UCONN HEALTH

Asset Control Procedures

I. Assets that Must be Inventoried

A. Capital Assets

A Capital Assets is an item with an expected useful life longer than a single reporting period, arising from an expenditure greater than $5,000.00, and falls under one of the following major asset categories:

1. **Real Property** (includes land, buildings, site improvements and improvements on leased property).
   - **Buildings** are all real estate, excluding land, which are used for shelter, dwelling, and other similar agency purposes. The statewide definition is "a relatively permanent structure to house persons or property". The asset category **"Buildings"** includes improvements to buildings.
   - **Easements** are an interest in land owned by another that entitles its holder to a specific limited purpose. Easements have an indefinite useful life or a useful life of 25 years or more. Easements are considered intangible assets that give the right to use a given space that you do not own.
   - **Land** is non-expendable, real property whose title is held by a state agency. The recorded asset cost should include, in addition to the acquisition price, such ancillary costs as legal and title fees, unpaid taxes assumed, surveying and recording fees, appraisal and negotiation fees, damage payments, site preparation costs (clearing, filling, and leveling), and demolition of unwanted structures.
   - **Site improvements** are all improvements not specifically identifiable to an individual building except non-depreciable improvements to land parcels such as grading or filling expenditures. Included within this category are agency fences, retaining walls, parking lots and most landscaping, and similar assets which, while not identifiable to any particular structure, nevertheless have a quantifiable value to the agency.
   - **Improvements on Leased Property** are additions, improvements or alterations made by the lessee to leased property. The lessee has the right to use such facilities and improvements during the life of the lease, but the improvements made to the property would revert to the lessor at the expiration of the lease.

2. **Personal Property** is property that meets the capitalization threshold (includes office and scientific equipment, vehicles, inventory, etc.).

   - **Infrastructure** is a long-lived asset that normally is stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Infrastructure is reported in the GAAP closing package.

   - **Capital Equipment Lease** is a lease that transfers substantially all the benefits and risks of ownership to the lessee.

   - **Fine Art** is statues, paintings, sculptures, Historical Treasures (antiquated military and other equipment, historical documents and artifacts, buildings considered part of a display, and museum collections including books). These assets are usually non-depreciable and require scheduled appraisals to properly apply changes in value.

   - **Examples:**
     - Books, Maps, Records, includes a regular book collection that is not included in the "Works of Art, Historical Treasures & Similar Assets" category.
     - Equipment such as data processing equipment, movable telecommunication equipment, office machinery, furniture and other machinery and equipment necessary to the particular use of a building or property.
     - Live Stock. (Ex. Dogs, Cats, Poultry, Cows, Sheep, Fish, Domesticated/Farm/Exotic Animals)
     - Vehicles:
       - Boats, Rowboats, Outboards, and the Motors thereon.
       - Aircraft & Equipment, a machine or device, such as an airplane, drone, helicopter, glider, or a dirigible, that is capable of atmospheric flight.
       - Cars, Trucks, Buses, Motorcycles, etc. Cars, buses, trucks, motorcycles, tractors, trailers, and other vehicles with license plates are classified motor vehicles.

- Off-Road Equipment, including mowers, motorized carts, snowblowers and other small motorized equipment which does not require a license plate.
- Railroad Cars, a railroad car is a vehicle used for carrying of cargo or passengers on a rail transport system (railroad or railway).

3. **Intangible Assets**.

- **Lack of physical substance.** An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.
- **Nonfinancial nature**. An asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.
- **Initial useful life extending beyond a single reporting period.**
- **Examples:**
  - Software
  - Software Licenses
  - Websites
  - Patents
  - Trademarks

In general, capital assets must be physically tagged and their current location must be kept up-to-date in UConn Health's official Capital/Controllable Inventory List. Some items that cannot be physically tagged (such as software, surgical instruments or other assets where physical tagging would be impossible or impair the use of the asset) are tagged virtually, rather than physically.

B. Controllable Assets

A controllable asset is an item which does not meet the financial criteria for a capital asset, being less than $5,000.00 in value, but which must be tracked because of its sensitive, portable and/or theft-prone nature.

At UConn Health, the Office of Logistics Management's (OLM) Asset Control Unit, under the direction of the Controller, determines which categories of items are considered controllable. Current examples of UConn Health's controllable assets are:
- Computers (PCs and laptops);
- Any equipment that stores confidential data related to HIPAA, FERPA or State of Connecticut intellectual property.
- Smart Phones & Tablets (iPads and Androids, etc.), are a joint responsibility with the Information Technology (IT) department. These devices are logged and tracked using MobileIron administered by IT. OLM staff tag and track tablets during their annual inventory process. These devices are encrypted, and most can be tracked and disabled remotely by IT.

