



UNIVERSITY *of* MARYLAND

Non-Capital Assets Training

Financial Services
Saratoga Building
Office Level 2

January 21, 2016

Resources

- [Policy VIII-1.10 \(A\) Non-Capital Assets](#)
- [Financial Services Standard Operating Procedure No. 2132: Non-Capital Assets](#)
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Policy Highlights

- Purpose
 - To comply with revised USM policy
 - Reduce the risk of loss or misappropriation
 - Establish minimum level of control
 - Identify departmental responsibilities
- Applies to all UMB personnel and affiliates

Policy Highlights Continued

- **Policy clause:**

UMB personnel who do not properly use, care for, and control NCAs may be subject to disciplinary action up to and including termination of employment. Any UMB Affiliate with UMB fiscal authority who does not properly use, care for, and control NCAs will lose the privilege of being a UMB Affiliate, will have UMB fiscal authority terminated, and will be required to surrender assigned NCAs belonging to UMB. UMB personnel and UMB Affiliates who misuse or misappropriate NCAs may be referred for criminal investigation and possible prosecution.

What is a Non-Capital Asset (NCA)?

- Equipment or other physical asset with an acquisition cost of \$1,000 or more, but less than \$5,000 per unit

AND

- Useful life is greater than one year

NCA Policy Highlights

- Departments establish internal processes and controls to **safeguard assets** by effectively managing purchases and custodial duties
 - *Important:* Depts must be able to locate designated NCAs or produce disposal documentation for designated NCAs selected from purchasing documents
- Focus is on emphasizing and enforcing custodial responsibilities while reducing the labor-intensive inventory process and record-keeping

NCA Policy Highlights

- All personnel are required to immediately report lost, stolen, or damaged items to their supervisor
- Disposals must be documented according to UMB Policy on Disposal of Surplus Personal Property
- Schools/Departments may adopt stricter controls at their discretion, such as continuing to inventory non-capital assets

Non-Capital Assets Procedure

- Effective November 1, 2015
- Purpose:
 - Describe minimum internal controls
 - Explain accounting for NCAs
 - Identify designated NCAs
 - Describe Employee Equipment Acknowledgement Form (EEAF) System
 - Establish departmental responsibilities

Mandatory NCA Internal Controls

- Follow proper purchasing policies
 - Within established budget
 - Properly authorized
 - Documentation is complete and retained for five years from date of purchase
- Tag all NCAs with UMB tags available from Financial Services- General Accounting (FS-GA)

Mandatory NCA Internal Controls

- Segregation of duties
 - Separation between:
 - Authorizing and purchasing an asset.
 - Custody and recordkeeping of an asset.

Mandatory NCA Internal Controls

- Segregation of duties
 1. Authorization – Follow department procedures for authorizing purchases. Although P-Card purchases may be approved by a fiscal administrator, they must be reviewed and approved monthly.

Mandatory NCA Internal Controls

- Segregation of duties
 2. Purchaser – Often P-Card holder. May be a Requisitioner in eUMB for bulk purchases or for vendors who do not accept P-Card.

The Inventory Custodian may be a purchaser.

*See Note.

Mandatory NCA Internal Controls

- Segregation of duties
 3. Inventory Custodian – Receives and distributes assets. Controls access to assets in storage. Maintains the asset records.

*Note: Departments are required to implement business processes for the periodic review of asset records and the general ledger by an independent person.¹³

Mandatory NCA Internal Controls

- Segregation of duties

4. Custody of assets – the recipient of the asset; the person who uses the asset or has ultimate responsibility for the asset.

Examples include an individual user; a faculty member who distributes equipment to students; or a PI.

Mandatory NCA Internal Controls

- Segregation of duties

Contact Management Advisory Services (MAS) for additional information and assistance:

Michele Evans, Director

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410-706-5584

Accounting for NCAs

- Record to general ledger account 3953- Non-capital assets <\$5,000
- Reallocate P-card purchases to correct general ledger account within the current P-card cycle or at most within 30 days of the date the P-card is charged
- Review all NCA purchases for reasonableness
- Management Advisory Services (MAS) will periodically review P-card records and EEAFFs
- FS-GA will periodically review general ledger account activity

What is a **Designated** NCA?

- NCAs that are highly desirable and susceptible to theft
- Generally, not affixed to a permanent structure and can be easily removed or carried
- Require employee acknowledgment and agreement (EEAF)

UMB Designated NCAs

- Laptops
 - Tablets
 - Audio/visual equipment
 - NCAs located in a residence
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- Note: Schools/Departments may elect to add to this list at their discretion. Any additional items may be recorded in the EEAF System.

