PROCEDURE NUMBER:	FINA 2.82 Procedure
SECTION:	Administration and Finance
SUBJECT:	Asset Management
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Procedure for:	All Campuses
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Issued by:	Administration and Finance – Controller's Office

Procedure

The University Administration and Finance Division, Controller's Office, will ensure compliance with University Policy FINA 2.82. This procedure is applicable to those with asset management responsibilities. The purpose of this procedure is to supplement the associated policy by providing guidance on the processes that span the life cycle of an asset – from acquisition to disposal.

A. Acquisition

Effective October 1st, 2024, when an asset is purchased for greater than $10,000[1] and has a useful life that exceeds one year, it is considered a capital asset and must be monitored as such. The items below are relevant to these purchases and must be considered and/or followed accordingly:

1. There are exceptions to the $10,000 threshold detailed above. Specifically, software with a purchase price of $100,000 or greater also qualifies as a capital asset. In addition, firearms and works of art are considered capital assets regardless of cost.

2. The capital asset purchase must be coded to a 56XXX Account.

3. An asset number is automatically assigned to the item based on the voucher information in PeopleSoft Finance.

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[1] Prior to October 1st, 2024, the capitalization threshold for capital assets was $5,000.

4. The Asset Management Team will send a preassigned asset tag to departments for all capital assets.

5. Once a tag is received, departments must promptly place it on the asset and submit a minimum of two pictures to the Asset Management Team through email (PHYSINV@mailbox.sc.edu).

6. If an update is needed to an asset after it is purchased and tagged, the department must complete the Capital Asset Update Request Form and submit a copy to the Asset Management Team through email. This form should be utilized throughout the year to keep all asset data and identifiers consistently up-to-date.

Donated Assets

If an external entity wishes to donate an asset to the University, those donations should be coordinated through the Educational Foundation or the University Development office to ensure all proper steps are taken. Once appropriately coordinated, these offices will provide all relevant asset information to the Asset Management Team through email (PHYSINV@mailbox.sc.edu), who will then complete the manual setup in PeopleSoft Finance.

B. Inventory

An inventory of capital assets must be completed on an annual basis to update asset records for all departments, ensure the continual monitoring and safeguarding of assets, and comply with applicable state and federal requirements and provisions. Annual inventories represent only a part of successful asset management. It should not represent the only occurrence of departmental asset management or monitoring during a given fiscal year.

Communications

All departments must appoint a Point of Contact (POC) for asset management and inventory. The Asset Management Team will send communications to the unit Business Managers on an annual basis to confirm those responsible for the annual physical inventory process. No additional assets purchased beyond this point will be included in the inventory process for the current fiscal year.

Process Overview

Each fiscal year, the annual physical inventory process typically commences at the beginning of March and closes at the beginning of May. The Asset Management Team will communicate specific deadlines to departments/colleges based on inventory size. An overview of the inventory process, based on roles, is detailed below:

1. Inventory Users – Locate, Review, and Verify

a. Navigate to the Asset Inventory Review & Update page in PeopleSoft Finance to access a detailed listing of the assets for which a given user is responsible for.

b. Physically verify the existence, location, condition, and/or status of each asset.

c. Notate the proper Inventory Code (INV Code) in the system for each asset verification (e.g., Verified, Transferred, Consolidated, Lost, Stolen, Destroyed, or Cannibalized) and complete the necessary submissions, if applicable.

d. Update the Inventory Status (INV Status) field in the system for each asset verification (to Pending Approval) when ready for approval and certify the inventory review.

e. Review any rejected physical inventory transactions and make the necessary updates. Notification of rejected transactions will be received through email.

2. Inventory Approvers – Approve or Reject

Navigate to the Asset Inventory Review & Update page in PeopleSoft Finance to access the physical inventory transactions submitted for approval by the Inventory User. Review each transaction and update the INV Status field (to Approved or Rejected) for each asset accordingly. Rejected transactions require explanatory comments to be added in the system.