II. Inventory Timeline

All capital and controllable assets must be located and inventoried at least once every two years, and the inventory results must be reconciled with any conflicting information contained in the Capital/Controllable Inventory List. Responsibility for these assets belongs directly to the Department Head of the department where they are located. Annually, OLM performs a wall to wall capital and controllable asset inventory in all institutional buildings and on all campuses. The results of this inventory are shared with the institutional department heads so that they can more efficiently use their staff to search for items not seen during the

inventory process and then provide the proper disposition comments to OLM to complete an annual inventory reconciliation

III. Asset Control and Reporting: Roles & Responsibilities

A. Logistics Management (OLM) Responsibilities

1. General Responsibilities
   a. Documenting receipt of all purchased equipment in UConn Health's HuskyBuy system;
   b. Handling the disposition of UConn Health's surplus assets, running a public surplus store and conducting online auctions of surplus equipment;
   c. Notifying departments that have to conduct annual inventories and reconciliations;
   d. Coordinating and compiling the results of annual inventories;
   e. Creating procedures and standardized forms to ensure that UConn Health departments comply with applicable state and federal asset control requirements;

2. Capital and Controllable Asset Responsibilities
   a. Tagging capital and controllable items; (except for certain clinical equipment which is tagged by Clinical Engineering and smart phones or tablets that are tracked by IT)
   b. Ensuring that Clinical Engineering's asset tags are added to the Banner/MACOLA systems, as appropriate;
   c. Maintaining the "pending equipment" list of capital and controllable items not yet tagged;
   d. Maintaining and updating UConn Health's official Capital/Controllable Inventory List;
   e. Contacting the State Insurance and Risk Management Board to adjust UConn Health's list of insured property when applicable equipment is added or removed from campus;
   f. Maintaining the Electronic Forms Workflow (EFW) system and processing EFW forms submitted by departments to update asset status in between annual inventory sweeps;
   g. Conducting an annual institution-wide physical inventory of capital and controllable assets by visiting each department and scanning the asset tags on the equipment located within the department
   h. After each physical inventory, assist departments with the reconciliation process by providing lists of items scanned in their areas during inventory. Department Heads can either locate and report items listed to their areas which were not scanned by OLM, or submit the appropriate form to account for the current disposition of unscanned items to complete their annual inventory;
   i. After reconciliation is completed, obtaining Department Head sign-off on the department's current list of capital/controllable assets;
   j. Notifying UConn Health's Office of Privacy Protection & Management of any assets containing confidential information which cannot be accounted for;
   k. Retaining original reports of each physical inventory in compliance with state records retention policies.

3. Assets Storing Confidential Data
   a. OLM will assess non-clinical equipment for its ability to contain information including but not limited to, ePHI, data protected by HIPAA and FERPA, and state proprietary and confidential data.
   b. OLM will ensure that items going through the surplus process are reviewed for removal of confidential data.
   c. OLM will refer departments with items transferring out of the institution to the IT department so that electronic storage devices can be handled in conformance with the State of Connecticut's Office of Policy and Management (OPM) IT-SEC-16-02 guidelines for disposal of digital media.

B. Clinical Engineering Department Responsibilities

1. Clinical Equipment Tagging
   a. Responsible for tagging clinical equipment and maintaining records of this equipment in their TMS database.
      - Clinical Equipment are items that either come into direct contact with patients, are essential to life safety, or which need regular inspection and maintenance to ensure they do not harm patients when used in a clinical or hospital setting. Frequently they require special, extra durable tags due to the conditions under which they will be used or cleaned.

2. Clinical Equipment Testing and Maintenance
   a. Manages and documents the performance assurance testing, preventive maintenance and repairs for patient care equipment owned by the John Dempsey Hospital. Additional information about these responsibilities can be found in the JDH Hospital Administration Manual, Section 11-021.

3. Assets Storing Confidential Data
   a. Identify clinical equipment which may contain confidential data, including but not limited to, electronic Protected Health Information (ePHI), data protected by HIPAA and FERPA, and state proprietary and confidential data;
   b. Designate items in the TMS system as "ePHI";
      - This designation helps assure that clinical equipment gets appropriate handling at the time of disposal if it contains confidential data.

