
Chapter: Fiscal and Administrative Services

Modification No. 001

Subject: **Asset Management**

- 1 I. The Board of Trustees recognizes the importance of ensuring accurate records of assets
2 whose value and useful life meet the definition for capital assets. Asset management
3 ensures adequate resources are allocated to invest and maintain college resources for
4 optimal service delivery for student success.
5
- 6 II. The purpose of this policy is to ensure that assets are accurately identified, maintained,
7 disclosed, and reported in the college's financial records.
8
- 9 III. The college will maintain a system of internal controls for asset identification and
10 recordkeeping, asset handling, and timely accounting and reporting pursuant to federal,
11 state, or college compliance guidelines.
12
- 13 IV. All policies, procedures, and guidelines shall comply with government regulations and
14 accounting industry standards.
15
- 16 V. This policy establishes the scope, authority, responsibilities, and reporting for capital
17 assets that have a physical substance and those that do not, including but not limited to,
18 tangible assets (equipment, buildings) and intangible assets (licenses, software
19 subscriptions).
20
- 21 VI. The Board of Trustees authorizes the president to establish any procedures necessary to
22 implement this policy.

Board Approval:

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I. Scope

These procedures apply to tangible, intangible, and grant capital assets, as defined below:

A. Tangible Asset

A tangible asset is an asset that possesses all the following characteristics:

1. Has a physical form.
2. Holds value that will diminish or depreciate over time.
3. Has an initial useful life that extends beyond a single reporting period.

Common examples of tangible assets are land, equipment, and buildings. However, land and land improvements should not be depreciated.

B. Intangible Asset

An intangible asset is an asset that possesses all the following characteristics:

1. Lacks physical substance.
2. Is nonfinancial in nature.
3. Has an initial useful life that extends beyond a single reporting period.

Common examples of intangible assets are licenses, patents and software subscriptions.

C. Grant Asset

A grant asset is an asset procured with the funds of a federal, state or other grantor entity but has the same or similar characteristics as defined above. These assets are considered controlled assets which the college is required to track until the grant expires and appropriate government approvals support the transfer or disposal of the assets. Grant purchased assets will be handled similarly to college purchased assets unless the guidelines from the granting entity differ; and, in those instances, the grant documents will be the authoritative guidance.

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64 II. Responsibilities

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66 The Senior Vice President for Administrative and Fiscal Services/Chief Operating Officer
67 (SVPAFS/COO) is responsible for developing and maintaining written administrative
68 procedures for accurate capital asset management, including a system of internal
69 controls for asset identification and recordkeeping, asset handling, and timely accounting
70 and reporting pursuant to federal, state, or college compliance guidelines.

71
72 The SVPAFS/COO delegates the day-to-day identification, management, maintenance,
73 accounting, and reporting of the capital assets of the college to all offices or units that are
74 responsible for the capital budgets and execution, the operating budgets and execution,
75 and grant compliance and reporting.

76
77 III. Reporting

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79 For financial statement reporting, a tangible capital asset that meets certain capitalization
80 thresholds with a unit value of \$10,000 or more will be reported at cost, depreciated, or
81 amortized over the estimated useful life of the asset, and disclosed as required by
82 governmental accounting standards. The cost of the asset includes acquisition cost and
83 incidental costs incurred to place the asset in service.

84
85 Some assets individually may fall below the capitalization threshold but may be
86 purchased in large quantities via a purchase order. In aggregate these bulk purchases
87 (computers, classroom furniture, library books) with a total value of \$100,000 or greater
88 will be reported at cost, depreciated, or amortized over the estimated useful life of the
89 asset even if the per unit value is \$9,999 or less (i.e. the College issues a purchase order
90 for 120 laptops for \$1,200 per unit, these items will be deemed capital assets as a bulk
91 purchase; despite the per unit cost.)

92
93 Disclosure for bulk purchases will be as required by governmental accounting standards.
94 Intangible assets meeting certain capitalization limits of \$100,000 or more will be
95 capitalized, recognized over the life of the license or subscription period, and disclosed
96 as required by governmental accounting standards. Donated assets are recorded at the
97 fair market value assessed on the date of donation.

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99 IV. Identifying New Assets

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101 The college's procurement system is the primary means for identifying new assets.

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103 Assets may also be identified through the receipt of in-kind gifts secured through the
104 Montgomery College Foundation.

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106 V. Recording New Assets

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108 Assets identified as meeting certain capitalization thresholds will be documented in the
109 accounting records as a capital asset and affixed with a property control tag. The

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110 capitalization threshold will be evaluated periodically based on factors such as Uniform
111 Guidance for grant assets, governmental accounting standards for all assets and industry
112 standards.

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114 VI. Equipment Transfers and Moves

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116 A Request for Asset Status Change form, available from the Office of Facilities, must be
117 completed in full when permanently transferring an asset to another location for proper
118 asset inventory purposes. As soon as detected, lost or stolen equipment must be
119 reported in writing to the Office of Public Safety. The form should include, at a minimum: a
120 description of the equipment, identification number, model, serial number, and any
121 circumstances surrounding the loss should be provided.

122
123 VII. Physical Inventory and Maintenance

124
125 Management allocates adequate resources to maintain all assets and facilities at a level
126 that protects capital investment and minimizes future maintenance and replacement
127 costs. Accordingly, an assessment of maintenance/replacement needs will be conducted
128 on a periodic basis.

129
130 Equipment that is damaged, worn beyond economical repair, and/or surplus shall be
131 identified on a timely basis with a record of such equipment maintained. Disposal of
132 surplus property requires proper approvals and tracking on a Request for Asset Status
133 Change form, available from the Office of Facilities. Any equipment containing College
134 resources and/or data must adhere to the College's Data Disposal Standard, as identified
135 in IT Standard 03004: Data Disposal.

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137 A physical asset inventory shall be coordinated across college divisions, utilizing an
138 outside contractor for coverage, on a periodic basis as deemed appropriate for
139 compliance with accounting and reporting requirements.

140
141 VIII. Any changes made to these procedures shall take effect at the start of the next fiscal
142 year to ensure timely, consistent, accurate, and complete recordkeeping.

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Administrative Approval: