

Capital/Non-Capital Assets

Management Directive, 21-01 | Revision Date: 11/24/2021

Overview

This policy is in accordance with the County Fiscal Manual (CFM) to ensure sound administration and management of capital and non-capital assets. This policy is applicable to all DCFS employees who hold a role and/or have the responsibility in the policy herein.

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Version Summary

This Management Directive provides standards for controls that should be present for the safeguarding of DCFS' capital and non-capital asset inventory. These controls include maintaining proper inventory records, ensuring a proper segregation of duties between the purchasing, payment, and custodial functions, and making certain that there are adequate controls in place to ensure the authorized usage, movement and disposal of DCFS' capital and non-capital assets.

POLICY

Background Statement

In accordance with CFM Chapter 6, "Capital Assets and Non-Capital Assets," the Department of Children and Family Services (DCFS) shall be responsible for maintaining acquisition, inventory oversight and the safeguarding of its assets. This includes ensuring proper controls are in place.

Purpose

To establish guidelines within DCFS to ensure proper controls over the management of capital and non-capital assets, including the acquisition, receipt, inventory and disposal of the assets. Controls over capital assets are necessary to safeguard County investments, establish responsibility for the custody of each asset, provide data for financial reporting and ensure compliance with the electronic Countywide Accounting

and Purchasing System (eCAPS) Capital Asset System Internal Control Plan, County Code and other government requirements.

Roles and Responsibilities

Custodians

Office Heads, also referred to as “Custodian,” are responsible for all assets assigned to their respective office. Office Heads shall be fully cognizant of the responsibilities herein to ensure proper accountability at all times

Separation of Duties

Roles listed are not permitted to carry out any other responsibilities under this policy to ensure separation of duties.

- Staff purchasing capital assets cannot perform the capital asset physical inventory, dispose of capital assets, or have any other responsibilities related to capital assets.
- Staff responsible for overseeing capital assets cannot have disposal responsibilities.

Records

Each role is responsible for retaining records of all supporting documentation related to the acquisition, inventory lists, inventory reviews, transfers, sales, disposals, etc., of capital asset equipment for a minimum of five (5) years.

PROCEDURE

This policy is broken down between two Sections:

1. Capital Assets.
2. Non-Capital Assets.

Capital Assets

Equipment, land, buildings, building improvements and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period, as follows:

1. Equipment with an acquisition cost of \$5,000 or more and that has an expected useful life over one year.
2. software with a unit cost of \$1,000,000 or more.

3. All land acquisitions, regardless of cost, and land improvements with a cost of \$100,000 or more.
4. Easements with an acquisition cost of \$25,000 or more.
5. Buildings and improvements with an acquisition or improvement cost of \$100,000 or more.
6. New infrastructure with a cost of \$25,000 or more and infrastructure improvement with a cost of \$5,000 or more.
 - Refer to [CFM 6.1.1](#) for a more detailed description of Capital Assets.

Office Roles and Responsibilities

Office Head

1. Acts as the Custodian for all capital assets assigned to their respective office.
2. Ensures the office follows the responsibilities established herein to ensure proper controls and accountability for capital assets at all times.
3. Approves requests for capital asset acquisitions, transfers, loans, disposals, inventory physical reviews, missing capital assets, etc.
4. Develops desk procedures that align with the requirements herein.
5. Annual Physical Inventory
 - a. On an annual basis, by the end of each fiscal year, receives an inventory listing and instructions with a due date from the applicable Centralized Function Unit (see the section in this policy titled Centralized Function Unit Responsibilities for a list of Centralized Function Units) to conduct a physical inventory of assigned capital assets. The Custodian shall assign an individual with no inventory role to conduct the physical inventory review. At a minimum, the assigned individual shall perform the following:
 - i. Conducts a physical review of all capital asset inventory to ensure they are in the office's possession.
 - ii. Reconciles the physical review results to the inventory listing to ensure the inventory listing is accurate.
 - iii. Annotates any variances between the physical review and the inventory listing such as missing capital assets or capital assets that have been acquired but are not on the inventory listing.
 - iv. Obtains Office Head/Custodian review and approval and sends the annotated inventory listing back to the Centralized Function Unit by the due date.