4. Retirement/Disposal of Clinical Equipment
   a. Determining if clinical equipment needs to be retired;
   b. Annotate items as retired or disposed in their TMS system;
   c. Properly handle ePHI disposals;
      - When disposing of any device which is identified in TMS as ePHI, either Clinical Engineering personnel or a representative of the equipment supplier/manufacturer wipes the device to remove any ePHI; or the hard drive is removed and is sent to OLM surplus to be wiped clean of any ePHI before disposal.
   d. Process disposal of assets using the EFW system.

C. Facilities Management Department Responsibilities

1. General Responsibilities

   a. Ensuring that UConn Health's fixed assets/building systems are maintained and repaired appropriately.

D. Purchasing Department Responsibilities

1. General Responsibilities
   a. The purchasing department will ensure that departments are instructed in how to properly code purchase orders in the HuskyBuy system so that the financial coding (FOAPL) accurately depicts what is being purchased. This coding affects how packages are correctly segregated during the receiving process for tagging prior to release to departments.
   b. Purchasing should also keep a log of all purchases of equipment made outside the HuskyBuy system, such as employee reimbursements, so that any equipment coming into the institution is reviewed for tagging.
      - Purchasing will inform OLM when they become aware of nonstandard purchases of equipment so they can be reviewed.

E. Finance Department/Accounting Responsibilities

1. General Responsibilities

a. Maintaining the institution's chart of accounts, including the creation of capital project funds and creation/maintenance of capital expenditure and capital asset accounts;
b. Identifying, tracking, and gathering supporting detail for capital projects and construction-in-process (CIP) amounts for capitalization in the general ledger. Finance staff will work in conjunction with project managers on determining when a project is ready for capitalization;
c. Capitalizing buildings and building improvements;
d. Reconciling the annual capital spending to capital additions;
e. Recording fixed asset depreciation for items in the fixed asset sub-ledger;
f. Recording entries to correct miscoding of assets or to write off amounts incorrectly capitalized;
g. Preparing fixed asset reports such as the CO-59 and other required financial documents;
h. Recording the year end pending asset adjustments to close the general ledger.

F. Custodial Department Responsibilities

1. Department Head Responsibilities
   a. Performing an initial inventory when assuming authority over a department;
   b. Conducting an annual inventory of their designated areas;
      • Department heads are encouraged to designate an Inventory Coordinator for their department to handle routine inventory matters as their delegate.
      • OLM assistance is available for some portions of annual inventory (see OLM Responsibilities section).
   c. Maintaining all assets in the custody of their department;
   d. Ensuring the security of assets assigned to their areas and reporting any losses to UConn Police, IT, and OLM as applicable;
   e. Performing routine inspections of equipment to ensure it is serviceable and accounted for.
   f. Reporting disposition changes including, location, ownership, loan status and serviceability through the EFW system;
   g. Ensuring that electronic storage devices being transferred out of the institution are reviewed by IT to ensure the items conform with Connecticut's Office of Policy and Management (OPM) IT-SEC-16-02 guidance on disposal of digital media prior to transfer;
   h. Authorizing EFW forms at the departmental level;
      • This may be delegated in certain situations. Contacting OLM for more information.
   i. Directing the disposal of unserviceable or surplus equipment through the EFW system;
   j. Retains copies of forms related to annual inventory, loans, and inventory status in compliance with state records retention policies.

2. Inventory Coordinator Responsibilities
   a. Handle portions of the department's inventory process as delegated by the Department Head;
   b. Reports any capital/controllable equipment delivered to the department without an asset tag to OLM;
   c. Acts as liaison to OLM for the purpose of scheduling inventory visits;
   d. Assists in processing EFW forms;
   e. Monitors loan status of departmental assets;
   f. Assists OLM during annual inventory by having loaned equipment brought back on site for inspection, giving OLM access to all departmental spaces for scanning, and commenting on inventory results during the end of year reconciliation process;
   g. Performs inventory looking for items not found by OLM;
   h. Assists with state, federal, compliance and/or internal audits and investigations involving their department's equipment inventory;
   i. Retains copies of forms related to annual inventory, loans, and inventory status in compliance with state records retention policies.

IV. Procedures and Forms for the Receipt, Tracking and Disposition of Assets

A. Electronic Forms Workflow (EFW)

Effective July 1st, 2017, forms related to inventory were converted from the paper based system to an online electronic repository where forms are kept indefinitely and are managed by electronic signature related to the UConn Health secure network logon known as 'Active Directory'. The new system manages all the previous forms on a single webpage and allows for tracking of form progress through the signatory requirements and for reporting on historical transactions.

The user manual for the system can be found at: http://opa.uchc.edu/Forms/electronic-forms-workflow-manual.docx.

The EFW System logon page is located at: https://nso-srv-macola.uchc.net/efw_training/.