

Maintaining Fixed Asset System Information

The Commonwealth Accounting Policies and Procedures (CAPP) Manual requires that all state agencies maintain an accurate inventory of fixed assets, which includes land, buildings, vehicles, and fixed and movable equipment. The failure to maintain proper internal control over fixed assets could result in the University being required to utilize the State's Fixed Asset Accounting System instead of an agency based system and the failure to achieve management standards if the failure was determined to be a significant audit comment.

Similarly, Office of Management and Budget Circular A-110: Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations requires that the University maintain a detailed record of equipment and that no less than every 2 years a complete and accurate physical inventory be completed.

Compliance with the state and federal policies is mandatory and fines will be assessed against the department for instances where our testing or that of the Auditor of Public Accounts identifies departments for which an excessive percentage (5%) of items are not properly reflected in the fixed asset records. The determination of an excessive percentage is calculated by dividing the total assets not in compliance by the total number of assets in the sample of inventory or 20, whichever is larger. The fine would be determined by multiplying the original cost of the assets not in compliance by the applicable percentage for the fine. The type of compliance violations and the applicable fines are outlined below:

- Asset not located – 25%
- Documentation not available for disposition of asset disposal within the last 2 years – 25%
- Asset location data incorrect – 10%
- Asset disposal not through Surplus Property - 25%
- Incorrect department number – 10%
- Incorrect custodian number – 10%
- Willful improper removal of asset from system – 200%
- Diversion of asset for personal use (example, personal computer at employee home used for personal use) – 200%

Fines will be imposed upon the recommendation of the University Controller. Fines may be appealed to the area Vice President.