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April 05, 2019

**Subject:** Updating UMCP Administrative Procedure (Non-Capital Assets)

Purpose:

This guidance establishes instructions and guidelines for the University of Maryland, College Park (UMCP) departments to use in exercising proper control, care, maintenance, security, and disposition over non-capital assets.

Scope:

This guidance applies to the acquisition, distribution, storage, disposal, and management of noncapital assets owned and used by UMCP, if purchased using UMCP Funds, purchased with an affiliate organization's funds, or donated to UMCP.

Contents:

General Guidelines

Procedures/Recordkeeping

- All NCAs
- NCA Procurement
- Disposal of NCAs

Responsibilities

- Employees and Affiliates
- Schools and Departments

Terms and Definitions

Forms and Related Training Guidance

General Guidelines:

- I. Non-capital assets (NCAs) are defined as computers and audio visual equipment having an acquisition unit cost between \$1,000 and \$4,999.99 and any firearms, regardless of the cost. This equipment includes audio, visual, photography equipment, computers, and firearms. NCAs must have a useful life of greater than one year.



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- II. Departmental managers and other personnel with fiscal responsibility should exercise good judgment and demonstrate governance of all activities related to NCAs through the use of planning, recordkeeping, analysis, and other appropriate measures satisfying this procedure or exceeding the procedure's requirements as a department may require safeguarding its NCAs.
  - III. Internal controls should be sufficient to minimize losses of NCAs. This procedure addresses minimum internal controls recommended for all UMCP departments. Individual schools or departments may determine that stricter controls are needed to achieve objectives. Also, all schools/departments should communicate the importance of protecting data and passwords as well as the significance of restricting computer access to only authorized users.
  - IV. The Controller may recommend stricter controls on individual schools/departments as needed to ensure Compliance with State, USM, and UMCP policies. At a minimum, all UMCP departments are encouraged to do the following:
    - A. Properly segregate duties in the following processes:
      - 1. Authorization-the person who approves the purchase of the asset
      - 2. Purchasing-the person who is the initiator of the requisition or pcard purchase
      - 3. Custody of assets-the person who is in possession and uses the asset
      - 4. Recordkeeping-the inventory coordinator who is responsible for tracking the assets for the department
    - B. Adhere to established budgetary guidelines for all NCA purchases
    - C. Properly follow UMCP procurement policies, including the use of the Corporate Purchasing Card (P-card)
    - D. Identify an NCA custodian, also referred to as an inventory coordinator, having responsibilities including oversight of NCA processes, such as tagging NCAs, placing NCAs into service, disposing of NCAs, and recordkeeping related to NCAs
    - E. Track NCA assets (Departments may use non-inventoried blue tags provided by Inventory Control to help track these items)
    - F. Reallocate P-card purchases from NCA GL object code 3952, Other Supplies and Materials, to the proper object code within 30 days of the date the P-card is charged
    - G. Review all NCA purchases for reasonableness
    - H. Track non-inventoried items internally (Departments may use non-inventoried blue tags provided by Inventory Control to help track these items)
    - I. Properly document disposal of NCAs



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- V. A department may transfer an NCA to another department with the written approval of both departments. Upon transfer of an NCA, recordkeeping and appropriate disposal are the responsibility of both departments.

### Procedures/Recordkeeping:

- I. All NCAs
- A. Each department should maintain records related to NCAs.
  - B. Firearms are a unique and separate category of NCAs, since all firearms, regardless of the cost are considered NCA and must be identified, tracked, and accounted for on a regular basis.
  - C. NCAs can be tagged with a blue non-inventory tag. In those cases, where the tag cannot be affixed to the asset, the department may attach the NCA tag to an index card with all the recordkeeping information.
  - D. Departments should employ departmental procedures to satisfy audit criteria, including documenting:
    - 1. Description
    - 2. Serial Number
    - 3. Model number
    - 4. NCA tag numbers
    - 5. Location
    - 6. Recipient
    - 7. Date in service
    - 8. Purchasing method
- II. Non-Capital Assets – P-Card Purchasing
- A. All P-Card purchases are initially allocated to object code 3952, Other Supplies and Materials.
  - B. Departments should reallocate the P-Card payments to non-capital object codes 4330 (Audio Visual & Photography Equipment, \$1,000 to \$4,999.99), 4360 (Computers Administrative, \$1,000 to \$4,999.99), 4361 (Computers Academic, \$1,000 to \$4,999.99), and 4380 (Firearms).
  - C. The departments are encouraged to internally track the following information for each NCA asset.
    - 1. Asset description
    - 2. In service date
    - 3. KFS account number