3. Asset Management Team – Review and Post

Once departmental verification and approval occurs, the central Asset Management Team complete a secondary review and update the INV Status field (to Rejected or Posted) to ensure all asset updates have been properly posted to the core Asset Management tables in the system.

Additional detail regarding the annual physical inventory process can be located within the Resource and Training Toolbox section of the Controller's Office's website.

McKissick Museum

The McKissick Museum houses unique, permanent collections that encompass a broad range of artifacts in material culture, natural science, and decorative and fine arts. As such, these assets follow a different inventory process. Refer to the McKissick Museum's Collection Management Policy for more information.

C. Disposal

University property, including capital assets, may not be traded-in, donated, sold, salvaged, scrapped, or otherwise disposed of without proper prior approval. Further, any assets unable to be located or noted as beyond repair, such as those stolen or vandalized, must follow established

processes to ensure appropriate accounting occurs. The most common methods of asset disposal include:

Method	Description
Transferred	Moved to another department within the University
Consolidated	Sent to Consolidated Services to scrap, sell, or donate
Lost or Stolen	No longer in possession due to loss or theft
Destroyed	No longer in possession because it is beyond repair
Cannibalized	No longer in possession because it was dismantled and used for parts

Asset disposal must be initiated at the department level. Once identified, varying submissions are required by departments depending on the disposal method, as detailed below:

1. Transferred: Both the transferring and receiving departments must complete and sign the Capital Asset Transfer Request Form and return it to the Asset Management Team through email (PHYSINV@mailbox.sc.edu). The only cost to a receiving department for the transfer of an asset is the expense associated with moving and/or installing the item. Ongoing records of when assets are transferred to or removed from your department should be maintained to aid in the annual inventory process.

2. Consolidated: Complete the Property Turn-In/Transfer Form 7 and return it to Purchasing's Consolidated Services division, who will then follow its processes to properly dispose of the asset (e.g., sell, scrap, or donate). Regardless of condition, assets identified as no longer useful to the department must be turned in to the Inventory Control Warehouse, through Consolidated Services.

3. Lost, Stolen, or Destroyed: Complete the Inventory Control Deletion Request Form 8 and distribute copies in accordance with the form instructions. Through this distribution, the University's Law Enforcement and Safety Division must be notified.

4. Cannibalized: Directly notify the Asset management Team through email (PHYSINV@mailbox.sc.edu). In addition, a visual inspection by Purchasing's Inventory Control personnel is required before removal from department inventory can occur.

During the annual inventory, or at the earliest practicable time after identification, departments should also navigate to the PeopleSoft Inventory page within PeopleSoft Finance to ensure disposed assets as denoted with the proper Inventory Code. For each of these methods, once the proper notification is received, the Controller's Office will perform the necessary steps to remove the asset from the departments inventory and University's records.

D. Other Transfers

While transfers between departments within the University are typically the most common asset transfers, the processes related to less-frequently occurring transfers must be considered as well.

1. Transfers to Another State Agency or Other External Entity

   As with internal transfers, an asset transfer to an external entity should be coordinated through Purchasing's Consolidated Services division. Once transferred to Consolidated Services, they will complete and submit the necessary State Surplus Property Turn-In Document (TID) to the South Carolina Department of Administration (State Surplus) to retire the asset from the University's records.

2. Transfers to New Principal Investigator (PI) Institution

   When equipment is purchased with grant funds for a specific project, it may be necessary for the asset to transfer with the PI if they leave the University for a new institution. In this situation, the procedures below will be followed, and the PI will be kept up-to-date by the Asset Management Team:

   - Coordination will occur with Grants & Funds Management (GFM) and the Office of Sponsored Awards Management (SAM) to determine the status of respective grant. Purchasing's Consolidated Services division is notified of the transfer and will complete and submit the necessary TID to State Surplus to retire the asset from the University's records.

   - If the grant is still active, the equipment still belongs to the sponsor and approval must be granted for such a transfer. Departments should coordinate with their sponsored award contacts to initiate this request with the sponsor. After approval is received, the Asset Management Team will dispose of the asset. Unless the intended use of the asset changes with the transfer (e.g., private sale), no charges will be assessed to the new institution as the asset's ownership has not changed.

