

OREGON ACCOUNTING MANUAL		Number 10.50.00.PR
Oregon Department of Administrative Services State Controller's Division		Effective Date January 2, 2002
Chapter	Internal Control	.1 OF .5
Part	Capital and Non-capital Assets	
Section		Approval Signature on file at SCD

Authority [ORS 270.020](#)
[ORS 270.100](#)
[ORS 270.180](#)
[ORS 276.180](#)
[ORS 276.227](#)
[ORS 278.405](#)
[ORS 283.337](#)
[ORS 283.343](#)
[ORS 283.350](#)
[ORS 293.590](#)

- .101 **Capital assets** are all tangible or intangible property used in an agency's operations that have initial estimated useful lives beyond a single year and have an initial cost (inclusive of **ancillary charges** necessary to place the asset into its intended location and condition for use) of at least \$5,000. Items below the \$5,000 threshold should not be capitalized. Examples of capital assets include land, land improvements, buildings and building improvements, motor vehicles, equipment and machinery, works of art and historical treasures, and **infrastructure** items such as state highways and airports.
- .102 **Non-capital assets** are all tangible and intangible property used in agency operations that have initial estimated useful lives beyond a single year and have an initial cost (inclusive of ancillary charges) of less than \$5,000. Although non-capital assets should not be capitalized, agency management should determine which of these assets is at high risk of loss (e.g. laptop computers, firearms, hand tools, etc.) and should inventory and track these assets on a separate inventory listing. Public stewardship, risk, and internal control concerns should govern the agency's decision on how these assets are managed and tracked.
- .103 Capital assets may be acquired by outright purchase, construction, lease purchase agreement, installment purchase contract, eminent domain, foreclosure, transfer from another fund or agency, or gift. Capital assets should be separated and recorded under the proper definition as land, land improvements, buildings and building improvements, equipment and machinery, data processing hardware, data processing software, works of art and historical treasures, and infrastructure.
- .104 Reconciliations of capital outlay expenditures to capital assets should be completed by each agency on at least a quarterly basis.

Real Property

- .105 DAS Facilities Division shall maintain and keep current an inventory of all State-owned property and shall classify all such property on the basis of current use, value, idle or surplus to the agency need. DAS shall establish categories of real property necessary for management of state-owned real property. Land owning agencies shall provide status information, as requested by DAS, of agency-owned land.
- .106 When vacated and no longer required for institution uses, all or any portion of the buildings, grounds, and facilities presently operated and controlled by the Mental Health and Developmental Disability Services Division, Department of Corrections, State Office for Services to Children and Families, or the State Board of Education, are transferred to the DAS, if the Department of Administrative Services orders such transfer.
- .107 Agencies are required to secure approval from DAS for sale of all other real property prior to disposition. Excepted agencies (Department of Fish and Wildlife, Department of Forestry, Department of Transportation, Division of State Lands, Oregon University System, Parks and Recreation Department) and agencies of the legislative or judicial branches must receive prior approval if disposition is for less than the fair market value of the land. A copy of the approval will be kept in the agency's control file.
- .108 Property is removed from the property ledger only when title is transferred to another.

Vehicles

- .109 DAS shall control and regulate the acquisition, use, maintenance, and disposal of motor vehicles used for State business.
- .110 Agencies wanting to acquire passenger vehicles not listed on State price agreement shall seek and receive specific approval from the Joint Legislative Committee on Ways and Means or the Legislative Emergency Board before proceeding with vehicle acquisition through DAS purchasing.
- .111 Exceptions to .110 above require signature approval of the administrator of the TPPS Division of DAS and shall be permitted in instances enumerated in DAS Fleet Policy. (See <http://www.oregon.gov/DAS/EAM/FPS/pages/policies.aspx>.)
- .112 State vehicles deemed to have reached the end of their efficient life cycle shall be disposed of according to State law. Vehicles scheduled for disposal will be sold through DAS TPPS Division Surplus Property.
- .113 State-owned sedans and station wagons must meet a minimum monthly mileage requirement. Vehicles not achieving the monthly mileage threshold as averaged over a designated six-month period may be subject to sale. Refer to DAS Fleet Policy <http://www.oregon.gov/DAS/EAM/FPS/pages/policies.aspx>.
- .114 Agencies are responsible for obtaining the most cost-effective means of transportation for their employees. The most cost-effective alternative is motor pool vehicles. If a motor pool vehicle is not available, agencies may reimburse private car mileage, or approve rental of a vehicle through State price agreement. These choices should only be temporary until a Motor Pool vehicle is available.
- .115 With few exceptions, the State's vehicles shall be stored at sites owned, leased, or controlled by the State. When practical, a State vehicle at home, hotel, or motel shall be parked off the street in a reasonably secure setting.
- .116 An agency may allow a State vehicle to be parked at an employee's home when a task or trip requires the driver to depart so early or return so late that it is impractical to pick up or return the

