

## FIXED ASSETS INVENTORY AND CONTROL

### Policy

#### A. General

The Supreme Court will account for all capital and non-capital equipment. All acquisitions of equipment using Supreme Court funds will be documented in an agreement.

This policy covers any equipment purchased with state, federal, or other funds provided through the Arizona Supreme Court.

The Administrative Office of the Courts (AOC) Finance Office shall maintain written inventory and property control policies and procedures.

All equipment included under this policy shall be clearly identified and located for purposes of regular physical inventory.

#### B. Care and Custody of Fixed Assets

"Care and custody" is the responsibility to maintain fixed assets in useable condition, secure fixed assets from theft, loss, improper use, and to insure fixed assets in case of loss.

"Care and custody" of each asset becomes the responsibility of the head of the Judicial Department Unit (JDU) or Local Government Unit (LGU) to which the fixed asset is assigned.

#### C. Special considerations concerning computer equipment

1. The AOC wants to account for all components in the network as part of its system configuration management system.
2. All upgrades of \$500 or more to existing units will be recorded under the original tag number and reported by the JDU or LGU in accordance with ownership of the original unit.
  - a) If the JDU or LGU owns the original unit and the Arizona Supreme Court pays for an upgrade, the upgrade will be recorded and reported by the JDU or LGU.

## FIXED ASSETS INVENTORY AND CONTROL - Page 2

Section: 5.06

Date: 3/25/94

- b) If the Arizona Supreme Court owns the original unit and the JDU or LGU pays for the upgrade, the upgrade will be recorded and reported by the AOC.
3. If the set of central processing unit (CPU), monitor, and keyboard is all owned by one JDU, only one tag will be used for the set. If the components of a set are owned by different JDUs, the AOC will tag one component and record and report all components it owns with a unit value of \$500 or more.

### SUPREME COURT OWNS THE EQUIPMENT

#### **Purpose**

The purpose of this section is to set forth minimum procedures and guidelines for inventory and property control of capital equipment (including furniture and equipment) owned by the Arizona Supreme Court.

The Arizona Supreme Court purchases and retains ownership of the equipment. The Judicial Department Unit in possession of the equipment will need to verify and confirm possession of the equipment from a list generated by the Administrative Office of the Courts (AOC). The inventory policy is part of the equipment placement agreement.

#### **Definitions**

- A. Capital equipment means any fixed asset with a purchase price of \$1,000 or more and a usable life of one or more years.
- B. Non-capital equipment means any fixed asset with a purchase price of \$500 to \$999 and usable life of one or more years.
- C. Expendable equipment means any fixed asset with a purchase price of \$1.00 to \$499 and a usable life of one or more years.
- D. Judicial Department Unit (JDU) is any operating unit, office, or court of the Arizona Judicial Department reporting to the Chief Justice; chief judges of the Court of Appeals; presiding judges of the superior court, justice courts, and municipal courts; clerks of court; staff attorneys; divisions of the Administrative Office of the Courts; court administrators; and probation departments, with responsibility for reporting, care, and custody of the fixed asset.
- E. Local Governmental Unit (LGU) is any county, city or school district with responsibility for reporting, care, and custody of the fixed asset.

## **FIXED ASSETS INVENTORY AND CONTROL - Page 3**

Section: 5.06

Date: 3/25/94

### **Policy**

#### **A. Tagging/Numbering System**

The AOC Finance Office shall maintain tagging or numbering procedures for all capital and non-capital equipment covered by this policy. Arizona Supreme Court tags will be issued and shall be placed on capital and non-capital equipment.

All tags shall be securely fastened to each piece of equipment. On items where a tag cannot be affixed, the tag number and "ARIZONA SUPREME COURT" should be recorded on the item with an indelible pen or a scribing tool.

#### **B. Contact Person**

Each JDU or LGU shall appoint an official inventory and property control person who will serve as the contact person for information on inventory and property control matters. Responsibilities shall be assigned to the official inventory and property control person which, at a minimum, shall include guidelines for maintaining accurate inventory and property control information and records.

#### **C. Recordkeeping**

The AOC Finance Office shall establish accurate records for all equipment included under this policy. These records shall, at a minimum, indicate:

- Acquisition date
- A brief description of the item
- Current location (code or suitable alternative)
- Program funding source
- Tag or asset number
- Model and serial number
- Account number
- Purchase document number (claim/voucher)
- Original cost including, shipping, taxes, and installation

The inventory control records shall be maintained in such a fashion as to permit ready access and review.

