

BURRELL COLLEGE OF OSTEOPATHIC MEDICINE

STANDARD OPERATING PROCEDURES

Fixed Asset Administration		SOP #: FIN.009.01
Effective Date	5/19/15	
Last Revision/Review	11/17/21	

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.

2. Related Policy/Authority

Policy B3011

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, and to regularly review all financial reports presented to the Ownership, the Board, the Debt Trustee, and any governmental agency or accrediting body.

The Controller is responsible for the implementation and oversight of these procedures.

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 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

BURRELL COLLEGE OF OSTEOPATHIC MEDICINE

STANDARD OPERATING PROCEDURES

- 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 Senior Accountant determines the fixed asset classification and useful life. Coding to one of the above accounts establishes the asset as a depreciable asset. The Accounting Aide will be responsible for recording depreciation entries monthly on all depreciable assets.
2. Fixed assets will be tagged by the Purchasing Technician as a part of the receiving process. Components of a system with individual values less than \$250 will not be tagged. Certain high-risk items valued at less than the capitalization threshold as identified by the Assistant 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 Technician 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 Senior Accountant. Required adjustments to the value of that account total will be jointly approved by the Controller and the Assistant Vice President of Administration as a result of damage, loss or permanent decline in value of any fixed asset.
4. 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

BURRELL COLLEGE OF OSTEOPATHIC MEDICINE

STANDARD OPERATING PROCEDURES

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

Signature on File

11/17/21

VP Administration/CFO

Date

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