Employee Acknowledgement

👤 Equipment assigned to you

👤 You must acknowledge receipt of the following equipment

EMPLOYEE/AFFILIATE EQUIPMENT ACKNOWLEDGMENT FORM

Terms and Conditions

1. The equipment identified in Part II above ("Equipment") is University property. It is the employee/affiliate's responsibility to immediately report lost, stolen, or damaged Equipment to the employee/affiliate's supervisor. The supervisor must immediately report stolen Equipment to the police.
2. All employees/affiliates are responsible for reading and complying with appropriate University policies and procedures, including, but not limited to, the following:
 - UMB Information Technology Acceptable Use Policy available through the UMB Policies and Procedures webpage: <http://cf.umaryland.edu/umpolicies/usmpolicyinfo.cfm?polid=398>
 - UMB Policy VIII-1.10(A) Non-Capital Assets available through the UMB Policies and Procedures webpage: [http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110\(A\).html](http://www.usmd.edu/regents/bylaws/SectionVIII/VIII110(A).html)
 - Financial Services Standard Operating Procedure 2132 Non-Capital Assets available through the Financial Services website: <http://www.fincsvc.umaryland.edu/media/umb/af/fs/policies/Non-CapitalEquipment.pdf>
3. Employees/Affiliates should take reasonable precautions in protecting and caring for the Equipment, its contents, and any peripheral devices or accessories associated with the equipment.
4. Under no circumstances should the Equipment be assigned to an individual who is not a UMB employee or an affiliate.
5. The employee/affiliate is responsible for promptly returning the Equipment in satisfactory condition after the Equipment is no longer needed; when the employee/affiliate transfers to another school, department or division; or, separates or retires from UMB.
6. If the Equipment is lost, stolen, or damaged due to employee/affiliate negligence, UMB may require the employee/affiliate to reimburse the University the fair market value of the Equipment.
7. The university has the right to visually inspect the equipment at any time. Inspection may include access to data on the Equipment and analysis of the use of the Equipment.
8. By signing this agreement the employee/affiliate acknowledges his or her responsibilities for the Equipment.

Equipment

Verizon iPhone Cell
Serial No: 6252VZ

- I acknowledge and agree to the terms and conditions for assignment and use of the University-owned Equipment described above. I have read and I understand the University policies and procedures listed as terms & conditions above.

I acknowledge and agree

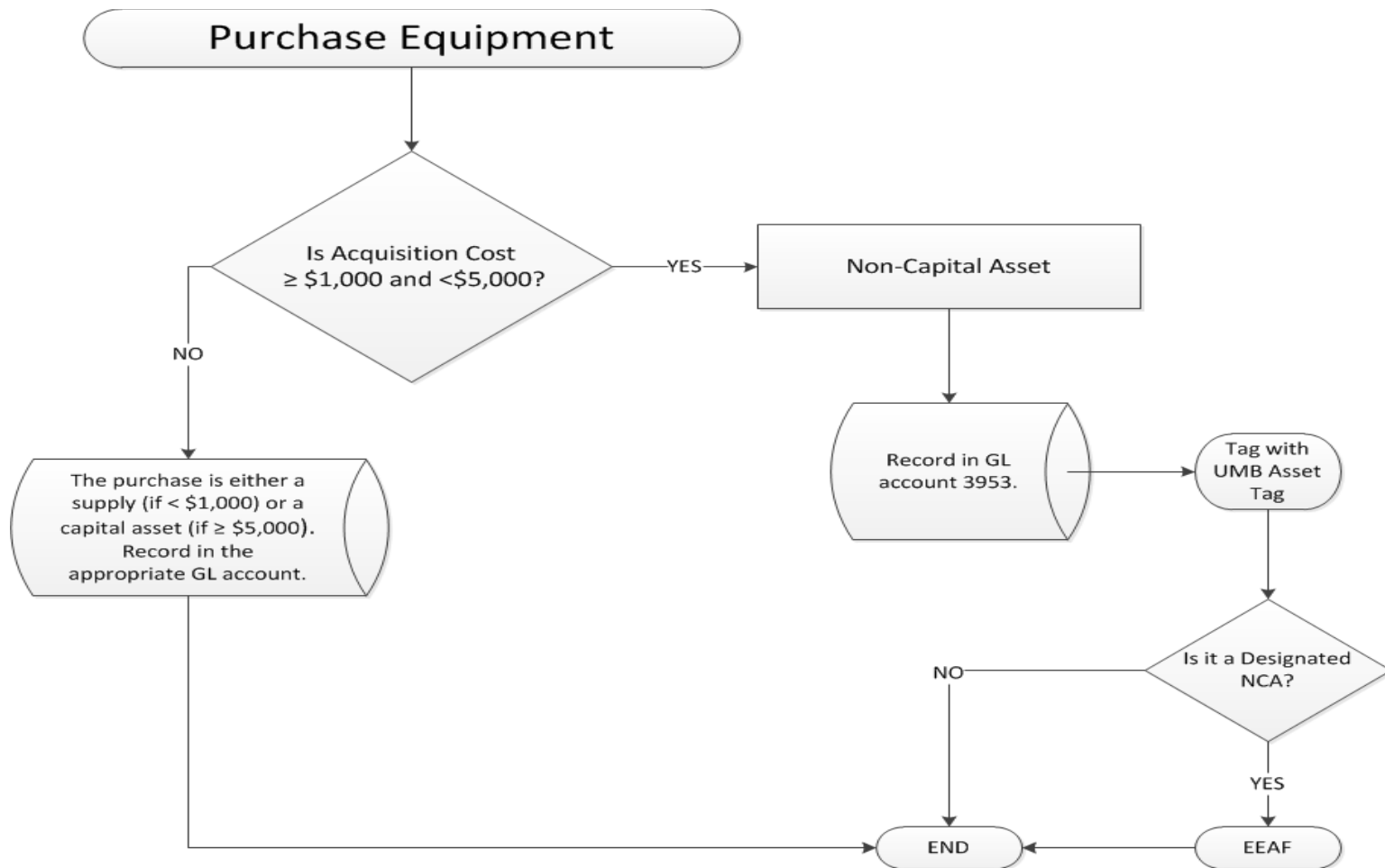
Employee Equipment Acknowledgment Form (EEAF) System

