

1. Purpose

- 1.1 The North Central Texas Trauma Regional Advisory Council (NCTTRAC) will maintain an inventory of all fixed assets in accordance with Generally Accepted Accounting Principles (GAAP), Uniform Grant Management Standards (UGMS), Texas Department of State Health Services General Contract Provisions (Texas DSHS Provisions) and/or other grant guidance, and this policy.
- 1.2 Assets held and/or owned by NCTTRAC will be classified in the following specific categories:
 - 1.2.1 Hospital Preparedness Program (HPP) Assets – All HPP Equipment as defined by Texas DSHS, General Provisions and/or grant guidance.
 - 1.2.2 Operating Assets – Assets valued at less than \$1,000.00, with a useful life greater than one year for which no asset record will be maintained;
 - 1.2.3 Controlled Assets – Assets valued between \$1,000.00 and \$4,999.99, with a useful life greater than one year for which a unique asset number will be assigned and records maintained;
 - 1.2.4 Information Systems Assets – Information Systems related assets valued from \$500.00 to \$4,999.99, with a useful life greater than one year for which a unique asset number will be assigned and records maintained;
 - 1.2.5 Capital Assets – Assets valued at \$5,000.00 or more, with a useful life greater than one year for which a unique asset number will be assigned and records maintained.
- 1.3 The purpose of this policy is to ensure that consistent and proper procedures are followed in the recognition of assets held and/or owned by NCTTRAC. Fixed asset records will be maintained in such a manner as to sufficiently serve to safeguard these items as public investments and to assure stewardship of all such assets held in public trust.

2. Valuation

- 2.1 All fixed assets will be valued at cost, or if cost is not practically determinable, at estimated cost. Donated or dedicated fixed assets will be valued at their fair market value at the time the asset is received by NCTTRAC.
- 2.2 The cost recorded for fixed assets will include all ancillary costs. These costs include, but are not limited to freight, site preparation, professional fees, legal claims directly related to asset acquisition, installation and testing, construction related insurance and any other costs directly associated with the purchase, installation, or delivery of the asset to NCTTRAC in an operable and productive state.
- 2.3 For purposes of this policy, a Capital Asset is any tangible asset acquired by NCTTRAC with a useful life greater than one year and a total cost of \$5,000.00 or more. The following criteria must be met in order for an asset to be classified as a Capital Asset:
 - 2.3.1 An asset acquired by purchase, donation, or dedication, with a total unit cost of \$5,000.00 or more will be capitalized at the total cost of acquisition.
 - 2.3.1.1 An asset assembled from parts whose individual cost is less than \$5,000.00, but whose total cost exceeds \$5,000.00, will be capitalized for the total cost of all components
 - 2.3.1.2 An asset acquired through donation or dedication will be valued at its fair market value and, if such is \$5,000.00 or more the asset will be capitalized.

- 2.3.2 An asset acquired by construction that is accounted for as a Capital Project with a construction period extending over more than one fiscal year will be capitalized upon completion of the project at the total cost of construction over the construction period if that cost is \$5,000.00 or greater.
- 2.3.3 Major construction related repairs will be considered for capitalization if such repairs meet the following criteria:
 - 2.3.3.1 The total cost of construction related repairs exceeds ten percent (10%) of the original acquisition cost; and
 - 2.3.3.2 The construction related repairs result in additional asset service, more valuable asset service or extension of the life of the asset.
- 2.3.4 Major repairs to machinery or equipment will be considered for capitalization if such repairs meet the following criteria:
 - 2.3.4.1 The total cost of repairs exceeds twenty percent (20%) of the original acquisition cost; and
 - 2.3.4.2 The total cost of repairs is \$5,000.00 or more; and
 - 2.3.4.3 The repairs result in additional asset service, more valuable asset service or extension of the life of the asset.

3. Inventory System Requirements

- 3.1 The inventory management system will meet the following requirements:
 - 3.1.1 Property Records – Property records will include the following information:
 - 3.1.1.1 Description of the property;
 - 3.1.1.2 Serial number or other identification number;
 - 3.1.1.3 Funding source of the property;
 - 3.1.1.4 Who holds title to the property;
 - 3.1.1.5 Acquisition date;
 - 3.1.1.6 Cost;
 - 3.1.1.7 Percentage of Federal or State participation in the cost of the property;
 - 3.1.1.8 Location;
 - 3.1.1.9 Use and condition;
 - 3.1.1.10 Estimate useful life;
 - 3.1.1.11 Estimated disposition date; and
 - 3.1.1.12 Any ultimate disposition data, including the date of disposal and sale price of the property.
 - 3.1.2 Physical Inventory – A physical inventory of the property must be taken and the results reconciled with the property records at least annually. (*UGMS – at least once every two years*)
 - 3.1.3 Control System – A control system shall be developed to ensure adequate safeguards to prevent loss, damage or theft of the property.
 - 3.1.4 Property Maintenance – Maintenance procedures and schedules shall be developed to keep the property in good condition.