   - If the grant has ended, ownership of the asset is relinquished to the University when requirements dictated by the (1) Notice of Award, (2) Sponsoring Agency; and/or (3) Uniform Guidance are met, in hierarchical order. If requirements or guidelines are not clearly indicated, disposition instructions must be requested from the Sponsoring Agency, through the award's SAM administrator. At the point of relinquishment, the asset reverts to normal surplus procedures. The PI's new institution will be charged for the purchase of the asset, regardless of the intended use of the equipment.

Other Asset Management Considerations

E. Leases

Governmental Accounting Standards Board (GASB) Statement No. 87 provides guidance for lease contracts of nonfinancial assets, such as vehicles, heavy equipment, and buildings. It is based on the principle that leases are financings that convey control of the right to use another entity's asset for a period of time. For these arrangements, the University is required to recognize (1) a lease liability and (2) an intangible asset representing the right to use the leased asset.

An overview of the process for accounting for lessee arrangements (the University leases from another entity) is detailed below:

1. Obtaining and Identifying Lease Agreements/Amendments

   After receiving proper approval from the Office of General Counsel, property leases are provided to the Controller's Office by applicable departments. Real property leases are typically received from Facility Services. Equipment leases can originate from other areas (e.g., Athletics, comprehensive campuses). Any activity coded to a lease account code is reviewed by the Asset Management Team monthly to determine if the lease should be captured under GASB 87.

2. Processing New Lease Agreements

   All lease agreements are reviewed by the Asset Management Team to determine if both the University's capital asset thresholds and GASB 87 criteria are met. Leases meeting all requirements are entered into and activated in the Lease Administration module in PeopleSoft Finance. Leases not meeting the requirements are entered as recurring payments.

3. Processing Lease Payments

   On the first of each month, the Asset Management Team runs a transaction generator in the Lease Administration module. The payments are reviewed before interfacing with the Accounts Payable division to generate the vouchers and process payments. All payments are coded to Account 47003 (Offset Non-Bond Debt Principal Paid), with a journal entry completed at the end of each month to allocate the expense from Account 47003 to a "Right to Use" Asset Account at the department level.

4. Lease Expirations/Retirements

   As leases expire, an automated email is sent to the Asset Management Team. They process and review the transactions and add newly owned assets to the Asset Management module in PeopleSoft Finance when a bargain purchase option exists in the lease agreement.

5. Reconciling Accounts

   On a monthly basis, the Asset Management Team reconciles the lease liability account in the general ledger to the Lease Administration module. In addition,

monthly reconciliations of lease cost and accumulated depreciation also occur in the Asset Management module.

An overview of the process for accounting for lessor arrangements (another entity leases from the University) is detailed below:

1. Obtaining and Identifying Lease Agreements/Amendments

   An internal spreadsheet is maintained by the Asset Management Team that details existing lessor leases. Review and outreach are completed as necessary to update the spreadsheet (e.g., to capture new, renewed, or expired leases). A file provided periodically by Facilities Services is also reviewed and reconciled to our internal spreadsheet. Any activity coded to applicable lease account codes is reviewed by the Asset Management Team monthly to determine if the lease should be captured under GASB 87.

2. Processing New Lease Agreements

   All lease agreements are reviewed by the Asset Management Team to determine if both the University's property lease thresholds and GASB 87 criteria are met. Departments with leases meeting the criteria are notified that revenue will be posted to Account 45172 (Lease Long Term Income). Leases not meeting the requirements are posted to their normal revenue account.

3. Processing Lease Payments

   The internal spreadsheet is used by the Asset Management Team to determine the respective net present value, initial journal entry (JE), and payment JE for each applicable lease. Initial journal entries are done upon receipt of a fully executed contract that qualifies as GASB 87, and payment journal entries are posted as payments are received by the Asset Management Team.

