3.8 MOVEABLE PROPERTY CONTROL

A. Function/Purpose

The Revised Statutes of the State of Louisiana delineate the requirements and responsibilities for the control of property owned by the State. Property is defined by law as: “tangible non consumable movable property owned by an agency.”

Property is also referred to as movable assets. The test for classifying a movable asset is that an item must be non-consumable, have a useful life of at least two years, and have an acquisition cost of over one thousand dollars. The Vice Chancellor for Business and Reimbursements has instituted the following exception: Computer peripherals with a value of $500 or more (printer, scanners, palm pilots and fax machines) will continue to be handled as Movable Asset.

The source of funds used to acquire an asset does not alter the owner of the asset for the purposes of controlling the asset. Assets acquired through grant funds or an asset that is been donated to LSUHSC is subject to the same statutory regulatory controls as is an asset purchased with State funds.

Asset control is exercised because the citizens of Louisiana have placed their trust in state agencies to safeguard the assets purchased with their tax dollars. In addition, generally accepted accounting principles call for asset control as a means of protecting assets and maximizing the resources of an organization.

B. Responsibilities

In recognition of the high priority of asset control, each state agency is required to have an Asset Manager, appointed by the agency head, with statutory responsibilities and who is required to be bonded due to the gravity of his responsibilities. The Asset Manager for LSUHSC-Shreveport is the Manager of the Asset Records. The functions and responsibilities of the Asset Manager include:

1. Maintaining a system for marking and identifying State assets.
2. Conducting an annual physical inventory.
3. Recording the results of the inventory into a data file.
4. Submitting a certified report of any exceptions or discrepancies in the physical or perpetual inventory records to the Commissioner of Administration and the Legislative Auditor. R.S. 39:329 requires the Legislative Auditor to audit compliance with the statutes and regulations of the Commissioner of Administration.
5. Maintaining the integrity of inventory records by reviewing data entry and data correction procedures.
(6) Reporting surplus assets to the Division of Administration and executing the procedural and physical transfer of items to Louisiana Property Assistance Agency.

(7) Providing Departmental Heads or Designated Representatives with the data to assist in the annual physical inventory and Departmental control of its assets.

(8) Assist Departments in determining the disposition of movable property assigned to them. The functions and responsibilities of the Department Head or his/her designated representative include:

(a) Maintain a complete and accurate inventory of the movable property assigned or acquired by the Department.

(b) Provide the Asset Manager with accurate and up to date information on changes to the Departments inventory.

(c) Assist in conducting the annual inventory for the Department, as directed by the Asset Manager.

C. Definitions

1. ASSET
   An asset shall be generally defined as any item that is durable, i.e., expected to last at least two years and costs more than $1000.00; and with the exception stated in Paragraph A above.

   [Clarification]: To differentiate between an asset and a upgrade part; the upgrade part even if it meets all other criteria for tagging will be installed inside of an asset but is not tagged whereas an asset which meets all other tagging criteria, that is not internally installed is to be considered a separate asset.

   Examples:
   - Computer Monitor: Separate Asset
   - Graphics Card: Upgrade Part
   - External Modern: Separate Asset
   - Internal Modern: Upgrade Part

2. MOVEABLE ASSET
   An asset that can be physically moved. This is the only asset that is controlled by the State. An asset that is permanently fixed to the building is considered to be a permanent improvement and increases the value of the building.

3. ASSET MANAGER
   The individual assigned by the agency head to coordinate the Movable Asset Inventory for LSUHSC.

4. DESIGNATED REPRESENTATIVE
   The individual(s) delegated by the Department Chairman/Head to be responsible for the activities related to the Movable Asset Inventory.

5. EXCESS/SURPLUS PROPERTY
   An asset owned by LSUHSC that has been determined to be unusable in pursuing the mission of the School or Department that controls it.
D. Legislative Authority to Sell Used or Obsolete Assets

Act 257 of the 1986 Regular Session of the Legislature provided the Health Sciences Center and other institutions of higher education with the authority to trade in used or obsolete instructional, research or scientific assets... Attorney General’s Opinion 86-776-A interprets Act 257 to require that proceeds from the trade in of an asset can only be used to support the purchase of a functionally equivalent asset.

The following definitions should be utilized as a guide to determining what items of asset falls under this legislation:

1. Used or obsolete (surplus) asset is property or asset which is owned by the Health Sciences Center and that has been determined to be unusable in pursuing the mission of the school or department that controls it.