#### **D. Inventory Schedule**

All operating units shall conduct an annual physical inventory of capital equipment in a manner prescribed by the AOC Finance Office. The AOC Finance Office will submit an annual inventory report to the Department of Administration, General Accounting Office.

## FIXED ASSETS INVENTORY AND CONTROL - Page 4

Section: 5.06

Date: 3/25/94

- E. Each person will be held personally responsible for reporting loss of all capital and non-capital equipment under his/her control. Lost or stolen inventory items should be reported to the AOC Finance Office immediately. The AOC Finance Office will alert the AOC Security Supervisor where appropriate.

Due to his/her responsibility for care and custody of all fixed assets in their area, a new JDU head should perform a physical inventory as soon as practical.

Upon receiving notice of a new JDU head, the AOC Finance Office will forward a complete listing of fixed assets assigned to that JDU area for verification.

- F. Responsibility for recording of appurtenances such as cabling will reside with the JDU or LGU who owns the building where it is located.
- G. The funding for equipment maintenance, physical security (i.e., locks, alarms, fire extinguishers, etc.) and risk management (insurance) will be provided in accordance with the terms of the equipment placement agreement.
- H. The accounting and reporting value of the assets remains at its original purchase cost until it is determined to be obsolete. Assets are not depreciated. When an upgrade of \$500 or more is made to equipment, the value of the asset will be increased for the original purchase cost of the upgrade.
- I. The AOC Finance Office will notify the JDU of its reporting responsibilities. AOC divisions which have placed fixed assets in the field will make sample spot checks for fixed assets when they conduct field reviews of probation departments or court operations.

J. Transfer of Equipment

Any movement or transfer of Supreme Court equipment from one JDU to another JDU shall be pre-approved by the AOC division that provided the equipment.

K. Surplus Property

No Supreme Court property shall be transferred, converted, traded-in, cannibalized, or otherwise disposed of without the written authorization of the AOC Finance Office. Before any surplus property is disposed of, the AOC Finance Office in conjunction with the appropriate AOC division and/or JDU shall first determine whether the property can be utilized by any other JDU. If so, the property shall be transferred to the other unit, and the transfer shall be recorded using the AOC property control form.

If there is no other use for the fixed asset within the judiciary, the AOC division head responsible for providing the equipment shall determine if the property can be traded-in or cannibalized.

## **FIXED ASSETS INVENTORY AND CONTROL - Page 5**

Section: 5.06

Date: 3/25/94

If the fixed asset is not transferred, traded-in, or cannibalized, the property will be disposed of through the Department of Administration Surplus Property Division.

For federal-purchased equipment used in conjunction with a state funded program, the operating unit shall follow procedures required by the funding source or follow the procedures outlined for court-purchased equipment, whichever is appropriate.

### **L. Write-Off of Fixed Assets**

Annually, after the inventory of fixed assets has been completed, the AOC Finance Office will review the list to determine if any assets should be written off. Items that have not been physically located for the last three successive inventories will be written off by the Administrative Director of the Courts. Exceptions may be made to the write-off policy by the Administrative Director.

## **COURTS OTHER THAN THE SUPREME COURT OWN THE EQUIPMENT**

### **Purpose**

The purpose of this section is to set forth minimum procedures and guidelines for fixed assets (furniture and equipment) owned by the Judicial Department Unit other than the Supreme Court.

It is the intent of this policy that all equipment items be accounted for under an inventory system. Each court, including its probation departments, must be able to account for all equipment regardless of the funding source used to purchase the equipment.

### **Definitions**

- A. Capital equipment means any piece of property or a fixed asset with a purchase price of \$1,000 or more and a usable life of one or more years.
- B. Non-capital equipment means any piece of property or a fixed asset with a purchase price of \$500 to \$999 and usable life of one or more years.
- C. Judicial Department Unit (JDU) is any operating unit, office, or court of the Arizona Judicial Department reporting to the Chief Justice; chief judges of the Court of Appeals; presiding judges of the superior court, justice courts, and municipal courts; clerks of court; staff attorneys; divisions of the Administrative Office of the Courts; court administrators; and probation departments, with responsibility for reporting, care, and custody of the fixed asset.
- D. Local Governmental Unit (LGU) is any county, city or school district with responsibility for reporting, care, and custody of the fixed asset.