4. Lease Expirations/Retirements

   Prior to applicable expiration dates, the Asset Management Team distributes an email to departments to obtain new leases or renewals, if applicable.

5. Reconciling Accounts

   On a quarterly basis, the Asset Management Team reviews and reconciles applicable lease revenue accounts to ensure all entries are accurate, complete, and valid.

F. Subscription-Based Information Technology Arrangements (SBITAs)

GASB Statement No. 96 provides guidance for SBITAs for government end users. It applies to government agencies, including the University, that use information technology (IT) software (e.g., Office 365, Adobe, Zoom, etc.) as specified by contractual agreements. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone or

in combination with tangible capital assets, for a period of time. For these arrangements, the University is required to recognize (1) a subscription liability and (2) an intangible asset representing the right to use the subscription. An overview of the process for accounting for these arrangements is detailed below:

1. Obtaining and Identifying Agreements/Amendments

   For initial collection, the Controller's Office distributes a request through the Business Manager listserv, which includes applicable definitions and parameters. Departments are responsible for completing the GASB 96 Information Request Form and submitting it to the Asset Management Team. In addition, any requisitions coded to the SBITA account code (52093, 56209) will be monitored by the Asset Management Team quarterly to ensure an appropriate intake form has been received for all applicable agreements.

2. Processing New Software Agreements

   All software agreements are reviewed by the Asset Management Team to determine if both the University's capital asset thresholds and GASB 96 criteria are met. Agreements meeting all requirements are entered into the DebtBook Subscription Module. Agreements not meeting the requirements are charged to a non-SBITA account code (53031, 52046, 56020). These Purchase Orders (POs) will also be monitored quarterly to ensure future renewals do not meet the capitalization requirements.

3. Processing Software Payments

   Payments for SBITAs will be made and managed by departments through their respective POs. DebtBook will not be utilized to make payments. POs will be monitored by the Asset Management Team quarterly to ensure payments are made in accordance with the DebtBook setup.

4. Agreement Expirations/Retirements

   As agreements expire, DebtBook will send automated emails to both the subscription users and the Asset Management Team. The Asset Management Team will process and review the transactions accordingly and complete journal entries annually to account for expirations.

5. Reconciling Accounts

   On an annual basis, the Asset Management Team reconciles all relevant subscription activity in the general ledger to DebtBook and records applicable journal entries.

G. Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)

GASB Statement No. 94 provides guidance for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time. This guidance also captures APAs, which relate to designing, constructing, financing, maintaining, and operating a nonfinancial asset in which ownership of the asset transfers by the end of the contract. For these arrangements, the University is required to recognize (1) a liability and (2) an intangible asset representing the right to use the underlying asset. An overview of the process for accounting for these arrangements is detailed below:

1. Obtaining and Identifying Agreements/Amendments

   An internal spreadsheet is maintained by the Asset Management Team that details existing agreements. Review and outreach are completed as necessary to update the spreadsheet (e.g., to capture new, renewed, or expired agreements). Any activity coded to applicable account codes is reviewed by the Asset Management Team annually to determine if the agreement should be captured under GASB 94. If a department/unit enters into an agreement that may apply to this standard, the Controller's Office should be promptly notified.

2. Processing New Agreements

   All identified agreements are reviewed by the Asset Management Team to determine if both the University's capital asset thresholds and GASB 94 criteria are met. Departments with leases meeting the criteria are notified that revenue will be posted to the applicable revenue account. Agreements not meeting the requirements are posted to their normal revenue account.

3. Processing Payments

   The internal spreadsheet is used by the Asset Management Team to determine the respective net present value, initial journal entry (JE), and payment JE for each applicable lease. Initial and payment JEs are posted on an annual basis at year-end and are completed by the Asset Management Team.

4. Agreement Expirations/Retirements

   Prior to applicable expiration dates, the Asset Management Team distributes an email to departments to obtain new agreements or renewals, if applicable.

5. Reconciling Accounts

   On an annual basis, the Asset Management Team reviews and reconciles applicable revenue accounts to ensure all entries are accurate, complete, and valid.