Requesting Staff

1. Purchases

- a. Submit requests to the appropriate Centralized Function Unit responsible for departmental oversight for the type of capital asset, as follows:
 - Inventory Support Unit – Non-Information Technology (IT) related capital assets.
 - DCFS IT Division – IT related capital assets: tangible (e.g., plotters) and non-tangible (e.g., computer software).
 - Property Management – buildings, land, easements, building improvements and infrastructure.
- b. Collaborate with the Centralized Function Unit to ensure requests contain proper specifications and reference information (e.g., descriptive literature, vendor reference, etc.).
 - Do not put capital asset equipment on the same request as services and supplies.
- c. Obtain Property Management approval when capital asset will occupy floor space within a building.

2. Donations

- a. Submit requests and supporting documentation to the Centralized Function Unit responsible for departmental oversight of donated capital assets for review and approval.
 - Potential donors interested in donating capital assets to an office must first submit an offer of donated capital asset in writing, including name and address of donor/source, detail of the item(s) to be donated, the Fair Market Value (FMV) of each item(s) and the office to which the donation will be made (donation to a specific individual is prohibited).
 - Prior to making a written offer of donation to the County, the donor should refer to Internal Revenue Service [Publication 561, "Determining the Value of Donated Property."](#)
- b. Once approved by the Centralized Function Unit responsible for departmental oversight of capital assets, submit the approved request and supporting documentation to the Fiscal Operations Division (FOD) Deposit Unit under the Bureau of Finance and Administration (BFA).
- c. Obtain Property Management approval when capital assets will occupy floor space within a building.
 - ii. Approval by the Internal Services Department, Procurement/Contract Section must first be obtained on all proposed donations with item(s) valued over \$10,000.

3. Contractor Purchased Capital Assets

- a. Capital assets purchased by contractors using County funds are County-owned. Therefore, works with appropriate Centralized Function Unit and contractor to return capital assets upon termination of a contract and/or within contract terms.
- b. Obtains Property Management approval when capital assets will occupy floor space within a building.

Inventory Staff

1. Inventory Updates
 - a. Maintain accurate inventory listing throughout the fiscal year and provide timely updates to the Centralized Function Unit.
 - b. Validate the office inventory listing against the onsite equipment to identify any discrepancies.
 - c. Annually compare the office inventory listing to the Centralized Function Unit's listing.

2. Intra-departmental Transfers of Capital Assets
 - a. Complete The Notice of Equipment Location Change form (DCFS 4422) when capital assets are transferred from one facility to another; and/or transferred from one Office Head to another.
 - b. Prior to the transfer of capital assets, the receiving office obtain Property Management's approval if equipment will take up office space.
 - c. Provide the Centralized Function Unit with a copy of the DCFS 4422.
 - d. For any capital asset relocation within the same building and under the same Office Head, notify the Centralized Function Unit of relocation in order to update changes on the inventory listing.
 - Inter-departmental transfers are processed by the Centralized Function Unit Salvage/Surplus Unit.

3. Loaning of Capital Assets
 - a. Complete DCFS 4422

4. Missing Capital Asset (Lost/Stolen)
 - a. Whenever a capital asset is discovered missing, conduct the following:
 - i. Immediately notify the Centralized Function Unit.
 - ii. Develop a memo (signed by Office Head) describing the incident.
 - iii. File a police report.
 - iv. Forward a copy of the memo and police report to the Centralized Function Unit.

5. Recovered Capital Asset
 - a. Immediately notify the Centralized Function Unit if capital assets that have been listed as missing (lost/stolen) are subsequently recovered or are located.

6. Salvage/Surplus of Capital Asset
 - a. Do not have the authority to dispose of capital assets. Submits DCFS 635 request to the Centralized Function Unit to remove capital asset from office.

