



North Carolina Department of Health and Human Services
Office of the Controller

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Controller

April 23, 2014

MEMORANDUM #2014-05

To: Division/Office Directors
DMH/DD/SAS Institution Directors

From: Laketha M. Miller

Subject: Annual Inventory of Fixed Assets

Policy and Purpose

The Office of the State Controller requires an inventory of fixed assets on an annual basis. The Department requires that each general fund entity conduct an annual inventory of capital assets having a historical cost of \$500 or more. All capital assets with a value of \$500 or more should display an asset control tag decal on the item for inspection by anyone wishing to locate or identify the property.

Guidelines by the Office of the State Auditor and the Office of the State Controller recommend that the fixed assets inventory be conducted by someone who does not have custody of the assets, nor responsibility for receiving, checking in, tagging, and recording the assets. Upon completion of the designated inventory assignment, the person conducting the inventory should certify the fact by signing and dating the individual grouping lists prior to returning them to the appointed coordinator.

Overview

Accompanying this memorandum is a sample printout of an electronic Excel file that will be utilized for the annual inventory. This file will include all assets in the division as identified by the account code to which it was assigned at the time of purchase or as it was identified at the time of conversion from the old Departmental Accounting System. We will forward the electronic file by e-mail to the fixed assets coordinator for each division. The file will be identified by the report name: INVENTORY-WKSHT-FUND-LOCATION. This file will enable the fixed assets coordinator to sort the assets of the division. The report will identify an asset location such as a room number, a building, a home, or a general

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location. The fixed assets coordinator should monitor and oversee the inventory tasks for the various locations within the division by distributing the inventory sheets (files) to the verifiers and by setting a deadline to return the completed inventory sheets. The fixed assets coordinator should track the distribution and receipt of the inventory sheets, in order to ensure that all inventory sheets issued are returned. Once the physical inventory worksheet is complete and the verifiers have returned the supplemental forms, they can be bundled with the required certification form.

Specific Instructions

All items in all locations must be physically examined in order to determine that the asset has been properly decaled, accurately described, and is in the location listed. All equipment must have a manufacturer name and serial number present on the property and it must agree with the manufacturer name and serial number on the location printout. If the items match, then place a checkmark (✓) adjacent to the asset number. A suggestion for inventorying “by the location” lists is to inventory everything in the location. If an item on the location list cannot be found in that location, list it as missing or stolen. An explanation of missing assets is required for missing items and a police report is required for those items listed as stolen. If an item not listed on the location list is found in the location being inventoried, add the item to the list as present at that location but not appearing on the list. When all the documentation is submitted to the coordinator, a comparative review should be made of the “missing” and “located but not listed” items. In many instances there will be matching items between the two categories and the item(s) can be removed from the missing category and listed on the FAS-1 form as assets changing location (part A). In the event that there are inaccuracies on the print out, the verifier will mark one line through the error and write in the correction relatively close to the proximity of the marked out error, leaving no doubt that there is an error and a corresponding correction. Verifiers should ensure that corrections are neat and legible. Equipment appearing on the list but not at the designated location should be noted and an accompanying FAS-1 form should be completed and attached to the inventory sheet for that location. If the missing item is located elsewhere, part A of the FAS-1 should be completed. This form should accompany the inventory location sheet where the asset is listed in error. If a revised description is in order, part B of the FAS-1 should be completed. If the asset is missing, part C of the FAS-1 should be filled out and should accompany the inventory location control sheet. The FAS-1 Form and instructions can be downloaded from the OSC website at:

http://www.ncosc.net/sigdocs/sig_docs/sigFAS1_Form.html

Also, all of the fixed assets forms are located on the DHHS Controller’s Office web site at:

<http://www.ncdhhs.gov/control/index.htm>

Final Process

Once the inventory is complete, the inventory location verification control sheets should be signed and dated by the verifier and the coordinator. All accompanying supplemental forms should be attached. The collected data sheets should be bundled. The Division Director or designee should sign the certification form and forward it with the bundle of verification documents to the DHHS Office of the Controller at 2019 Mail Service Center.

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These documents should be returned no later than May 23, 2014. DMH/DD/SAS Institution Directors should send their inventory bundle to the appropriate Fiscal Officer in the Controller's Field Offices.

If you have questions, please contact your designated fixed asset representative in my office or the appropriate Branch Head in General Accounting & Financial Management.

LMM/mw

Attachments

cc: Executive Committee
Division/Institution Budget Officers
Controller's Office Section Chiefs
Fiscal Officers, Controller's Field Offices
GA & FM Branch Heads