

SALT LAKE COUNTY
COUNTY-WIDE POLICY
ON
SAFEGUARDING PROPERTY/ASSETS

Purpose -

Salt Lake County procures a variety of property and equipment necessary for government operations, which must be properly managed -- meaning, controlled, inventoried and protected. This policy provides direction concerning who is responsible for managing property, defines the types of assets subject to various controls, and refers to various procedures covering disposal of property.

References -

Auditor's ACCOUNTING POLICIES & PROCEDURES on "Management of Fixed Assets"

Countywide Policy #1100 --Surplus Property Disposition/Transfer/internal Sale

Countywide Policy #1304 --Discovery and Reporting of Thefts

Countywide Policy #1310 -- Discovery and Reporting of Non-Criminal Wrong Doing

Personnel Human Resources Policy #5300 --Termination of Employment

1.0 Definitions

- 1.1 Capitalization - the process of recording on the County's general ledger individual items having an estimated useful life of more than one year and a cost equal to or greater than the existing capitalization rate, the capitalization rate will remain equal to the amount referred to in the Purchasing Ordinance ' 3.20.030 A.8. as circumstances not requiring competitive bidding under the "small cost" definition.
- 1.2 Controlled Asset - personal property items having a cost of \$100 or greater, but less than the current capitalization rate, and which are sensitive to conversion to personal use, thereby necessitating special provisions for safeguarding. See Exhibit I for listing of controlled assets. (Note: Due to the difficulty associated with centralized control of personal communication equipment pagers, car/cellular phones, portable radios, mobile radios installed in vehicles, walkie-talkies, etc. this category of property is considered to be "controlled assets" regardless of the cost of the individual items, and is therefore subject to the controlled asset procedures under paragraph 4.0 rather than the fixed asset procedures under 3.0)
- 1.3 County Administrator - a Division Director, Department Director or Elected Official
- 1.4 Fixed Asset - an individual item owned by the County meeting the criteria for capitalization.

- 1.5 Organization - separate budgetary unit as established within the accounting and budgeting system.
- 1.6 PM-1 Form - Salt Lake County Fixed Asset Acquisition Form
- 1.7 PM-2 Form - Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form
- 1.8 PM-3 Form - Salt Lake County Fixed Asset Loan Form
- 1.9 Property Manager - the individual assigned by each organization who is responsible for managing property within the scope of this policy.
- 1.10 Safeguard - to provide internal controls appropriate to the organization's operating environment on a cost-effective basis that adequately protect against the loss of property through theft, misuse, abuse, etc.

2.0 Procedures - General & Administrative

- 2.1 Administrator's Duties - Administrators over each organization are responsible for the following:
 - 2.1.1 Implement and enforce all provisions of this policy relating to his/her area of responsibility, including adequately safeguarding County property.
 - 2.1.2 Designate a Property Manager to manage all property purchased by the organization, or which it is otherwise accountable for, which is subject to the provisions of this policy.
 - 2.1.3 Ensure the Property Manager fulfills his/her duties as defined in 2.2 below.
- 2.2 Property Manager's Duties - duties may be appropriately delegated to a subordinate, however consistent with basic management principles, Property Managers and County Administrators remain ultimately responsible for management of County property. Property Managers assigned by their Administrators are responsible for the following:
 - 2.2.1 Accounting for all fixed assets within the organization's operational and/or physical custody as listed on the LGFS0801 "Salt Lake County Fixed Asset Inventory by Organization" report.
 - 2.2.2 Accounting for all controlled assets within the organization's operational and/or physical custody in accordance with paragraph 4.0 of this policy.
 - 2.2.3 Maintain records as to current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody.
 - 2.2.4 Safeguard all property subject to this policy for which the organization has custodial responsibility.