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4. Amount
5. Tag number
6. Serial number
7. Model number
8. Vendor
9. Manufacturer
10. Location (Building and room)
11. Responsible person

## II. Disposals

### A. All disposals should go to Terrapin Trader except for the following:

1. Assets that are cannibalized, lost, destroyed, transferred externally, and obsolete may be retired with a memo stating the explanation of the retirement of the asset(s) with the Dean, Department Chair, or Director's signature.
2. Assets that are traded-in may be retired with written documentation. The department is responsible for keeping proper documentation for trade-ins.
3. Departments will require to obtain a police report for any assets that have been stolen.
4. Schools/departments must make sure that only university owned equipment is discarded and if they are unsure, inventory coordinators are instructed to contact Inventory Control to confirm whether the university has title to the equipment. Inventory Control will contact Sponsored Programs Accounting and Compliance for confirmation. If the university has ownership the schools/departments should contact Terrapin Trader when discarding equipment.

### B. Departments should complete a Terrapin Trader Surplus Property Release form and forward it to Terrapin Trader. Terrapin Trader will schedule a pickup of the equipment. As equipment is picked up by Terrapin Trader, the form is signed to indicate that Terrapin Trader has formerly accepted the equipment. Copies of the signed form are given to the department.

### C. Departments are required to maintain a copy of the signed Terrapin Trader form for its department's inventory records.

## Responsibilities:

### I. Employees and Affiliates

- #### A. Exercise diligence in the proper care, use, and control of NCAs and the data they may contain.



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- B. Immediately report lost, stolen, or damaged NCAs to the employee's supervisor for further direction. If the NCA is stolen, the employee will be instructed to contact the police and obtain a police report.
  - C. Return NCAs to the issuing department when no longer used for UMCP purposes.
- II. Schools and Departments
  - A. Maintain appropriate segregation of duties and internal control procedures.
  - B. Should retain all appropriate documentation and records in the department
- III. UMCP Inventory Control
  - A. Provide training and guidance to inventory coordinators.

**Effective Date:** July 01, 2019

If you have any further questions, please contact Emma Thomas, Manager of Capital Assets, [nelfay2@umd.edu](mailto:nelfay2@umd.edu), Ext. 52623.



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### Terms and Definitions:

Term	Definition
Acquisition Costs	Cost or value of an NCA. Acquisition Cost includes the asset cost, shipping, setup and installation costs, and discounts. Acquisition Cost does not include additional items listed separately on the invoice, unless the additional items are required components to complete the NCA. For example, application software (e.g. Microsoft Office, Adobe, etc.) listed separately on an invoice for a laptop is not included in the laptop Acquisition Cost. However, operating system software (e.g. Windows, Linux, etc.), memory, or other additions listed on the invoice that are integral to the laptop are included in the Acquisition Cost.
Corporate Purchasing Card (P-card)	Purchasing Card used for small purchases (less than \$5,000) of business-related products and services. The P-card is generally accepted at locations where VISA is accepted. Regulations governing the use of the P-card are available through the UMCP Department of Procurement Services.
Inventory Coordinator	A designated department employee responsible for the care, maintenance, record-keeping, control, and disposition of all NCAs.
Non-Capital Asset (NCA)	Computer equipment and audio visual equipment with an acquisition cost between \$1,000 and \$4,999.99 per unit and with a useful life greater than one year. All firearms are included, regardless of cost.
UMCP funds	All funds administered by UMCP, regardless of fund source. UMCP funds include State appropriated general funds, tuition, fees, and other income, as well as auxiliary funds, revolving/discretionary funds, gifts, Designated Research Initiative Funds, gifts, contract or grant revenues, and other restricted funds.



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### Forms and Related Training Guidance:

#### I. CAMS Training

##### A. Kual Training

<https://kualifinancial.umd.edu/KFS/index.html>

#### II. Purchasing Card

##### A. UMCP general Procurement Card Policies

[http://www.purchase.umd.edu/pcard\\_university\\_policies.html#](http://www.purchase.umd.edu/pcard_university_policies.html#)

#### III. Security

##### A. University of Maryland Department of Information Technology (links):

<https://it.umd.edu/security>

#### IV. Related Policies and Procedures

##### A. USM Procurement Policies and Procedures

<http://www.usmd.edu/regents/bylaws/SectionVIII/VIII300.html>

##### B. USM Policy for Capitalization and Inventory Control

<http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110.html>



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