

# OREGON STATE HOSPITAL

PORTLAND – SALEM

## POLICIES AND PROCEDURES

---

SECTION 4: Fiscal

POLICY: 4.007

SUBJECT:

**Capital and Non-Capital Assets**

---

APPROVED: ROY J. ORR  
SUPERINTENDENT

DATE: February 27, 2009

---

### I. POLICY

It is the Oregon State Hospital policy to provide a system of asset accounting and control which will:

- A. Safeguard state assets against unauthorized use or removal.
- B. Provide accurate accounting for assets within the institution.
- C. Assign responsibility for asset control and management to the appropriate program director or department manager.
- D. Provide accurate information for Capital and Non-Capital Asset reporting.
- E. Assist the Superintendent in the effective management of property and equipment.

### II. DEFINITIONS

- A. "Capital Asset" means those items which are not consumed in the normal course of agency operations, have a useful life of more than one year, and have an initial cost of at least \$5,000. The value of Capital Assets are carried upon the Capital Asset Property Control (CAPC) Reports for "insurance purposes." This includes:
  - 1. Land and improvements such as sidewalks, fences, water and sewer mains, fixed irrigation or drainage systems.
  - 2. Building structures and building fixtures.

- 
3. Equipment (items of a personal property nature).
- B. "Non-Capital Asset" means those items which are not consumed in the normal course of agency operations, have a useful life of more than one year, and have an initial cost of at least \$1,000-\$4,999.99. The value of Non-Capital Assets are carried upon the Reports for "insurance purposes."
- C. "Asset" means any tangible or intangible property, physical thing (including land) to which Oregon State Hospital obtains title or possession by virtue of a purchase, lease, loan, gift, or other means of acquisition.
- D. "Material Distribution Center (MDC)" means the individual or office responsible for maintaining property inventory records.
- E. "Property Inventory Record (PIR) or Capital Asset Property List" means a computer generated list of Capital and Non-Capital Assets which identifies each item of property, pertinent information regarding each property, and its current location.
- F. "Program or Department" means those units at Oregon State Hospital who have responsibility for and possession of hospital property.
- G. "Program Director or Department Manager" means those individuals who have administrative responsibility for a designated program or department.
- H. "Physical Inventory" means the physical verification of all items listed on the property inventory records.
- I. "Property Disposition Request (PDR)" means a form that must be completed when Capital and Non-Capital Assets is no longer needed or usable for any reason, and removal from the PIR is desired.

### III. PROCEDURES

- A. New Asset:
1. Programs will submit a properly prepared and approved Request for Purchase (Form OSH STK 10657) to the Purchasing Department.
  2. Purchasing Department executes a Purchase Order and forwards the Receiving copy to the MDC and the Department copy to the requesting program.

The MDC is charged with the responsibility for Property Control: Those responsibilities include:

1. Receiving asset.
  2. Compare the purchase order with the vendor's invoice. Conduct a full and thorough inspection to ensure that items conform to the specifications included on the purchase documents.
  3. Enter all pertinent information on the Property Inventory Record and assign and record a Property Number on the receiving copy of the Purchase Order.
  4. When receiving electronically sensitive equipment such as medical, and test equipment, etc., tags and markings will not be affixed until after the ordering department has certified that the equipment is in good working condition, and acknowledged acceptance. Equipment which will not be immediately deployed shall be marked, registered and stored in a secure area until ready for use.
  5. Affix the identifying Property Tag in a secure, visible area, and write in indelible ink the same information in another less conspicuous part of the item that is secure from defacement.
  6. Deliver property to ordering program and obtain receipt signature on the delivery receipt.
- B. Existing Asset:
1. MDC will furnish each program director/department manager with a copy of the Property Inventory Record which lists by location the Capital and Non-Capital Assets assigned to their department or program. This list will be updated and distributed annually on or before April 1.
  2. Program Directors/Department Managers will be held responsible and be required to sign for all property in their possession.
  3. Any time Capital and Non-Capital Assets are transferred from one area to any other area, an e-mail message will be sent to MDC by the manager requesting asset to be transferred to another area. The MDC will assist in the movement of properties and make the necessary records adjustments. No Capital or Non-Capital Assets will be transferred unless the above procedures are followed.