2. Instructional, research or scientific asset is defined as any asset that is used directly or indirectly in the provision or support of instructional or research activities.

Functionally equivalent means that the proceeds from the trade in of a research asset should only be used to purchase a new research asset. It can not be used, for example, to purchase an instructional asset.

E. Determining Whether to Trade in, Surplus or Scrap Used or Obsolete Assets

Upon determining that an asset is either beyond use or is obsolete in terms of carrying out the mission of the Department, the Department Head shall decide whether the asset should be traded in or surplused.

1. TRADE INS
   If the decision is made to trade in an asset, the Department must indicate on the requisition for purchase of replacement asset that a trade in is desired. All the normal state and university purchasing policies and procedures will be followed. Bid and quote documents will clearly indicate the option of a trade in to competing vendors. Purchasing will notify Asset Management when a trade in has been authorized. Asset Management will send a transfer order to Louisiana Property Assistance Agency to request approval for trade in, once approved by LPAA the Purchase Order can be produced by the Purchasing Department.

2. SURPLUS
   If the decision is made to surplus an asset, the Department Head will submit a Notice of Change in Movable Equipment form (1333) to the Asset Manager. A work order will be submitted to Physical Plant by Asset Management to pickup the asset for further disposition.

3. SCRAP
   An asset that is broken beyond repair or that will cost more to repair is considered scrap. The Department Head will submit a Notice of Change in Movable Equipment form (1333) to the Asset Manager. A work order will be submitted to Physical Plant by Asset Management to pickup the asset for disposition. The Louisiana Property Assistance Agency must approve the classification and subsequent disposal of scrap.

(Note: Research will be conducted on all form 1333 prior to submitting a work order request to Physical Plant.)
F. Determining Whether to Transfer an Asset

The Department Head may make a decision to transfer an asset to another department(s) within LSUHSC. The Department Head will submit a Notice of Change in Movable Equipment form (1333) as the Department Originating the Change and then send it to the Department Head receiving the transferred asset(s) for his/her signature; once that signature has been received the form then will be sent to the Asset Manager. Note: If a work order is needed to move this/these asset(s) a PeopleSoft account number should be annotated on the Notice of Change in Movable Equipment form (1333) before a work order can be initiated to the Physical Plant by Asset Management to move this/these asset(s) to the new location.

G. Asset Management/Department Responsibilities in a Trade in or Surplus Situation

The responsibility of the department owning the asset remains with department until paperwork is completed to transfer the asset to another department(s) or (a) paperwork is completed to transfer the asset to Asset Management for shipment to Louisiana Property Assistance Agency, (b) or the purchase of new asset and the related trade in has occurred and Asset Management has been notified; once one of these situations occurred Asset Management will remove from the departments asset listing and the master file.

NEW ASSET

DEFINITION:
New asset refers to asset that has been obtained from outside LSUHSC. It will typically be newly purchased through the normal purchasing process, but it may also refer to donated asset, asset brought to LSUHSC by a grant holder from another institution or asset secured from the State or Federal surplus stocks.

It is the joint responsibility of the acquiring department and Asset Management to ensure that the Asset Inventory is properly updated.

Procedures for Newly Purchased Asset
The following procedures will be followed when new asset has been purchased through the normal purchasing process:

(a) Asset Management will run daily queries in the PeopleSoft database to determine what new purchase orders have been distributed as having the correct PS asset account number. A hard copy of the purchase order will be produced.

(b) A pending file will be established for all movable assets with PS asset account numbers.

(c) A query will be run in the PeopleSoft database to determine what purchase orders have been paid by Accounts Payable. This data from the query will be compared to the pending file that has been established.

(d) Once it has been determined that an asset(s) have been received and paid a Louisiana State University Health Sciences Center bar code tag will be assigned to the particular asset.
(e) Periodically, the Asset Manager will look at the pending file and query the PeopleSoft Receivable database to ensure that a purchase has not been received and not paid and at that time will notify the Accounts Payable department to process a voucher to show an asset as being received. This screening procedure will eliminate an asset from bypassing Asset Management undetected.

(f) Asset Management will then tag the asset or contact the Department Head or the designated representative and make an appointment to properly tag the asset if it has been delivered to the department. It is strongly suggested that the end user accompany the Asset Management staff, to insure that the asset is safely and properly tagged.