Centralized Function Unit Responsibilities

Departmental Oversight

1. Depending on the type of capital asset, the Centralized Function Unit listed below will be responsible for the oversight, as follows:
 - a. Inventory Support Unit: all non-Information Technology related capital assets (e.g., vehicles).
 - b. DCFS IT Division: IT related capital assets: tangible (e.g., plotters) and non-tangible (e.g., computer software).
 - c. Property Management: buildings, land, easements, building improvements and building infrastructure.

Reviewing and Approving Staff

1. County-Owned Capital Asset Purchases
 - a. Review requests and supporting documentation submitted by office. Once approved, submit requests to FOD Budget Section to approve and route to Procurement Unit on behalf of the office.
 - Exclude the purchase of building, land, easements and improvements, which are processed by the Chief of Executive Office (CEO) Real Estate Division in collaboration with DCFS Property Management.
2. County Leased Capital Asset
 - a. Obtain approval from the Department's Budget Analyst. The Budget Analyst will determine if the capital asset is to be acquired through a lease or lease purchase agreement.
 - b. Record lease/purchase of Buildings and Improvements as a capitalized asset, and submit copies of the lease or purchase agreement and adopted Board letter to Internal Controls Assurance Services (ICAS).
 - One of the following criteria must be met for the lease to be considered a capital lease:
 - The lease transfers ownership of the property to the lessee (the County) by the end of the lease term.
 - The lease contains an option to purchase the leased property at a bargain price.
 - The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
 - The present value of rental and other minimum lease payments equals or exceeds 90 percent of the fair value of the leased property.
3. Los Angeles County Capital Asset Leasing (LAC-CAL) Purchases
 - a. Submit request to CEO for LAC-CAL approval.
 - b. Work with the CEO to determine capital asset's expected useful life period.

Receiving Staff

1. Upon receipt of the capital asset, confirm that capital asset matches:
 - a. Purchases: Purchase Order (PO), packing slip and invoice (e.g., equipment is the make and has the specifications ordered, etc.).
 - b. Donations: Detailed description in writing and FMV.
 - c. Contractor Purchased Capital Assets: Description and total cost on invoice provided per the contract terms. Work with office and contractor to receive capital assets obtained from a contract using County funds.
2. Tags capital assets.

Capital asset tags are available through the Auditor-Controller Capital Assets Unit. Only Centralized Function Units are authorized to request capital asset tags.

- a. Place tags in locations that are clearly visible.
 - b. If all components of a system are required for the equipment to operate, assign only one tag number to the system regardless of the number of individual pieces. In this instance, the number of pieces and a description of the components should be documented for inventory purposes.
 - c. Upon receipt of a capital asset (purchased, donated, or contractor purchased), attach a County property tag to capital asset within 30 days of receipt of equipment.
 - d. Upon receipt of a capital asset purchased through LAC-CAL, attach a red equipment sticker or red metal tag designed for LAC-CAL equipment within 30 days of receipt of equipment.
 - Within 30 days of County ownership, replaces the LAC-CAL property tag with a County property tag and forward information to ICAS for processing.
3. Provide supporting documentation (e.g., PO, packing slip, invoice, donor information, etc.) including item location, capital asset serial number and County property tag number to the following sections:
 - a. For purchases: Accounts Payable Unit within 10 business days after receiving a complete and accurate invoice.
 - b. For all acquisitions: ICAS within 30 days after invoice is paid or other precipitating event transpires to ensure timely updates to County property records in eCAPS Capital Asset System.

