MEMORANDUM

TO: All University Departments

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

DATE: December 10, 2003

RE: Central Capitalization Policy Change

The Comptroller’s Office has recently made the decision to increase our central capitalization threshold from $2,000.00 to $5,000.00. This change is the result of the State of Kansas Division of Accounts and Reports changing its capitalization policy as well as our attempt to ensure that our policies are consistent with the policies of the other Regents institutions.

This policy change does not alleviate departmental responsibility to continue to monitor and safeguard state assets. Additionally, Kansas State Surplus Property guidelines require that property with an original cost greater than $2,000.00 be approved either at the agency level or by KSSP prior to disposal. As such, effective January 1, 2004, departments will be responsible for maintaining a separate departmental inventory for items (between $2,000.00 and $4,999.99) not on the University Property Inventory (central database). However, Property Accounting will, at the request of the department, continue to maintain a record of any individual items between $2,000.00 and $4,999.99.

The following is a more detailed discussion of our updated property accounting procedures and expectations along with an anticipated implementation timeline.

Property Records

Property Accounting will continue to maintain a central database (PeopleSoft Asset Management) of all property equal to or greater than $5,000.00 as per K.S.A. 75-3729.

As noted above, effective January 1, 2004, departments will be responsible for maintaining a separate departmental inventory for items not on the University Property Inventory – those items between $2,000.00 and $4,999.99. We recommend that each department maintain a database or spreadsheet type file for these items.

To assist departments in establishing their initial list (as of December 31, 2003), the Property Accounting Office will provide an Excel file listing all current assets with a cost less than $5,000.00. This file is expected to be available by January 31st and will be posted under the Property Accounting section of the Comptroller’s Office website (www.comptroller.ku.edu). The file will contain, at minimum, the following fields:

- department number
- asset ID number
- description
- comments
- manufacturer
- model number
- serial number
- vehicle tag number (if applicable)
- acquisition date
- cost
- current location
- DA-110 number (for future use)

All existing items in the PeopleSoft database between $2,000.00 and $4,999.99 will be retired once the information has been downloaded to the Comptroller’s Office website. Please remember that the information will still be accessible, but will no longer be considered “current” in the central database, and location and ownership changes will not be recorded by Property Accounting.

If the department has items in the existing database that they would like to continue to maintain in PeopleSoft Asset Management, the department must provide a list of those assets to Janet Mears no later than May 1, 2004. This list should either be sent by e-mail to jmears@ku.edu, or hand carried to her office, 237 Carruth-O’Leary Hall. If the assets have already been retired, they will be reinstated. However, they must be reinstated prior to the close of FY04.

**Purchase of New Property and Account Changes**

In conjunction with the increase in the central capitalization threshold, it was necessary to review current accounts and implement a series of new accounts. Effective January 1, 2004, please use the following account structure for the purchase of assets:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>14XX0</td>
<td>Used for all asset purchases with a unit cost equal to or greater than $5,000. Items recorded with this account will be centrally tracked by Property Accounting.</td>
</tr>
<tr>
<td>14XX9</td>
<td>Used for all asset purchases with a unit cost equal to or greater than $2,000, but less than $5,000. Departments may utilize this account to easily identify items that need to be tracked on department inventory.</td>
</tr>
<tr>
<td>14XX8</td>
<td>Used for asset purchases with a unit cost greater than $500, but less than $2,000.</td>
</tr>
</tbody>
</table>

As previously indicated, Property Accounting will, at the request of the department, maintain a record of any individual items between $2,000.00 and $4,999.99. Some items that departments may wish to track centrally include portable multi-media equipment, laptop computers and other
items that may be susceptible to theft. Should you purchase an item that you would like to have added to the central database, the department representative initiating the voucher will need to perform the following steps:

- Use an Account in the 14XX9 series
- Click the “Asset” button on the Line Information and Charges panel of the Enter Voucher Information panel group (this will activate a sub-panel)
- Click the box under the word “Asset” (this will activate the AM Unit, Profile ID and Asset ID fields)
- For AM Unit, select UKANS
- For Profile ID, select the appropriate 14XX9 account
- Enter the quantity purchased in the Quantity field

Please note that the word NEXT defaults into the Asset ID field – do not change this.
Select the ChartFields button to return to the Line Information and Charges panel. Finish voucher entry and save the voucher. If the above steps are not performed, Property Accounting will not know that the department wants the asset added to the central database. Please note that the above steps only need to be completed if the asset is between $2,000.00 and $4,999.99 and the department would like the asset added to the central database. Please make sure that your departmental accounts payable and/or purchasing staff is aware of this change in procedure.