- 2.2.5 Prepare "Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form PM-2" in advance for all fixed asset property transfers, disposal or sales between the Property Manager's organization and any other organization. Research is to be performed if necessary to identify and report the correct fixed asset (tag) number on the PM-2 form.
- 2.2.6 Prepare PM-2 form for fixed asset property no longer needed by the organization prior to removing it to the surplus warehouse. Research is to be performed if necessary to identify and report the correct fixed asset (tag) number on the PM-2 form.
- 2.2.7 Maintain copies of all PM-1, PM-2, and PM-3 forms for all fixed asset personal property transferred, disposed, and sold internally.
- 2.2.8 Coordinate with the organization's Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established, and fixed assets are tagged and capitalized. Assist the Auditor's Office as requested in capitalizing fixed assets, etc.
- 2.2.9 Notify Auditor's Office of personal property acquired through a Federal or State grant, and ensure compliance with grantor restrictions.
- 2.2.10 Report theft of property to appropriate authorities in accordance with Countywide Policy #1304 on Discovery and Reporting of Thefts. For all thefts involving fixed assets, prepare "Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form PM-2" and forward it to the Auditor's Office so that the stolen personal property can be removed from fixed asset records.
- 2.2.11 At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization. This is not necessarily conducted as of December 31st each year. Property Managers should coordinate with the Auditor so inventories of all organizations do not occur at the same time, but rather on a "rotating" basis. After each annual inventory is complete, submit form (supplied by the Auditor) to the Auditor's Office acknowledging accountability for fixed assets as listed in LGFS 0801 'Fixed Asset Inventory by Organization'.
- 2.2.12 To ensure adequate accountability, Property Managers should establish internal protective controls appropriate for custody of the property assigned. The following are examples of various control measures which may be used, however controls are not limited to these measures property Managers should use their judgment based on the circumstances to ensure controls are adequate:
 - a. locking equipment storage areas;
 - b. controlling access to areas where equipment is shared;
 - c. using a checkout system for shared property (see Exhibit S for further suggestions regarding this system);

- d. maintaining supplementary records to support location and existence of property as necessary; and
- e. ensure proper receiving controls are in place so that property received is what was ordered, and that upon receipt all other property controls explained in the policy are followed.

2.2.13 Ensure all employees fulfill their responsibilities as defined in 2.3 below.

- 2.3 Employee's Duties - All employees assigned fixed or controlled assets for their use are responsible for the following:
- 2.3.1 Notify the Property Manager of any change in asset status for property assigned to him/her (I.e. sale, transfer, loan, disposal, etc.).
 - 2.3.2 When initiating purchases of property for their use, employees should coordinate with the Property Manager to ensure such assets are properly assigned and accounted for.
 - 2.3.3 When employees determine property they are using is no longer needed it should be disposed of under supervision of the Property Manager in accordance with Countywide Policy 1100 on Surplus Property.
 - 2.3.4 Upon termination, transfer, or at least annually, employees assigned fixed or controlled assets shall review the list of assigned assets and provide verification by his/her signature to the Property Manager as to the accuracy and completeness of the list.
 - 2.3.5 Whenever an employee or supervisor becomes aware of the misuse or theft of County property controlled or fixed assets, the appropriate procedures under Countywide Policies 1304 "Discovery & Reporting of Thefts" and 1310 "Discovery of Non-Criminal Wrongdoing" should be followed. After proper procedures have been followed, employees who are unable to account for property assigned to them may be charged for the estimated market value of the property. Such decision shall be made by the employee's supervisor(s) in consultation with the Administrator. Value shall be determined by the Administrator in consultation with the Auditor's Office. If the employee is charged in such cases at the time of termination, the County may withhold payment of accumulated vacation, sick leave, wages or other amounts normally payable upon termination to cover these charges.
- 2.4 Thefts - Employees who discover a loss or possible theft of an asset should follow the procedures outlined in Countywide Policy #1304 Discovery and Reporting of Thefts.
- 2.5 Abuse or Misuse of Property - Employees who have evidence that County property is not being used appropriately may follow the procedures outlined in County Wide Policy #1310 Discovery and Reporting or Non-Criminal Wrong Doing.