Inventory Staff

1. On-going Updates
 - a. Collaborate with offices to maintain an accurate inventory listing throughout the year. Timely notifies ICAS within 14 days upon payment, disposal, or updated confirmation. Use maintained listing to match against the next annual listing provided by ICAS to identify any discrepancies.
 - b. Intra-departmental Transfer of Capital Assets

- Update inventory listing and forwards a copy of the DCFS 4422 to ICAS.
 - c. Inter-departmental Transfers of Capital Assets
 - Update inventory listing and forwards a copy of the Internal Sales and Transfers (CAS 09) form to ICAS.
 - d. Disposals
 - Receive disposal supporting documentation from Salvage/Surplus Unit and updates inventory listing.
 - e. Lost or Stolen
 - Upon receiving supporting documentation from office that capital asset is missing, update inventory listing, complete the Sales and Disposition Document (CAS 04) and Report of Equipment Loss form and send CAS 04, memo, police report and any additional supporting documentation to ICAS.
 - f. Recovered Capital Asset
 - Retag the recovered equipment with a different County property tag number, update inventory and forward new property tag information to ICAS.
 - g. Property Management Only (Building/Land)
 - Provide timely notification to ICAS of any updates to existing capital assets, including:
 - Capital Asset Refurbishments
 - (i) Obtain Board approval for refurbishments of existing space that cost in excess of \$100,000 (e.g., modular furniture, ventilation, upgrading heating/air conditioning systems or lighting systems, etc.) and capital projects (e.g., new structures or additions of square footage to structures that cost in excess of \$100,000).
 - Capital Asset Demolition (buildings/land)
 - (i) Report the location, description and the demolition costs to ensure that the demolished building is removed from DCFS' and the County's inventory records.
2. Annual Inventory Physical Review
- a. To be completed by June 30th, send an inventory listing and instruction to each Office Head and ensure Office Head conduct a physical inventory of their capital asset inventory, including LAC-CAL purchased capital assets. Upon receipt of office responses:
 - Document and resolve any discrepancies.
 - Update inventory listing with any additions, deletions and changes.
 - Provide necessary supporting documentation for each updated capital asset to ICAS.
 - Provide updated and accurate inventory listing to ICAS and office for on-going monitoring purposes throughout the year.
3. Reporting to Auditor-Controller

- a. Submit a completed and certified physical inventory to ICAS on a biennial basis, including:
 - Capital asset update (e.g., additions, deletions and changes) with supporting documentation per the requirements herein. Update shall include assets reported as of June 30th of the reporting year. Capital assets acquired on or after July 1st shall not be included on the list.
 - Updated and accurate inventory listing.
 - Inventory Certification Form signed by the Deputy Director.

Salvage/Surplus Staff

1. Follow appropriate steps, as established by ISD, to sell, transfer, trade or dispose of a capital asset.
2. Remove Department-issued property tag prior to disposal.
3. Capital Asset Sold, Traded-in or Disposed
 - a. Complete and provide a CAS 04 and any supporting documentation related to the sale, donation, or salvage of capital asset to ICAS. Supporting documentation includes:
 - Sales Award
 - Application for Authority to Dispose of Surplus Property
 - Itemized list of items sent to the auction (with County Property Tag Number identified)
 - If sold in "Lots", attaches a list of capital asset (with County property tag number) and other items sold and identifies in which lot the sale occurred to calculate the sale price of capital asset.
 - Auction results (itemized list of net proceeds from the auction)
 - Copy of check; copy of Deposit Permit form
 - Invoice that shows trade-in amount
 - ISD Surplus Program assigned number
 - For sold or destroyed buildings, provides ICAS with property information and supporting documentation, including property name, address, description, fund, transaction date, sales amount and copies of the original acquisition documents (e.g., signed quitclaim deed, letters, relevant legal documents, etc.).
4. Capital asset equipment purchased through LAC-CAL cannot be sold, traded-in, or otherwise disposed of during its lease term because LAC-CAL is the owner of the capital asset equipment.
5. Inter-departmental Transfers
 - a. Complete and provide a CAS 09 form, signed by both departments.

