policies as established by the Office of Information Technology, and University policy dictates the removal of electronic data prior to any movement of equipment, including University department to department transfers.

Procedures

1. Prior to any means of disposal computer systems should be adequately “sanitized” by Information Technology.
2. Departments complete a Change in Movable Equipment form.
3. Departments notify Information Technology of intention of movement of computer and request equipment to be sanitized.
4. Information Technology signs and dates Change in Movable Equipment form acknowledging completion of sanitization.
5. Department is now free to follow University process of disposal or transfer.

Cannibalized Equipment #1005

In accordance with State Property Control Regulations Chapter 5.501E moveable property cannot be dismantled or cannibalized without prior approval of the Louisiana Property Assistance Agency. The act of cannibalization includes disassembling or dismantling equipment to the point of making the equipment unable to perform its intended use.

Procedures

6. Prior to any means of dismantling or cannibalizing of equipment the department should complete a Change in Movable Equipment form and notate intention.
7. Department sends a copy of the Change in Movable Equipment form to Asset Management.
8. Asset Management will request permission from the Louisiana Property Assistance Agency for dismantling or cannibalization of equipment.
9. Asset Management will notify Department of approval/disapproval of Louisiana Property Assistance Agency.

