



Determination of Acquisition Cost of Taggable Movable Property

Scope: Louisiana State University (LSU), LSU Alexandria, LSU Eunice, LSU Agricultural Center, LSU Paul M. Hebert Law Center, LSU System

Effective: **Effective February 24, 2014**

Purpose: To define the responsibilities of administrative units in ensuring movable property to be inventoried is properly valued in the University's asset management system and financial statements.

Summary:

The LSU Office of Property Management monitors and facilitates the management of the University's movable property inventory and fleet management programs in accordance with regulations established by Louisiana Revised Statutes (Titles 39 and 24), the Louisiana Administrative Code, and with various federal government regulations when applicable.

Geographical areas of responsibility for LSU Office of Property Management for determining acquisition cost include movable property for LSU, as well as the offices of the LSU System, LSU Alexandria, LSU Eunice, the LSU Agricultural Center and the LSU Paul M. Hebert Law Center.

"Movable Property" is defined as all tangible non-consumable property owned by the University.

"Taggable Movable Property" is defined as all items of movable property having an acquisition cost when first purchased by the state of Louisiana of \$1,000 or more, all donated property having a fair market value of \$1,000 or more, and all weapons, regardless of cost.

All Taggable Movable Property must be tagged and placed into the University's inventory and, if applicable, capitalized on annual financial statements. The University's capitalization policy includes all items with an acquisition cost of \$5,000 or more and an estimated useful life greater than one year. The Louisiana Property Assistance Agency (LPAA) has defined the acquisition cost of movable property as including all of the following:

- Base Price/Purchase Price
- Freight and Transportation Cost
- Sales Taxes
- Site Preparation and Installation Costs
- Professional Fees

There are multiple methods for acquiring Taggable Movable Property, including purchases through LSU's Procurement System (PRO), LSU GeauxShop (ePRO), and University Stores. Assets are also acquired through Acts of Donation, transfers from other state or federal agencies or university entities, or transferred as part of a Lease Agreement, or in connection with a Cooperative Endeavor Agreement.

Procedures for ensuring accurate determination of Acquisition Cost of Movable Property:

LSU Procurement System (PRO)

The department acquiring the Taggable Movable Property is responsible for determining the correct object code to identify Taggable Movable Property on the requisition (7000 range). Once the requisition is released to the LSU Office of Procurement Services, the Procurement Coordinator issues a Purchase Order following the proper procurement process that represents the final acquisition cost issued to the awarded vendor. When the department receives the Taggable Movable Property, the department is responsible for determining that the correct items are received according to the Purchase Order and for entering a Receiving Report into PRO for all items acquired. Upon the receipt of an invoice for items received, Accounts Payable must ensure that the amount to be paid equals the amount on the Purchase Order for each item. A report (PRO 4006S-3) is issued to the LSU Office of Property Management from PRO on a daily basis listing those Purchase Orders where receiving reports have been entered and the object code is in the 7000 range (representing Taggable Movable Property). Accounts Payable will provide the Office of Property Management with a daily report of invoices processed in PRO (i.e., RAPS status) for Purchase Orders with expenses coded to 7000 range object codes. The invoice provides the correct acquisition cost to be used when entering into the University's asset management system. It is the final responsibility of the department to ensure that the movable property has been properly identified for tagging and accurately valued in the University's asset management system according to what was authorized for payment.

LSU GeauxShop (ePro)

LSU GeauxShop is the eProcurement system in which purchases are made online through vendor catalogs or designated university forms. The department acquiring movable property through LSU GeauxShop is responsible for determining the correct object code to identify movable property on the requisition (7000 range). If a line item is \$1,000 or greater and/or the object code is in the 7000 range, when the invoice is approved by the department Invoice approver, an email notification is sent to the LSU Office of Property Management alerting them for tagging and valuation. This final notification ensures the correct acquisition cost to be used when entering into the University's asset management system. It is the final responsibility of the department to ensure that the movable property has been properly identified for tagging and accurately valued in the University's asset management system according to what was authorized for payment.

University Stores Purchases

University Stores assigns an acquisition cost to movable property when the department purchases the property. The acquisition cost is inclusive of all costs. The LSU Office of Property Management is notified through a report (Report #USM8071S) generated by Financial Systems Services for tagging and valuation. It is the final responsibility of the department to ensure that the movable property has been properly identified for tagging and accurately valued in the University's asset management system according to what was paid.

Direct Charge

The purchase of Taggable Movable Property cannot be paid through Direct Charge Invoices with the exception of state or federal surplus property. In the case of purchases of state or federal surplus property from LPAA, payment is made through a Direct Charge Invoice, and notification to the LSU Office of Property Management is made from LPAA and the acquisition cost is determined by LPAA. It is the final responsibility of the department to ensure that the movable property has been properly identified for tagging in the University's asset management.

LaCarte Purchases of Movable Property

The LaCarte Procurement Card cannot be used to purchase Taggable Movable Property. Any cardholder who violates the LaCarte Card Policy will have their LaCarte card revoked.

Movable Property Acquired through Act of Donation

All items of movable property donated to the University become the property of the University. Donated movable property must be accompanied by documentation provided by the donor indicating the fair market value. In certain cases, further evaluation of a donated item after receipt may cause the receiving department, the LSU Office of Sponsored Program Accounting (SPA) or the LSU Office of Property Management to determine a revised value for inventory control purposes. The final acquisition value of donated movable property (fair market value) will be documented on the approved Notice of Gift to LSU (AS522 form) or Act of Donation agreement (in lieu of AS522 form) approved by SPA. Movable Property donated to the university will be tagged and recorded in the University's asset management system if its value at the time it is acquired is established at \$1,000 or more by the LSU Office of Property Management. It is the final responsibility of the department to ensure that any Taggable Movable Property has been properly identified for tagging and accurately valued in the University's asset management system by the LSU Office of Property Management system.

Transfers of Taggable Movable Property through Agreements, Contracts or Agency Transfers

The LSU Office of Property Management must be notified in writing of any transfers of Taggable Movable Property from Agreements, Contracts or from other state agencies. It is the responsibility of the department receiving the property to provide written notice to the LSU Office of Property Management of the receipt of the Taggable Movable Property. Agreements or Contracts that contain clauses that require the transfer of Taggable Movable Property on some future date must include the provision that the university department will provide a listing of property to the LSU Office of Property Management to be transferred with the following information:

- 1) Item Description,
- 2) Model and serial number (if applicable),
- 3) Original Acquisition Cost,
- 4) Location,
- 5) Date Received by the University.

The LSU Office of Property Management will value the property by determining the book value at the time of receipt which will be used as the acquisition value in the University's asset management system and in accordance with Louisiana Property laws. It is the final responsibility of the department to ensure that the Taggable Movable Property has been properly identified for tagging in the University's asset management.