- Web-based database of Designated NCAs (DNCAs)
- Department users can have “Asset Custodian” role to:
 - Manage assets – acquisitions, assignments, transfers, and disposals
 - View equipment by department, user, and status via reports or on-line inquiries

EEAF System

- Users who receive equipment must accept the user agreement generated by the system
 - All users with a valid UM ID have access to accept the agreement
- FS-GA and MAS have access to view all data

NCA Purchasing Diagram



NCA Responsibilities

- Employees and Affiliates
 - Accept EAAF for designated NCAs
 - Properly care for, use, and protect UMB assets
 - Immediately report lost, stolen, or damaged assets
 - Return assets to the asset custodian when no longer used for UMB business

NCA Responsibilities

- Schools/Departments
 - Establish physical controls and accountability to safeguard assets
 - Maintain internal controls
 - Tag assets
 - Record DNCA's into EEAF System and follow-up to ensure employees/affiliates acknowledge receipt
 - Retain purchasing records and other documentation needed to locate DNCA's

NCA Responsibilities

- Financial Services- General Accounting
 - Provide NCA tags to departments
 - Grant “Asset Custodian” access in EEAF system
 - Periodically monitor General ledger activity
- MAS
 - Periodically review departmental compliance with procedures
- Detailed lists of responsibilities by area are documented in the Policy and Procedure documents

How to Proceed

1. Acquire equipment and post to the proper general ledger equipment account –
 - 3953 Non-Capital Assets
2. Tag asset with a UMB Asset Tag available from Financial Services – General Accounting
3. Enter asset information for DNCA's into EEAF System.
4. Assign DNCA to end user

Summary Points

- Segregate duties
- Properly authorize purchases
- Record purchases to GL Account 3953 – Non-Capital Assets
- Enter DNCAs into EEAF System
- Manage DNCAs in EEAF System: assign, transfer, dispose
- Ensure receipt of DNCAs has been acknowledged by employee/affiliate
- Retain purchasing records for five years from date of purchase



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EMPLOYEE EQUIPMENT ACKNOWLEDGMENT FORM (EEAF System)

Financial Services
Saratoga Building
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October 21, 2015

Overview

1. Required tool for managing DNCAAs
2. Tracks assigned and unassigned DNCAAs
3. Provides historical information
4. Generates and stores employee acknowledgment form (EEAF)

Definitions

1. Users

A. Faculty/Staff Members aka “Users”

All employees have access to the system

B. Custodians

- i. Custodians are assigned system access by Financial Services
- ii. Complete the [Custodian Authorization Form and Agreement](#)
- iii. 2 custodians needed

2. Equipment

- A. Type – Please contact Financial Services to add a type if needed
- B. Possession Status – ex. Assigned, pending assignment, lost, etc.
- C. Condition Status – Satisfactory, Unsatisfactory

Employees and Affiliates

1. Employees and affiliates will receive an email when equipment has been assigned
2. Log into system
3. Read and accept the terms of the agreement
4. Homepage lists any assigned equipment

Custodians

1. Add Users:
 - A. Users are automatically activated when they log into the system or
 - B. Custodians can manually add Users
2. Maintain equipment list
3. Assign equipment (note: Custodians cannot assign equipment to themselves)
4. Follow-up to ensure acknowledgment forms are accepted by employees and affiliates
5. Maintain possession status
6. Run reports

Questions or Comments about NCA Policy and Procedures

