

Big Bend Community Based Care Policy & Procedure

Series: 1300: Financial Management

Policy Name: Equipment, Real Property and Inventory

Policy Number: 1330

Origination Date: 01/29/09

Revised: Board Meeting of 12/13/2018

Policy

It is the policy of Big Bend Community Based Care, Inc. (BBCBC), to establish and implement inventory control procedures to protect the agency from loss of equipment, data or financial resources.

Procedure

A. Asset Control.

1. All purchases of equipment must follow Purchasing Procedures such as the submission of a Purchase Order, proper approvals and written bids as required.
 - a. All purchases of computer software over the amount of Five Thousand Dollars (\$5,000.00) with an expected useful life of one (1) year or more are capitalized and depreciated.
 - b. All purchases of other assets, including computer hardware, furniture, equipment and leasehold and building improvements, over the amount of Five Thousand Dollars (\$5,000.00) with an expected useful life of one (1) year or more are capitalized and depreciated.
 - c. The IT Coordinator will attach a property tag to property and equipment assets > One Thousand Dollars (\$1,000.00) with a useful life in excess of one year and computers.
 - d. BBCBC will track both capitalized assets and property equipment > One Thousand Dollars (\$1,000.00) and computers via a BBCBC inventory listing.
 - e. When purchase orders are completed and invoices are received for goods purchased, an inventory tracking memo will be completed with manufacturer, model number, serial number, and funding source. The tag will be affixed to the asset by the inventory custodian and the form will be forwarded to the IT Coordinator along with the inventory tracking form. The IT coordinator will assign a user to the inventory tracking form and will return a copy of the form to the inventory custodian for entering on the inventory listing.
 - f. Each time the IT Coordinator moves an asset, the original inventory-tracking memo will be modified to reflect the new user. This form will be resubmitted to the inventory custodian for updating the inventory listing.
 - g. Each time the IT Coordinator surpluses an asset, the original inventory-tracking memo will be modified to reflect disposal. The disposal will be in accordance with original funding source requirements. The tracking memo will be submitted to the inventory custodian for updating the inventory listing.
 - h. All purchases made with grant or contract funds must follow the prescribed requirements for ownership, inventory records, inventory tags and reporting to the granting agency.

Big Bend Community Based Care Policy & Procedure

2. The donation or transfer of any piece of equipment or real property (land, building or improvements to buildings) must be reported to the IT Department. The donation or transfer is to be documented on the Transfer/Disposal/Donation of Property form (Attachment II). This form is forwarded to the inventory custodian for update of the inventory listing Donated assets follow the same procedure as in *BBCBC OP 1300-1310, Fund Raising Practices*.
 3. The sale, trade-in or disposal of any piece of equipment or real property (land, building or improvements to buildings) must be approved by the CFO (or designee) prior to the sale, trade-in or disposal.
 - a. Research must be completed by the Accounting Department to determine the origin of the asset and to determine if there are any restrictions on the asset. If the asset was purchased with grant or contract funds, proper procedures must be followed to meet the granting agency requirements. The CFO must authorize the sale, trade-in or disposal on assets purchased with grant or contract funds.
 - b. If the CFO has given approval to proceed with the sale, trade-in or disposal, then it is to be documented on the Transfer/Disposal/Donation of Property form and forwarded to the IT Coordinator.
 4. All capital purchases will be recorded as an asset of BBCBC according to generally accepted accounting principles.
 - a. The cost of equipment will include: purchase price; freight and handling charges incurred; insurance on the equipment while in transit; and the cost of assembling and installation.
 - b. The cost of land will include: purchase price; costs incurred in “closing”, such as title to the land, attorney’s fees and recording fees; costs incurred in getting the land in condition for its intended use, such as grading, filling, draining and clearing; and any additional land improvements that have an indefinite life.
 - c. The cost of buildings includes all expenditures related directly to their acquisition or construction such as: materials, labor and overhead costs incurred during construction; and any fees such as attorney’s, architect’s and building permits.
 - d. Donated assets will be recorded using the asset’s fair market value.
 5. Depreciation is calculated and recorded on a monthly basis. Donated assets will be depreciated individually based on the asset’s estimated useful life.
 - a. Useful life guidelines are as follows:
 - i. Buildings: 39 years;
 - ii. Building Improvements: 5 – 39 years;
 - iii. Furniture, Equipment, software: 3 – 5 years;
 - iv. Vehicles: 3 years;
 - v. Leasehold Improvements - Life of the respective leases.
 6. All assets are verified annually against the general ledger for accuracy.
- B. Inventory Procedures.** All BBCBC and Network Partner agency’s accessing BBCBC equipment, furniture or other asset controlled items must follow the following procedure when obtaining equipment:

Big Bend Community Based Care Policy & Procedure

1. A complete physical inventory of all property and equipment will be made at least annually. This annual inventory must be matched to the inventory listing maintained by BBCBC. Discrepancies must be researched and resolved. The employee performing this review will not be the same individual who maintains the asset records or custody of the assets.
2. The inventory of fixed assets is maintained by the IT staff and designated Accountant.
 - a. All new or donated capital assets are recorded at the time of purchase.
 - b. Annually, an Inventory Listing will be submitted to the Director of Finance and Accounting and CFO.
3. **Technology Inventory Control.**
 - a. Each new user whether employed by BBCBC or a partner agency will be required to fill out an official BBCBC Equipment Issue Form.
 - b. The Equipment Issue Form will be provided by the Information Technology staff when the employee receives his/her equipment and must be filled out correctly. Once completed, the new user will be provided a copy for their records.
 - c. The BBCBC Equipment Issue Form will include the following information:
 - i. Employee Name;
 - ii. Title;
 - iii. Agency Name;
 - iv. Employees Supervisor;
 - v. Employees Telephone Number;
 - vi. Equipment Make, Model and Serial Number;
 - vii. Location.
4. The employee will be required to agree to terms outlined by BBCBC and finalize the process by signing the document.
5. Once the new employee has taken possession of the equipment and completed the Equipment Issue Form, that employee and his/her agency are held fully responsible for any loss or damage that may occur.
6. If an employee leaves BBCBC or one of its partner agencies the user will be given an Equipment Return Form which must be filled out by either the departing employee or the departing employee's supervisor. A copy of each form will be left with the employee's supervisor for future reference.
7. If equipment is missing that has been issued to one of the partner organizations, that organization will be responsible for the replacement cost of the missing item.
8. The Information Technology Department will use the Equipment Issue Forms and Equipment Return Forms to update the inventory-tracking memo. The inventory-tracking memo will be submitted to the BBCBC inventory custodian for updating the inventory-tracking list to ensure all equipment is present and accounted for. It is essential that every piece of equipment is signed in and out correctly.
9. The completed original Equipment Issue Forms and Equipment Return Forms will be kept on site in the BBCBC Information Technology Department office.

Big Bend Community Based Care Policy & Procedure

10. The inventory custodian will maintain an up to date inventory using the asset control tags that are affixed to each piece of equipment. Annually, a physical inventory will be taken at each location that contains BBCBC equipment. This inventory will be reconciled with the detailed inventory listing. Any discrepancy must be brought to the attention of the Information Technology Coordinator, Director of Finance and Accounting, CFO and CEO.
11. No employee of BBCBC shall move property and equipment inventory to another user without the approval of the Information Technology Coordinator. When movement occurs, the Information Technology Coordinator must update the inventory-tracking memo and submit this documentation to the inventory custodian for updating the inventory-tracking list.