Internal Controls Assurance Services Responsibilities

Capital Asset System Recording

1. Assist the Centralized Function Units in managing the Department's capital assets by electronically recording transactions in the Capital Asset System as required by the CFM. ICAS staff processes the following capital asset documents:
 - FA (Asset Acquisition) for recording a new purchase or donated capital assets.
 - FM (Asset Modification) for making a modification (location, tag number, serial number, etc.) to a previously recorded capital asset.
 - FD (Asset Disposition) for recording the disposal (sale, loss, trade-in, destroyed, etc.) of a capital asset.
2. Process all requests for addition, modification and disposal of capital assets within five (5) business days once all supporting documentation received is complete and accurate.

Capital Assets Equipment Inventory Certification

1. Facilitate the submission of the Capital Assets Equipment Inventory Certification to the Auditor-Controller.
2. Work with the Centralized Function Units to remove equipment discrepancies identified during the inventory from the Capital Asset System.
3. Duties involved in the facilitation of the Capital Assets Inventory Certification are:
 - a. Notifying the Centralized Function Units of the assignment.
 - b. Conducting a document review of the inventory documentation submitted by the Centralized Function Units and reconciling it to the eCAPS equipment inventory listing.
 - c. Verifying any discrepancies identified as part of the document review were resolved.
 - d. Preparing the assignment packet and submitting it to the Director's office for signature and approval to submit to the Auditor-Controller.

Report of Equipment Loss

1. Facilitate the annual submission of the Report of Equipment Loss to the Auditor-Controller. ICAS works with the Centralized Function Units in removing equipment reported stolen or determined to be missing or destroyed from the Capital Asset System during the fiscal year.

Duties involved in the facilitation of the Report of Equipment Loss are:

- a. Notifying the Centralized Function Units of the assignment.
- b. Conducting a document review of the documentation submitted by the Centralized Function Units.
- c. Verifying any discrepancies identified as part of the document review were resolved.
- d. Preparing the assignment packet and submitting it to the Director's office for signature and approval to submit to the Auditor-Controller.

LAC-CAL Capital Asset Equipment Acquisitions

1. Facilitate the annual LAC-CAL equipment inventory for the Auditor-Controller.
2. Centralized Function Units to add LAC-CAL purchased capital asset equipment into the Capital Asset System.
3. For LAC-CAL capital asset losses, ICAS forward copies of the memo and police report to the County's Office of Public Safety and Chief Executive Office's Risk Management Operations, when appropriate.

Budget Section Responsibilities

Budget

1. Approve the budget for each request and obtains Board approval to purchase or finance capital asset with a unit cost or an aggregate total cost of \$250,000 or greater prior to submitting requests to ISD. The aggregate total cost of a capital asset system purchase shall include all individual components that would not operate independently, regardless of individual component unit costs.
2. Use the Board-approved classification categories for budgetary disclosures for all proposed capital asset equipment acquisitions, regardless of the source of funds used to purchase or finance the capital asset equipment.
3. Encumber all amounts needed for approved purchases. Encumbrance for capital asset equipment should not be processed until the Board of Supervisors has approved the Final Budget.
4. Establish a Departmental Services Order (DSO) to cover the sales price of capital assets in inter-departmental sales.

Accounts Payable Unit Responsibilities

Payment

1. Process payment within 10 business days after receiving a complete and accurate invoice. Vendor payments must be made in accordance with online vendor payment guidelines.
2. Provide copies of all capital asset payment voucher Encumbered Payment Request (GAX) or Prior Fiscal Year Payment (PFY) confirmations to Centralized Function Unit.

Procurement Unit Responsibilities

Acquisition

1. Review and process requisitions for capital assets and issues purchase orders in accordance with DCFS Procurement Guidelines and ISD Purchasing Policies.
 - a. Ensure requisitions are uniquely numbered and contain proper specifications and reference information (e.g., descriptive literature, vendor reference, etc.).
 - b. Do not combine capital asset equipment, services and supplies on the same requisition.
 - c. Enter a valid commodity code/object combination.

