State of Kansas Official Capital Assets’ Policy

General Information

The Kansas Legislature has charged the director of the Division of Accounts and Reports with maintaining the inventory record of all fixed and moveable property of the State. (K.S.A. 75-3729). The record shall be based on a physical inventory and shall be charged with all acquisition of property and shall be reduced by all dispositions of property. All state agencies are directed to submit a physical inventory of all property belonging to the State as of June 30 each year by September 30.

Expenditure Account Codes and Profile IDs

With SMART implementation the account code structure was formalized into a capital and non-capital structure and is defined in Office of Management and Analysis Standards (MAS) Policy Manual 7,002, revision date 7/29/2011. Software, equipment and furnishing acquisitions with a useful life expectancy of one year or more and total cost less than $5,000 should be coded as non-capital; items costing $5,000 or more should be coded as capital. For capital asset reporting in the asset management module, only software and software projects $250,000 and over should be classified as capital assets. Profile IDs are assigned to transactions in the SMART system to properly account for capital or non capital assets. Only capital assets will be loaded into the SMART Asset Management system within the CAFR book. Non-capital inventory items may be listed within the State book.

All property (assets and inventory) belonging to the agency must be included in the agency record and must have a unit cost shown; regardless if it was purchased, manufactured by the agency, received as a gift or obtained from state or federal surplus property sources. A permanent State property number is assigned to each item and should be affixed to the item.

Property manufactured, assembled or constructed by a department shall be included in the record. The total cost of materials and labor to manufacture, assembled or construct the item shall be the Inventory Unit Cost.

Ownership of Property

The University of Kansas Medical Center shall own all property purchased with State of Kansas funds and all property received as gifts. Although title to property purchased with the funds from a grant or contract may not be vested in the University of Kansas Medical Center, the University of Kansas Medical Center shall exercise the responsibility of ownership for such property. Regardless of which University of Kansas Medical Center department ordered an item, the fund cited, or the particular budget expensed, the principle of state ownership prevails.
RESPONSIBILITIES

Property Manager

The function of the Property Management Officer for the University of Kansas Medical Center will be assigned to the (Agency assigned position), who will oversee the responsibilities as outlined in this policy.

The Property Manager will maintain a database required by Department of Administration under Accounts and Reports Policy Manual number 13,001 (updated 7/29/2011). The agency record format must contain at least the minimum amount of information as per the policy, but additional fields of information may be added.

Inventory Coordinator

The inventory coordinator for the University of Kansas Medical Center is Mark Yager. Duties will include (1) maintain the official inventory system, (2) coordinate the additions of new inventory equipment based on the capital outlay report, (3) coordinate changes of inventory items, and the disposal of capital assets, (4) coordinate the annual taking of physical inventory, and (5) coordinate the agency certification process.

Property Numbers

A property number will be affixed to the item by the Property Manager or as directed to by his staff. Each property item must have a property number affixed to it if possible. If items were tagged and the tags have fallen off or disappeared, new tags should be placed on the property. Permanent marker, metal etcher, or some type of self-adhesive label can be used. A number should not be assigned or affixed to more than one item, and an item should not have more than one number assigned or affixed to it.

Property may not be transferred or deleted from the agency’s internal inventory system until the appropriate forms have been submitted.

Property numbers should be removed or defaced from items when official authorization is received to dispose of items or to remove items from the inventory records.

Books, historical assets and art with a unit cost of $5,000 or more shall be inventoried individually with a separate University of Kansas Medical Center property number. Books and publications regardless of cost should be marked “Property of University of Kansas Medical Center”.

Property Items Less than $5,000

Agency property numbers should be affixed to the property the same as with the items over $5,000 at the discretion of the Property Manager. A property number will be assigned to small dollar amount items and maintained with the appropriate agency department and be added to the agency inventory list.
Inventory Location Changes

The DA-83 Changes form shall be used to report some changes to property inventory records. This may be an addition (a gift), a deletion (combine two records into one), a change (revise a description) or a transfer (to another State of Kansas agency) that due to unusual circumstances, are not covered by normal means or forms.

Safeguarding Financial and Physical Assets

In accordance with Division of Accounts and Reports (A&R) Information Circular (IC) 01-A-021 dated June 21, 2001 each state agency is responsible for establishing a policy for safeguarding financial and physical assets. The following policy on safeguarding assets is adopted.