- 2.6 Oversight responsibility for policy - The Auditor's Office, Accounting & Operations Division has oversight responsibility for this policy. Questions, interpretations and application of these procedures should be directed to the Director of Accounting & Operations or the Associate Director.
- 2.7 Periodic reviews or audits of organizational compliance with this policy, and physical existence of assets may be conducted by the Auditor. Recurring inventories of fixed assets for organizational accountability will be conducted in accordance with the procedures referred to in 3.0.
- 2.8 Contract entities -This policy shall apply not only to all County organizations, but also to all entities who by contract have responsibility to manage County-owned property of the nature subject to the policy.
- 2.9 Supplies and small items or equipment costing less than \$100 are excluded from the requirements of this policy as "expendable". However, adequate and cost-effective measures should be established to safeguard and monitor their usage, such as appropriate control over access to those supplies of relatively greater value and/or supplies susceptible to theft.
- 2.10 Property on loan - Periodically the need may arise to transfer accountability of an asset (either fixed or controlled) to a different organization, but only on a temporary basis. This may be the case where an organization wishes to retain ownership in the property but acknowledges the need for another organization to use the asset temporarily in their operations. Exhibit 2 (the PM-3 form) to this policy should be used for this purpose. It should be signed by both Property Managers involved in the "loan".

3.0 Procedures Fixed Assets

- 3.1 The requirements, guidelines, etc. established in the Auditor's ACCOUNTING POLICIES & PROCEDURES on "Management or Fixed Assets" shall be considered an integral part of this policy.
- 3.2 Property Managers' duties relating to fixed assets consist of those described in not only 2.2 of this policy, but also the Auditor's ACCOUNTING POLICIES & PROCEDURES on Management of Fixed Assets" referred to in 3.1.

4.0 Procedures Controlled Assets

- 4.1 As mentioned in 2.2 above, general accountability for controlled assets is the responsibility of each organization's Property Manager; however, individual accountability rests with each employee assigned controlled assets.
- 4.2 Transfer of accountability occurs:
 - 4.2.1 when an employee transfers organizations and retains a controlled asset for his/her use.


- 4.2.2 when a controlled asset is re-assigned to a different organization; or when the asset is loaned to another organization (see 2.10 for "loans").
 - 4.2.3 both the receiving and transferring organization should appropriately document transfers of controlled assets.
 - 4.2.4 a PM-2 form may be used to facilitate this documentation (except for loans), however, because the PM-2 form is used primarily to transfer fixed assets its use is not required.
- 4.3 The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures.
- 4.3.1 Exhibit 3 -"Controlled Assets Inventory Form -Employee" is used for those assets that due to their nature, are used by and therefore readily assignable to an individual.
 - 4.3.2 Exhibit 4 - "Controlled Assets Inventory Form - Organization" is used for property not readily assignable to an individual employee or which is shared by more than one employee.
 - 4.3.3 The "Certification" on Exhibits 3 and 4 states that the employee (for assets assigned to employees), and the Property Manager (for assets not assigned to individual employees) are accountable for all property assigned to them.
 - 4.3.4 Note that the use of a numbering system for controlled assets is optional. The cost-effectiveness of such a system should be considered before implementing it. Numbers assigned by the organization for this purpose will not be tracked centrally by the Auditor.
 - 4.3.5 Controlled asset forms are to be utilized on a decentralized basis by the organization; they will not be maintained centrally by the Auditor as is done under the fixed asset system. These forms are maintained by, or under the supervision of the Property Manager, and should be available for review or audit by the Auditor's Office upon request.
 - 4.3.6 Although it may be impractical to define exact locations on the forms in circumstances where property is used by more than one employee, or where it is frequently moved or reassigned, Property Managers should use exact locations whenever possible (and update them as needed) to established better control.

APPROVED and PASSED this 15 day of July, 2008.

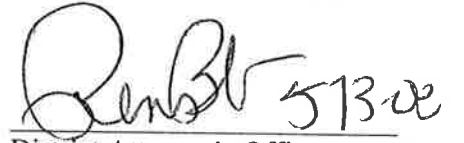
SALT LAKE COUNTY COUNCIL


Michael Jensen, Chair

ATTEST:


Sherrie Swensen, County Clerk

APPROVED AS TO FORM:


District Attorney's Office Date