Departments are reminded that property purchased with KUEA funds and gifts to the University are considered state property and those items between $2,000.00 and $4,999.99 must be included in their departmental inventory. Likewise, any items purchased with a combination of state funds and KUCR funds are considered state property and must be included in their departmental inventory. Items purchased entirely with KUCR funds are considered KUCR property and do not need to be included in the departmental listing.

**Tagging/Labeling of Assets**

The current process for tagging/labeling assets will not change for those items added to the University Property Inventory. Departments will continue to receive monthly reports and labels for any new items added to the central database.
We recommend that each department develop a systematic process for assigning departmental property numbers. Departmental property numbers should be affixed to the property in the same manner as items that cost $5,000.00 or more. The department may wish to use an alpha prefix followed by a sequential number (i.e. CMPTR0001, CMPTR0002, etc) or use the department number as the prefix (i.e. 15100001, 15100002, etc).

Transfer of Assets

Assets that are tracked centrally in PeopleSoft Asset Management must have a KU Property Transfer Form processed if they are transferred from one KU department to another KU department. For these assets, the completed transfer form must be submitted to the Property Accounting Office for processing.

Assets that are not tracked centrally in PeopleSoft Asset Management do not require a KU Property Transfer Form. If the departments involved choose to, they may use this form to record the transfer between their departments. However, they should not submit the form to Property Accounting for processing. We will not record transfers of property for items that are not listed as current in the database.

Disposition of Property

As previously indicated, Kansas State Surplus Property guidelines require that property with an original cost greater than $2,000.00 be approved either at the agency level (Property Accounting) or by KSSP prior to disposal. Therefore, all assets with an original cost of $2,000.00 or more must be approved via a Disposition of Property (DA-110) form prior to disposal. When completing the DA-110, it is not necessary to separate the items that cost $5,000.00 or more from the items that cost between $2,000.00 and $4,999.99, but departments will need to provide the cost and acquisition date for the items under $5,000.00 since Property Accounting will not have this information on file.

In addition, KSSP also requires DA-110 approval for any item with a current value of $500.00 or more regardless of the original cost. Should departments have difficulty in estimating the current value of an asset, please contact the Property Accounting Office for assistance.

Departments are reminded that under no circumstances shall any state property, regardless of value be given to any individual. This policy is based upon state regulations and there are no exceptions.

Lastly, any item that has sufficient value to warrant its sale (either by KSSP or locally) must be included on a Disposition of Property form regardless of its original cost or current value.

Annual Inventory

The State of Kansas Division of Accounts and Reports requires that each agency complete a physical inventory each year of all capital assets with an original cost of $5,000.00 or more. Due to the changes discussed above, the annual inventory, usually sent to departments in February,
will be delayed by approximately one month. The listing will include only include items that cost $5,000.00 or more and departments will still be allowed approximately two months to complete it. The annual inventory process should be easier to complete due to the lower number of centrally tracked items that each department will be responsible for verifying.

**Estimated Timeline (subject to change)**

January 1, 2004  Departments begin utilizing the new capital (asset) accounts and voucher process for identifying items between $2,000.00 and $4,999.99 they wish to have added to the central database.

January 1, 2004  Departments begin maintaining a departmental inventory of items between $2,000.00 and $4,999.99 that are not tracked in the central database.

January 31, 2004  Property Accounting completes December 2003 business and posts to the Comptroller’s Office website a file listing all assets from the central database that cost between $2,000.00 and $4,999.99. This information provides departments with an initial departmental inventory which they will build upon.

February 24, 2004  Assets that cost between $2,000.00 and $4,999.99 will be “retired” from the central database (PeopleSoft Asset Management).

March 1, 2004  Annual inventory reports mailed to departments.

May 1, 2004  Deadline to submit completed annual inventory reports to Property Accounting.

May 1, 2004  Deadline for notifying Janet Mears of any assets retired in February that need to be reinstated and tracked in the central database. The department is given the authority for determining if these assets are tracked centrally or at the departmental level.

It is our hope that these changes provide departments with easily accessible and relevant information concerning their assets while continuing to maintain compliance with State of Kansas guidelines for the safeguarding and reporting of capital assets. The Property Accounting Office will continue to disseminate information as it becomes available and appreciates your patience and cooperation during this time of change. Should you have any questions or concerns, please contact Janet Mears at 864-5975. Thank you.