Deposit Unit Responsibilities

Reviewing and Approving Staff

1. Review and provide guidance on supporting documentation from offices when a donor is interested in donating a capital asset to ensure all required information is included.
2. The value of the donation is under \$10,000:
 - a. Prepare and retain a file copy of the documentation supporting the donation. Supporting documentation shall explain how the fair market value of the donated equipment was established, which section the donation is for and when the donation was made.
3. If the value of the donation is over \$10,000:
 - a. Ensure the Centralized Function Unit obtained approval of the proposed donation from ISD/PCS that the acceptance of the donated equipment will not create a sole source/monopoly situation for necessary consumables, supplies, etc.
 - b. Place the proposed donation on the Board Agenda for Board consideration and approval prior to acceptance.

On-Going Self-Monitoring

Each responsible section will at minimum annually review all capital assets assigned to their section as part of self-monitoring and reporting requirements, in order to minimize risk related to their capital assets.

Follow these links for a sample [Capital Asset Monitoring Tool](#) and the [Monitoring Procedures Desk Guide](#). The tool is provided for guidance and is not mandatory as long as the tool used for self-monitoring incorporates all of the necessary and appropriate criteria to ensure asset controls (e.g., separation of duties, accurate listing) function as intended. Please note that the required annual inventory does not take the place of on-going self-monitoring.

Non-Capital Assets

Non-capital assets are portable equipment that can be easily carried or moved, especially by hand, purchased at a unit cost less than \$5,000. In order to control and account for non-capital assets, non-capital assets shall be tagged with a Department-issued non-capital asset tag number for tracking and inventory purposes.

DCFS IT non-capital assets are limited to desktop computers, bricks/thin-clients, monitors and laptops. DCFS non-IT non-capital assets include cellphones, tablets, fax machines, jetpacks and cameras.

Items that are not considered non-capital assets:

1. Items that cannot be easily carried or moved, such as furniture
2. DCFS IT computer peripherals and auxiliary equipment such as barcode scanners, docking stations, printers, projectors, external CD ROM drives and USB drives
3. Consumable supplies such as toner cartridges
4. Office equipment with a cost of less than \$100 such as staplers, scissors, calculators, etc.

The following sections will maintain lists of items that should be tracked as non-capital assets:

1. For IT equipment: Business Information Systems Division.
2. For non-IT equipment: Materials Management Section.
3. For building-related equipment (if any): Property Management.

Office Roles and Responsibilities

Office Head

1. Act as the Custodian for all non-capital assets assigned to their respective office.
2. Ensure the office follows the responsibilities established herein to ensure proper controls and accountability for non-capital assets at all times.
3. Approve and monitor non-capital asset acquisitions, transfers, loans, disposals, physical inventory reviews, missing non-capital assets, etc.

4. Develop desk procedures that align with the requirements herein.
5. Oversee Annual Physical Inventory
 - a. On an annual basis, by the end of each fiscal year, receives an inventory listing and instructions with a due date from the applicable Centralized Function Unit to conduct a physical inventory of assigned non-capital assets. The Custodian shall assign an individual with no inventory role to conduct the physical inventory review. At a minimum, the assigned individual shall perform the following:
 - Conduct a physical review of all non-capital asset inventory to ensure they are in the office's possession.
 - Reconcile the physical review results to the inventory listing to ensure the inventory listing is accurate.
 - Annotate any variances between the physical review and the inventory listing such as missing non-capital assets or non-capital assets that have been acquired but are not on the inventory listing.
 - Obtain Office Head/Custodian review and approval and send the annotated inventory listing back to Centralized Function Unit by the due date.

Requesting Staff

1. Purchases
 - a. Submit requests to the appropriate Centralized Function Unit responsible for departmental oversight for the type of non-capital asset, as follows:
 - **Inventory Support Unit** – Non-IT related non-capital assets.
 - **DCFS IT Division** – IT related non-capital assets: tangible (e.g., laptops, monitors, etc.) and non-tangible.
 - b. Collaborate with the Centralized Function Unit to ensure requests contain proper specifications and reference information (e.g., descriptive literature, vendor reference, etc.).
 - c. Obtain Property Management approval when non-capital asset will occupy floor space within a building.
2. Donations
 - a. Submit requests and supporting documentation to the Centralized Function Unit responsible for departmental oversight of donated non-capital assets for review and approval.
 - Potential donors interested in donating non-capital assets to an office must first submit an offer of donated non-capital asset in writing, including name and address of donor/source, details of the item(s) to be donated, the FMV of each item(s) and the office to which the donation will be made (donation to a specific individual is prohibited).
 - Prior to making a written offer of donation to the County, the donor should refer to Internal Revenue Service Publication 561, "Determining the Value of Donated Property."