(g) In some cases where the location of the asset is not convenient to the Asset Management staff, i.e., a Regional Hospital, the department will be sent the appropriate asset tag(s) and will be responsible for tagging the asset.

(h) When the asset is tagged and all information necessary for the data base has been obtained, Asset Management will complete the data entry for the asset.

(i) The Asset Manager must keep a copy of each purchase order with which asset is purchased as part of the permanent file in the department.

**Donated Asset**
All/Any asset(s) that is donated to LSUHSC must be recorded, tagged and placed on the Movable Asset Inventory. It is the responsibility of the school or department that is receiving the donated asset to notify Asset Management, that the asset has been received. This notification will reflect the estimated market value and a complete description of the donated asset.

Upon receipt of the notification of the donated asset, the Asset Management staff will contact the Department Head or designated representative and make an appointment to tag the asset. The data base will then be updated by Asset Management to reflect the donated asset.

**LSUHSC-S Foundation Donated Assets**
The LSUHSC-S Foundation may acquire assets and donate them to the University for use by a particular Department or Faculty/Staff member. In no case may an employee of the LSUHSC-S personally accept an asset from the Foundation or any other entity. All gifts or donations must be accepted by the recipient Department Head on behalf of the University. The Department Head shall promptly notify the Section of Asset Management and Facilities Records in accordance with these procedures upon the receipt of such a donation. All assets donated by the Foundation shall be tagged and accounted for in accordance with procedures.

**Asset Brought by Incoming Faculty**
All/Any asset(s) that is brought to LSUHSC by incoming faculty is considered to be State-owned property, and is subject to the same controls as asset purchased by the State. This applies to all assets regardless of the source of funds used to procure the asset. Therefore, this asset must be properly tagged and recorded in the Movable Asset Inventory.

It is the responsibility of the department to notify Asset Management of any/all asset(s) that
has been brought to LSUHSC by new faculty members. This notification should be in writing and should be directed to the Asset Manager. The Asset Management staff will assist the Department Head or designated representative in the initial inventory and recording of the asset(s). The notification should occur as soon as the new faculty member’s asset(s) arrives at LSUHSC.

Asset Secured from Surplus

An asset that has been secured from the State (Louisiana Property Assistance Agency or other State agency) or Federal surplus property systems must also be properly tagged and recorded in the Movable Asset Inventory. It is the responsibility of the department to inform Asset Management of the acquisition of this asset.

Upon receipt of the form, a staff person from Asset Management will contact the Department Head or designated representative and make an appointment to tag the asset. The data will then be entered into the Movable Asset Inventory.

H. Annual Inventory Process

The statutes require that the Movable Asset Inventory be certified as to accuracy and completeness once every year. The procedures that are followed in conducting a physical inventory each year are described below.

(a) The Department Head or designated representative will be notified of the upcoming inventory in advance of the initiation of the process.

(b) The Asset Manager will advise the Inventory Supervisor to have the Inventory Clerk start the annual inventory of assets.

(c) The Inventory Clerk will scan or record all asset data via the hand held scanner that he/she has been assigned. If the asset information is not available for scanning or recording, the Inventory Clerk will note the problem and bring it to the attention of the Inventory supervisor.

(d) All disparities that are identified must be reported as follows:

**New Untagged Asset**
Notify Asset Management of the asset and the Purchase Order.

**Tagged Asset Not On Inventory**
Provide Asset Tag Number, serial number (if any), description.

**Incorrect Data on Record**
Provide Asset Tag Number and revised data only.

**Missing Assets**
Provide Asset Tag Number, any explanation as to why the asset is missing, and previous location (if known). If the missing asset was stolen, a Notice of Change in Movable Equipment form (1333) along with a copy of the police report from the University and/or the local police must be provided to Asset Management.

(e) Asset Management will compile the data collected during the count, complete all data input, prepare and submit LSUHSC’s Certification to the State. Asset Management will then produce an updated asset inventory master listing in the same format as
the initial listing, and send it to each Department Head for their use throughout the following year.

I. **Asset Insurance**
   All asset insurance questions should be referred to the Asset Manager, Director of Purchasing and Materials Management or the Risk Management office.

J. **Personal Asset(s)**
   No LSUHSC tags shall be placed on personal asset(s). Personal asset(s) will be tagged by the end user department for identification purposes with labels, tape, etc. Abandoned personal asset(s), if usable, will be tagged and placed with the regular asset inventory.