C. Repair of Equipment, Furniture, and Furnishings

1. TV, VCR, Microwave Ovens, Juice Dispensers, etc.

- a. Oregon State Hospital - Salem: Contact Physical Plant (945-2922) for evaluation and on-site repairs. If repairs cannot be made on the spot,
- b. The unit will send a signed and approved RFP to MDC. Then submit an e-mail message to the MDC and specify "Pick up, Repair, and Return."
- c. The MDC will pick up the item from the unit and check the warranty on file, or get a repair estimate. MDC will notify the unit who will then instruct the MDC to either proceed with the repairs, or to dispose of the item. MDC Manager may approve repairs up to \$500.00 if economically feasible without consulting unit.
- d. MDC gets confirming P.O. Number from Purchasing Department.
- e. Oregon State Hospital - Portland: Consult MDC at 945-2950.

2. Office Equipment Repair and Furniture and Furnishings.

- a. Call the MDC (945-2950) and provide the Oregon State Hospital Property Tag Number. The MDC will check to see if the item is still under warranty. If under warranty, submit an electronic message to pick up, repair, and return.
- b. If the MDC reports the item is not on warranty, submit an electronic message to pick up and repair and a RFP to Purchasing Department. RFP must include the equipment make, model, serial number, Oregon State Hospital Property Tag Number, and the problem. If item is covered under a maintenance agreement, the Purchasing Department will contact the appropriate service vendor. Purchasing Department gives MDC a confirming P.O. Number for outside vendor repair.

D. Asset Disposal:

1. If the asset is determined to be unusable, the manager responsible for the item will submit an electronic work request to pick up property. MDC will remove property and submit a Property Disposition Request (PDR).
  - a. PDR's will be prepared in accordance with Department of Administrative Services Oregon Accounting Manual procedure 10.50.130 through 10.50.136 dated January 2, 2002.
  - b. If the property is a Capital Asset signatures from the Operations Director and the Chief Financial Officer are required.
  - c. Upon return of the approved PDR, MDC will dispose of the item as indicated on the PDR.
    - (1) Remove or obliterate all Oregon State Hospital identity markings.
    - (2) Hold the property for final disposal action.
    - (3) Forward copy of PDR to Business Office as a basis for deleting an item from the General Ledger.
    - (4) The PDR will become a permanent part of the supporting document register and will be retained by MDC for a period of seven years.

No Capital or Non-Capital item, regardless of its condition, will be disposed of without an approved PDR. DAS rules allow for asset to be disposed of as needed without a PDR if it is Expendable.

2. If the asset is usable but not needed by the department, the manager responsible for the item will submit an e-mail to "OSH Warehouse Request". MDC will remove the item and make it available for other users. Appropriate changes will be made in the CAPC record.

**E. Annual Inventory:**

1. MDC will conduct a physical inventory of Capital and Non-Capital Assets annually to be completed on or before June 1 of each fiscal year.
2. MDC will verify the location of all Capital and Non-Capital Assets for all departments/programs and make any changes necessary to the CAPC list to ensure an accurate account of asset at each location.
3. Upon completion of the physical inventory, MDC will furnish each program director/department head with two copies of the updated CAPC list of Capital and Non-Capital Assets in their possession. The program director/department head will acknowledge custody and accountability for the assets listed therein and forward a signed copy to MDC. The other copy will be retained by the program director/department head for his/her records. Program managers are responsible for missing assets.
4. MDC will create a list of assets not found during each physical inventory. MDC and the program/department which was last known to be in possession of the missing property will make every reasonable effort to locate it. If, for two consecutive physical inventories, the asset can not be located or accounted for, MDC will prepare a PDR to remove the asset from the CAPC list.

**F. CAPC/Property List:**

1. This list is computer generated from information provided by Property Control. The column headings include the following:
  - a. Oregon State Hospital asset/identification number.
  - b. Item description.
  - c. Acquisition document number.
  - d. Acquisition date.
  - e. Acquisition cost.
  - f. Class code.
  - g. Index and PCA.
  - h. Location code.
2. The "Remarks" column of the list may be used by MDC to enter any information to further identify the asset.

