

BURRELL COLLEGE OF OSTEOPATHIC MEDICINE

STANDARD OPERATING PROCEDURES

Fixed Asset Administration		SOP #: FIN.009.05
Effective Date	5/19/15	
Last Revision/Review	10/10/2023, 5/31/2024	

1. Purpose

To establish and maintain guidelines for fixed asset administration, including what constitutes capital expenditures, assigning life expectancies to fixed assets, recognizing depreciation of those assets, and exercising proper internal control over those assets. Related purposes include the need to create and maintain ongoing records of depreciable assets with a corresponding detailed asset description, location of asset, purchase price, accumulated depreciation, and responsible person/department; to establish procedures for the annual inventory of fixed assets; and to establish a process of disposal of fixed assets, whether the asset is sold, lost, or otherwise disposed of. These procedures will apply to all property and equipment held by the College; additional procedures will apply to property and equipment funded by sponsored projects, as documented on SOP FIN.027.

2. Related Policy/Authority

Policy B3011 Fiscal Management

SOP FIN.027 Sponsor-Funded Property and Equipment

3. Faculty/Staff Responsibilities

Vice President of Administration/CFO is responsible to ensure that an overall structure of sound internal controls is implemented, GAAP is followed in all accounting, and that all external regulations and requirements for routine business transactions are addressed in the control and reporting structure. The VP of Administration/CFO is responsible to periodically review the structure and implementation of internal controls.

The Controller is responsible for the implementation and oversight of these procedures, with indirect oversight of the role of the Facilities Manager.

The Facilities Manager is responsible for specifically assigned tasks within this procedure.

Department Heads, or their designees, are responsible for timely reporting of changes to location or condition of property items, and for ensuring that items are used for the approved purpose in a safe and responsible manner.

4. Definitions/Abbreviations

A fixed asset (capital expenditure) is defined as acquired tangible items, or services involved in either the acquisition of, or the placing in service of, the tangible items, that meet the following requirements:

The unit cost of the tangible item is \$5,000 or greater, and the useful life is more than one year; or if a set of components of a larger system are purchased where the accumulated costs are greater than \$5,000, and the useful life is more than one year. If a tangible item with a purchase price of \$5,000 or more is for repair or maintenance of a designated fixed asset to keep the asset functioning for its

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designated purpose, and does not add materially to its capabilities, this item is considered a revenue expense rather than a capital expenditure.

Burrell College of Osteopathic Medicine has the following types of fixed assets:

- 18010 PPE-Land Improvements
- 18020 PPE Buildings
- 18030 PPE Building Improvements
- 18040 PPE Construction in Process

- 18050 PPE Leasehold Improvements
- 18060 PPE Vehicles
- 18070 FFE Computer
- 18080 FFE Office
- 18090 FFE Educational
- 18100 FFE Capital Lease
- 18200 Engineering Costs

Depreciation is established based upon the useful life of the asset. In general, computers, and laboratory and office furniture, fixtures and equipment, are assigned a useful life of 5 years; building systems and land improvements are assigned a useful life of 10 years; and buildings are assigned a useful life of 30 years. All fixed assets are assumed to have a salvage value of \$0.

5. Procedural Steps

1. When a tangible item is requisitioned through the purchase requisition process, the Purchasing Agent codes the item within the purchase requisition system as being a taggable item, and the Assistant Controller determines the fixed asset classification and useful life. Coding to one of the above accounts establishes the asset as a depreciable asset. The Accountant will be responsible for recording depreciation entries monthly on all depreciable assets.
2. Property Record Procedures
 - a. Tagging a fixed asset creates a unique property record which is maintained for control purposes. Fixed assets will be tagged if they fall into one of the following categories: (1) they are a capitalizable fixed asset as defined in this procedure; (2) they are identified by the Associate Vice President of Administration or his/her designee as a high-risk fixed asset item that falls beneath the capitalization dollar threshold, such as certain computer equipment; or (3) they are purchased with sponsored project funds, in which case additional procedures defined in SOP FIN.027 will apply.
 - b. A Property Record will be created by the Purchasing Agent for each tagged property item. The record will include the following information: the tag number, a brief description of the property, the purchase order number, the acquisition date, the cost of the property, the source of funding for the property (including FAIN), the location of the property by room number, the disposal date, and the sales price. The Property Record will be updated annually as a part of the annual inventory conducted by the Facilities Manager, noting any comments on the condition of the property or change in location. Disposal of property items will follow procedures documented in this SOP.
 - c. Fixed assets will be tagged by the Purchasing Agent as a part of the receiving process. Components of a system with individual values less than \$250 will not be tagged.

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Certain high-risk items valued at less than the capitalization threshold as identified by the Associate Vice President of Administration will also be tagged with a separate identifier for asset control purposes. All fixed assets acquired with sponsored project funds will be tagged with a separate identifier. The Purchasing Agent will coordinate with department's designee as to how and when to tag recently acquired fixed assets.

3. At the end of each fiscal year, the Facilities Manager will perform or cause to be performed a 100% inventory of all tagged fixed assets against a master control report which is reconciled to the Furniture, Fixtures and Equipment Account total by the Assistant Controller. Required adjustments to the value of that account total will be jointly approved by the Controller and the Associate Vice President of Administration as a result of damage, loss or permanent decline in value of any fixed asset.
4. Physical controls will be maintained under the direction of the Facilities Manager to ensure that all property is properly safeguarded. The Department Head of the department under which the property is assigned is responsible for arranging for the proper maintenance of the property item, and for reporting immediately to the Facilities Manager any change in location of any item, or any loss, damage or theft of the item.
5. Department Heads will contact the Controller to initiate the disposal of a fixed asset. The Controller will determine that debt indenture restrictions have been met before proceeding with the disposal. Surplus fixed assets no longer needed by the original requisitioning department will either be:
 - i. Disposed of, where an asset has economic value appropriate third-party valuation(s) are required with oversight required for high value, endowment and research assets.
 - ii. Designated as Investment fixed assets and held on the balance sheet for future purposes. BCOM will keep a separate list of Investment assets which are not necessarily used on a day-to-day basis.

Before disposal, the Department Head in conjunction with the Facilities Manager must make a judgement that the asset cannot be redeployed. In order to make the judgement it is advised that the asset is advertised for redeployment.

Fixed assets that are no longer functional, are not fit for purpose and are beyond repair must be disposed of to avoid maintenance and hazard problems.

6. Reports/Charts/Forms/Attachments/Cross References

NA

7. Maintenance

Office of the Controller; updated whenever an external reporting requirement is added or changed.

8. Signature

Approved by

VP Administration/CFO

5.31.2024

Date

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9. Distribution List

Internal/External

10. Revision History

Revision Date	Subsection #	Summary of Changes	New/Cancellation/ Replacement Procedure? (if applicable)	Approval Date
11.17.2021	5	Added information regarding high-risk items and tagging process		12.1.2021
4.28.23		Updated titles and grammar/style changes		4.28.23
7.1.2023	All	Added information about sponsored programs and property record procedures		8.30.2023
10.10.2023	All	Clarified information about property.		10.10.2023
5.31.2024	5	Updated titles and grammar/style changes		6.5.2024