Agency management is responsible for the safeguarding of assets and being alert to possible exposures, errors and irregularities. Agency management must also be aware of internal control weaknesses that can lead to or permit misuse, misappropriation, or destruction of assets. In addition, each state employee has stewardship responsibilities for state agency assets assigned to him/her or otherwise in their control.

Stolen Assets

An employee discovering the theft of property must report the theft to his/her supervisor. This is to be done as soon as possible, but no later than three days from the date of discovery. The supervisor should then notify the Property Manager and inventory coordinator immediately. It is also the responsibility of the Property Manager to report the theft to the appropriate law enforcement agency. The property should be removed from the University of Kansas Medical Center internal inventory system by completing agency required form. The Property Manager is to use the disposal code of “Disposal Due to Theft” when retiring the asset from the capital asset management system.

Usage of Agency Property

Agency assets should only be used in the conduction of official state business. Property may not be rented or loaned to any person or group for personal use.

Off Agency Use of Agency Property

Occasional use of the University of Kansas Medical Center assets away from an agency facility by an employee must be approved by the Commissioner or the Secretary of the Agency. The completed form shall then be on file with the Property Manager for the purpose of audit.

Transfer of Property

Property transfers between the University of Kansas Medical Center and another agency (inter-agency) shall be completed by the Property Manager using the DA-83 Changes form.
Disposition of Property

The Kansas Legislature has charged the Department of Administration as of August 1, 2004 with the operation of the State Surplus Property Program (SSP) (K.S.A. 75-6601 and 75-6602).

State agency property must be disposed of in accordance with Surplus Property policies and procedures, and under the direction of the inventory coordinator.

Disposed inventory directions from SSP (3.1-4.3):

3.1 Agency Offices Located Within Shawnee County
In Shawnee County, State Surplus Property shall collect all surplus property, identified by state agencies, regardless of value and shall dispose of it in accordance with approved disposal methods.

3.2 Agency Offices Located Outside Shawnee County
The local head of each state agency office located outside Shawnee County is hereby designated by the Secretary of Administration to dispose of surplus property in accordance with KSA 75-6602(a) and (b). Authorized disposal methods are contained in Section 4.0. Offices located outside Shawnee County may use the services offered by State Surplus Property if desired.

4.0 Disposal Methods
The following are authorized methods of disposal of property by State Surplus Property and state offices located outside Shawnee County. When acting as the Secretary of Administration’s designee, items must be disposed of as specified below.

4.1 Federal Surplus Property Program
Surplus property may be disposed of by any of the following methods to individuals and entities eligible for participation in the federal surplus property program:
(1) Sale at fixed prices,
(2) Sale at negotiated prices, or
(3) Advertised public auction or advertised sealed bids.

4.2 General Public
Surplus property may be disposed of by any of the following methods to the general public:
(1) Advertised public auction or advertised sealed bids, or
(2) For the State Surplus Property Center only, if the property has been offered for a period of at least 30 days to individuals and entities eligible for participation in the federal surplus property program, property may be sold at fixed or negotiated prices.

4.3 Property Valued at $500 or Less
In addition to the disposal methods in 4.1 and 4.2, property having a current value of $500 or less may be disposed of by:
(1) Giving such property to a not-for-profit organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
(2) Giving such property to individuals or entities eligible for participation in the federal surplus property program,
(3) Selling such property to a junkyard, as defined by K.S.A. 68-2203, and amendments thereto, or
(4) Utilizing normal trash deliveries or landfill if the property has minimal or no value.
Certain articles of property don’t fall under the jurisdiction of State Surplus and must be handled according to statute. State Surplus doesn’t have authority to handle, dispense or dispose of drugs, needles, syringes, hazardous substances, controlled substances, or firearms, forfeited personal property (K.S.A. 60-4117), books and art objects (K.S.A. 76-116e).

**Annual Agency Inventory Audit**

Each June the Property Manager will conduct an agency-wide inventory to satisfy the State’s requirement of a complete physical annual inventory. DA-82 report of the property inventory will be sent to the Kansas Department of Administration.

**Reports Required**

DA-82 Capital Asset Supplemental Information – due by August 31st
DA-110 Disposition of Property Form By the Property Management Officer Utilized to the State Surplus Property. (No longer requires as of 2002).
The State Surplus Property Program Policy and Procedure Manual