- b. Once approved by the Centralized Function Unit responsible for departmental oversight of non-capital assets, submits approved request and supporting documentation to the FOD Deposit Unit under BFA.
- c. Obtain Property Management approval when non-capital assets will occupy floor space within a building.

Inventory Staff

1. Inventory Updates

- a. Maintain accurate inventory listing of assigned non-capital assets throughout the fiscal year and timely notifies the Centralized Function Unit of any updates.
- b. Use office inventory listing to match against the next annual listing to identify any discrepancies. The listing should include:
 - Description of the non-capital asset.
 - Department tag number.
 - Manufacturer serial number.
 - Custodian Name.
 - Location.
 - Name of the individual to whom the item is assigned to or name of the individual responsible controlling and issuing unassigned non-capital assets.

2. Unassigned Non-Capital Assets

- a. If a non-capital asset is unassigned and kept to loan out to various employees, the individual that controls the unassigned non-capital asset is responsible for securing it in a locked area when it is not on loan.
- b. Maintain a "check-out/check-in" log at each location to record and maintain control of non-capital asset equipment not assigned to individuals on a permanent basis. The log should include the following information:
 - Description of the non-capital asset.
 - Manufacturer's serial number or Department property tag number.
 - Name of user.
 - Date and time checked-out and checked-in.
 - Signature of user (both out and in).
 - Issuer initials (both out and in).

3. Intra-departmental Transfers of Non-Capital Assets

- a. Ensure transfer is documented when non-capital assets are transferred from one facility to another and/or transferred from one Office Head to another.
- b. Prior to location change and if necessary, receiving office obtains Property Management approval when non-capital assets will take up office space.
- c. Provide Centralized Function Unit with transfer documentation, if applicable.
 - Inter-departmental transfers are processed by the Centralized Function Unit's Salvage/Surplus Unit.

4. Missing Non-Capital Assets (Lost/Stolen)
 - a. Whenever a non-capital asset is discovered missing, conduct the following:
 - i. Immediately notify the Centralized Function Unit.
 - ii. Provide a written statement (approved by Office Head) describing the incident.
 - iii. File a police report.
 - iv. Forward a copy of the written statement and police report to the Centralized Function Unit.
5. Recovered Non-Capital Asset
 - a. Immediately notify the Centralized Function Unit if non-capital assets that have been listed as missing (lost/stolen) are subsequently recovered or located.
6. Salvage/Surplus of Non-Capital Asset
 - a. Do not have the authority to dispose of non-capital assets. Submit DCFS 635 request to the Centralized Function Unit to remove non-capital asset from office.

Centralized Function Unit Responsibilities

Departmental Oversight

1. Depending on the type of non-capital asset, the Centralized Function Unit listed below will be responsible for the oversight, as follows:
 - a. **Inventory Support Unit:** All non-Information Technology related non-capital assets (e.g., fax machines).
 - b. **DCFS IT Division:** IT non-capital assets - tangible (e.g., laptops, monitors, etc.) and non-tangible.

Reviewing and Approving Staff

1. County-Owned Non-Capital Asset Purchases
 - a. Review requests and supporting documentation submitted by office. Once approved, submit requests to FOD Budget Section to approve and route to Procurement Unit on behalf of the office.