3. All Capital or Non-Capital Asset, when removed from the property list/CAPC for any reason, must be removed by the completion of a PDR. This form will become a permanent part of the supporting documents register and will be retained by the agency for a period of seven (7) years.
4. PDR's will be prepared in accordance with Department of Administrative Services Oregon Accounting Manual procedure 10.50.130 through 10.50.136 dated January 2, 2002.
5. Reconciliation: MDC and the Business Office shall reconcile property list/CAPC and general ledger annually. The Business Office will cause the property list/CAPC to be reconciled to find the general ledger control accounts at least annually.

G. Missing Property:

1. Program directors/department heads will report lost or stolen property immediately to the Communications Center, Chief Financial Officer, and the Security Director who will:
  - a. Conduct a search of Oregon State Hospital grounds for missing property.
  - b. Question persons concerned to try to determine cause of loss.
  - c. Notify State Police of the loss at the Superintendent's direction.
  - d. Notify the Chief Financial Officer and Risk Management for possible claim against the Capital or Non-Capital Asset Fund. (See Oregon State Hospital Policy and Procedures 4.009).
  - e. Submit a written report to the Chief Financial Officer and Risk Management giving details of action taken.
  - f. File an Incident Report.
  - g. Forward a copy of the report to MDC manager.
  - h. MDC will prepare and process a PDR as per paragraph (D), Asset Disposal.

H. Found Asset:

Any Capital or Non-Capital Asset found as a result of the inventory process will be reconciled as follows:

1. MDC will assign and enter the next sequential asset number on the Property Inventory Record Book. All pertinent information regarding the property will be entered on the PIR.
2. Affix the identifying Property Tag in a secure, visible area, and write in indelible ink the same information on another less conspicuous part of the asset.
3. Obtain sufficient copies of the CAPC listing by location and distribute as follows:
  - a. Copy of CAPC monthly listing of changes to Business Office.
  - b. Two copies to affected program/department where asset is located. One copy will be signed by the accountable manager and returned to MDC; the other copy is retained by the Program Director/Department Head.

I. Asset Attached to Building:

1. Installed Capital and Non-Capital Assets will not be entered on the CAPC property list but will be added to the Building/Property Inventory Account.
2. Program Directors/Department Heads are responsible for the safeguarding of all installed equipment in their areas. All damage or loss must be reported immediately to the appropriate area, i.e., damage to the Physical Plant, and loss to the Business Office and Communications Center.

J. Methods of Marking Capital and Non-Capital Assets:

1. A register will be maintained of all used tag numbers to be assigned to new items.
2. Items will be marked with the next available number from register.
3. Numbers will not be reissued once they are assigned to an item.



4. Items may be marked in any manner that will cause the item to be permanently identified and can include (but are not limited to):
    - a. Computer generated bar code sticker.
    - b. Etching by machine or acid.
    - c. Permanent marking (2 marks) with felt pen or any other marking device.
  5. Items will be marked by placing Oregon State Hospital number on item with both stick on bar code and permanent felt tip pen when feasible.
  6. MDC staff will periodically review asset for identification numbers. MDC staff will attempt to identify object and reaffix a number if known. Every attempt will be made during inventory to establish assigned number before issuing a new number.
- K. Locations:
1. MDC will establish a location code for all areas where property is located. These locations may be defined as a room, ward, building, or any other physical area as best suited to easily locate asset property.
  2. The numbers of location can be as numerous as needed.
  3. Location digits and physical location lists will be entered in the computer and a copy will become a permanent addition to the Property List/CAPS Register.

#### IV. REFERENCES

Department of Administrative Services Oregon Accounting Manual 10.50.00, 15.50.00, 15.55.00, 15.60.20, 15.60.25, 15.60.30, 15.60.40,

ORS 278.011  
ORS 278.050

---

**SUBJECT:**  
**Capital and Non-Capital Assets**

**POLICY NUMBER 4.007**

**DATE: February 27, 2009**

**PAGE 10 OF 10**

---

Replaces Oregon State Hospital Policy and Procedures 4.007, *Non-Expendable Property*, dated 10/10/2006.