## **FIXED ASSETS INVENTORY AND CONTROL - Page 6**

Section: 5.06

Date: 3/25/94

### **Policy**

#### **A. General -**

This policy covers any equipment valued over \$500 purchased from state, federal, or other funds provided through the Arizona Supreme Court. All acquisitions of equipment using Supreme Court funds will be documented in an agreement.

If the Arizona Supreme Court provides the funding and the JDU purchases the equipment, a funding agreement will be signed that clearly delineates the JDU owns the equipment. The JDU will record transactions in its fixed asset tracking system. The inventory policy is part of the funding agreement.

If the Arizona Supreme Court purchases the equipment and transfers ownership of the asset, the JDU will record transactions in its fixed asset tracking system. The inventory policy is part of the equipment grant agreement.

The JDU shall maintain written inventory and property control policies and procedures.

All equipment included under this policy shall be clearly identified and located for purposes of regular physical inventory.

The JDU shall maintain an inventory log as described in the recordkeeping section of this policy.

#### **B. Tagging/Numbering System**

For items that the Supreme Court purchases and maintains ownership of, the Supreme Court will issue tags and require tagging of the equipment. For all other items, the JDU shall maintain a tagging/numbering system.

#### **C. Recordkeeping**

The inventory and property control person shall establish accurate records for all equipment under this policy. These records for capital and non-capital equipment shall, at a minimum, indicate:

- Acquisition date
- A brief description of the item
- Current location (code or suitable alternative)
- Program funding source
- Tag or asset number
- Model and serial number
- Account number

## FIXED ASSETS INVENTORY AND CONTROL - Page 7

Section: 5.06

Date: 3/25/94

- Purchase document number (claim/voucher)
- Original cost including shipping, taxes, and installation

The inventory control records shall be maintained in such a fashion as to permit ready access and review.

### D. Inventory Schedule

The JDU shall conduct a physical inventory of equipment annually. The report of the physical inventory shall be maintained and available for review and audit upon request by the Administrative Office of the Courts (AOC).

### E. Transfer of Equipment

Equipment must be used for the approved purchase for five years, unless written permission is given by the Administrative Office of the Courts. After five years, the equipment may be transferred upon approval of the presiding judge of the court.

### F. Surplus Property

Equipment which is no longer needed or usable shall be surplus in accordance with the following:

For equipment for which title was granted to the JDU, the JDU shall follow any procedures required by the original funding agreement. If no such requirements are included in the funding agreement, then local surplus property procedures may be utilized.

### G. Modification to this Policy

The Arizona Supreme Court, Administrative Office of the Courts, reserves the right to modify this policy as needed.

## EQUIPMENT LOCATED AT EMPLOYEE'S HOME

The nature of certain job functions and level of responsibility for specific employees requires they be able to perform work which benefits the state from home. This work may require the location of office equipment at the employee's home.

### **Approval**

A Division Director may approve in writing the assignment of specific business equipment to an employee's home only if the job functions or responsibilities require such equipment. The Deputy Director or Administrative Director may approve the assignment of specific equipment for Division Directors and other employees not assigned to a specific division or members of

## **FIXED ASSETS INVENTORY AND CONTROL - Page 8**

Section: 5.06

Date: 3/25/94

the Executive Office staff. Approval shall be indicated on a form on which the specific equipment authorized to be removed for home use is listed. The original approval form shall be filed in the employee's personnel file in Human Resources. A copy of the form shall be forwarded to the AOC Finance Office.

### **Inventory**

The Supreme Court inventory shall list the location of all equipment removed for home use. The employee who records the equipment on the inventory form shall sign the removal authorization form. Employees who return equipment shall request the inventory be updated. Any equipment assigned to an employee's home shall be returned upon terminating employment with the Supreme Court prior to the issuance of the final paycheck.

### **Space, Electricity, Phone Lines and Usage**

The employee shall provide office space, electricity and shall use their private telephone line for computer or fax usage without reimbursement for these expenses, unless prior arrangements are made and approved by the Deputy or Administrative Director.

In exchange for the employee providing phone line, usage, space and electricity, the employee may utilize the equipment for occasional non-business usage as long as the employee pays for any direct cost associated with such usage.

### **Removal**

An employee authorized to remove equipment for home use shall present the removal authorization form to security staff who shall verify that authorization and inventory signatures appear on the form. A record of the equipment removal shall be made in the security log.