- vehicle to State Parking the same day. The agency must do a cost-benefit analysis before a long-term assignment of a vehicle to an employee's home.
- .117 State owned or operated automobiles or trucks shall be marked, in plain lettering of readable size, with the name of the owning or operating agency, followed by the words "State of Oregon." Subject to the approval of the TPPS Division Administrator, vehicles owned or operated by State agencies may be unmarked when used by State agencies for specific purposes such as undercover criminal investigation.
- .118 Agency management shall be responsible for acquiring vehicle services and replacement parts at the lowest possible cost and/or value to the State. Management shall also ensure that purchases and record keeping comply with State laws and generally accepted accounting principles.
- .119 Custody of assets should be separated from recordkeeping. For instance, vehicle titles should be controlled by an individual in a unit separate from fleet storage and maintenance.

Inventory

- .120 Personal property meeting the definition of capital assets should be capitalized, tagged with a State of Oregon identification tag and property control number, listed on the capital asset property inventory, and physically inventoried at least annually. Discrepancies should be investigated. Support that a physical inventory has been taken, for all locations, should be retained in the agency's central accounting office.
- .121 As an individual agency policy, a lower level (below \$5,000) may be used for inventory control purposes only (not for capitalization).
- .122 Agencies should identify, record, and control inventory items that have a high risk of loss such as:
- Computer and electronic equipment
 - Photography equipment
 - Firearms
 - Hand tools
 - Any other items agency management identifies as being at high risk of loss
- .123 The agency should establish a separate listing for high risk and other assets below the \$5,000 capitalization threshold that are inventoried. The separate listings can be inventoried concurrently or on a different frequency than the capital asset inventory. High risk assets that are assigned to state employees are subject to **OAM 10.55.00**.

Vehicle Records

- .124 Agencies shall maintain records on each vehicle under their control. Records shall include:
- a. Accurate vehicle inventory.
 - b. Reliable detailed and accurate information on work performed, replacement parts, and associated costs.
- .125 Vehicle maintenance and repair records must accompany vehicles when transferred to another owner.
- .126 Agencies shall maintain records and provide DAS with information necessary to comply with biennial legislative reporting requirements identified in ORS 283.343, Compliance Examination On Use Of State Owned Vehicles.

- .127 Agencies shall maintain records and provide DAS with information necessary for the annual reporting requirements identified in ORS 283.337, Reports to Department of Environmental Quality and Office of Energy.

Insurance

- .128 Each agency is required to file a Risk Report annually with the Risk Management Division of the Department of Administrative Services (DAS). Agencies are required to report all property in their possession on July 1 of each year on which the risk management policy would pay losses. Loss to property omitted from the report will not be paid. Loss to property acquired after report preparation will be paid subject to Risk Management policy. Refer to <http://oregon.gov/DAS/EGS/Risk/Pages/PolicyHandbook.aspx>.
- .129 Conditions of coverage for employee dishonesty are:
- Agencies must immediately report any and all losses discovered from apparent fraudulent or dishonest acts by agency officers, employees, or agents to the Risk Management Division and the Secretary of State Audits Division.
 - Agencies must report any and all losses within 90 days after they are discovered. Late reporting may forfeit coverage.
 - Agencies may not forgive, release, or promise not to prosecute any staff alleged to have caused a loss.
 - Agencies must preserve and furnish to Risk Management and the Audits Division all evidence of loss and of fraud or dishonesty.

Failure to comply with the above conditions may expose a state officer, employee, or agent to personal liability.

Disposition

- .130 All personal property (including both capital and non-capital assets), when removed from the property ledger for **any** reason, must be removed by completion of the form designated by the DAS-State Surplus Property Program.
- .134 Agencies should respond to directions from State Surplus Property Program for disposal of the surplus property. Do not delete property sent to surplus from the property control ledger until notified that the property has been sold or disposed of.