Receiving Staff

1. Upon receipt of the non-capital asset, confirm that non-capital asset matches:
 - a. Purchases: PO, packing slip and invoice (e.g., equipment received matches the specifications of the items ordered, etc.).
 - b. Donations: Detailed description in writing and FMV.
2. Approve delivery and forwards to Accounts Payable Unit for processing.
3. Tags non-capital assets.
 - a. Upon receipt, places department-issued property tags on non-capital assets.

Inventory Staff

1. On-going Updates
 - a. Collaborate with offices to maintain an accurate Department-wide inventory listing with supporting documentation throughout the year, including:
 - i. Lost or Stolen
 - Upon receiving supporting documentation from office that a non-capital asset is missing, request written statement and police report from office and updates inventory listing.
 - ii. Recovered Non-Capital Asset
 - Add non-capital asset back into inventory post-notification from office.
 - iii. Disposals
 - Receive supporting information confirming the disposal of non-capital assets from Surplus/Salvage and updates inventory.
 - iv. Intra-departmental Transfers
 - Obtain supporting documentation from issuing office and updates inventory.
 - v. Inter-departmental Transfers
 - Receive supporting documentation confirming the transfer of non-capital assets from Surplus/Salvage and updates inventory.
2. Annual Physical Inventory Review
 - a. A physical inventory of all non-capital assets must be taken at least once each year. The results of the physical inventory should be reconciled to the Department's master listing of non-capital asset equipment.
 - b. To be completed by June 30th, sends an inventory listing and instructions to each Office Head to conduct a physical inventory of their non-capital asset inventory. Upon receipt of office responses:
 - i. Document and resolve any discrepancies.
 - ii. Update inventory listing and records with any additions, deletions and changes.
 - iii. Provide updated and accurate inventory listing to office for on-going monitoring purposes throughout the year.

Salvage/Surplus Staff

3. Follow appropriate steps, as established by the ISD, when disposing of non-capital assets. Refer to ISD/PCS' [Los Angeles County Surplus Property Disposal Handbook](#) for additional guidelines.
4. Remove the Department-issued property tag prior to disposal.
5. Provide supporting documentation to Centralized Function Unit related to the disposal of non-capital assets.
 - a. Supporting documentation may include:
 - i. Application for Authority to Dispose of Surplus Property.

- ii. Itemized list of items sent to the auction (with Department property tag number identified).
- iii. Auction results (itemized list of net proceeds from the auction).
- iv. ISD Surplus Program assigned number

Accounts Payable Unit Responsibilities

Payment Staff

1. Process payment within 30 business days after receiving a complete and accurate invoice. Vendor payments must be made in accordance with online vendor payment guidelines.
2. Provide copies of all non-capital asset payment voucher (GAX or PFY) confirmations to Centralized Function Unit.

Procurement Unit Responsibilities

Acquisition

1. Review and process requisitions for non-capital assets and issues purchase orders in accordance with DCFS Procurement Guidelines and ISD Purchasing Policies.
 - a. Ensure requisitions are uniquely numbered and contain proper specifications and reference information (e.g., descriptive literature, vendor reference, etc.).
 - b. Enter a valid commodity code/object combination.

Deposit Unit Responsibilities

Reviewing and Approving Staff

1. Review and provide guidance on supporting documentation from offices when a donor is interested in donating a non-capital asset to ensure all required information is included.
2. Prepare and retain a file copy of the documentation supporting the donation. Supporting documentations shall explain how the FMV of the donated equipment was established, which section the donation is for and when the donation was made.

On-Going Self-Monitoring

Each responsible section will at minimum, annually review all non-capital assets assigned to their section as part of self-monitoring and reporting requirements, in order to minimize risk related to their non-capital assets.

Follow these links for a sample [Non-Capital Asset Monitoring Tool](#) and the [Monitoring Procedures Desk Guide](#). The tool is provided for guidance and is not mandatory as long as the tool used for self-monitoring incorporates all of the necessary and appropriate

criteria to ensure non-capital asset controls (e.g., separation of duties, accurate listing) function as intended. Please note that the required annual inventory does not take the place of on-going self-monitoring.