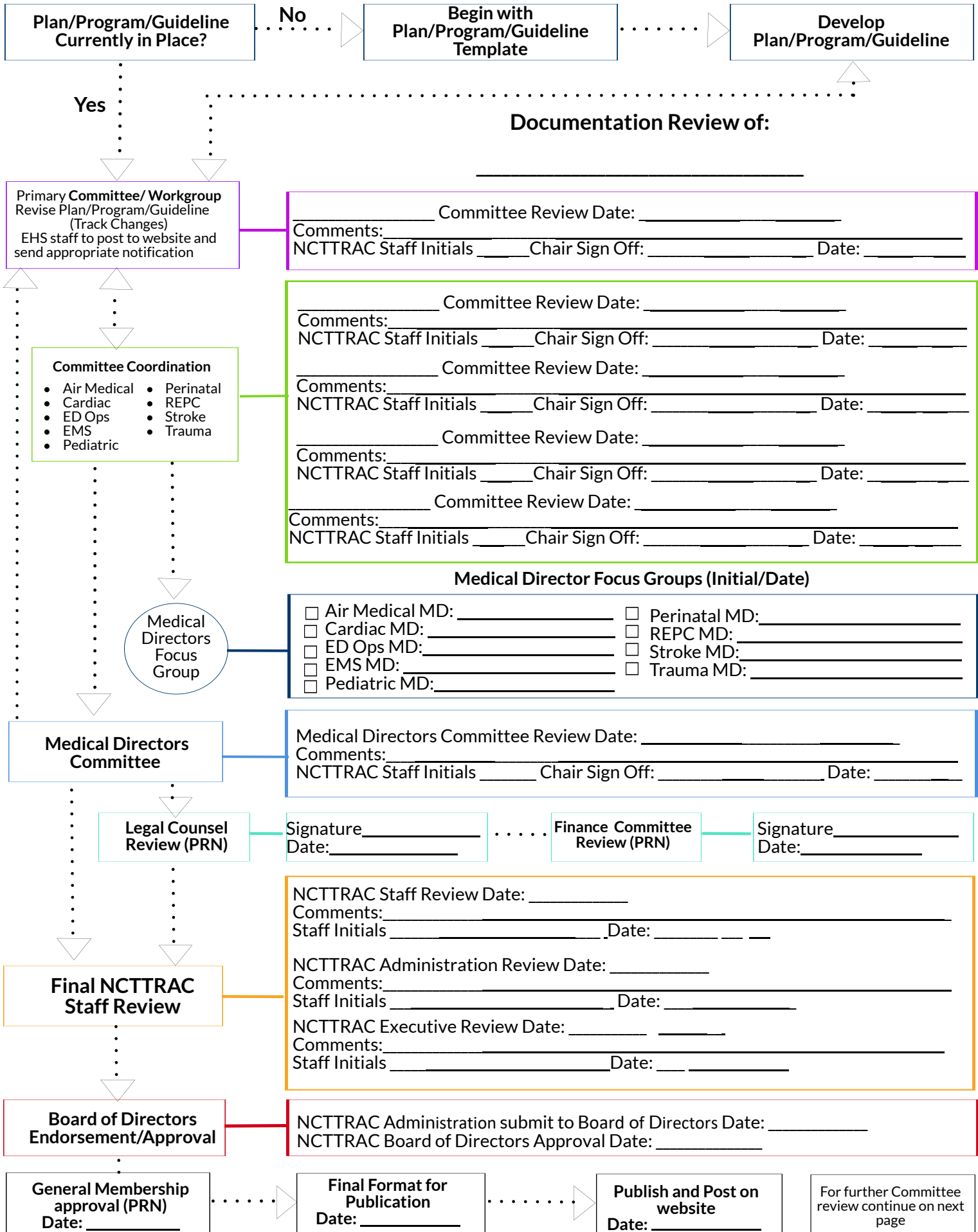
4. Inventory Management

- 4.1 Hospital Preparedness Program (HPP) Assets – All HPP defined equipment and supplies purchased by hospitals and/or by NCTTRAC for delivery to hospitals will be included in the inventory management program.
 - 4.1.1 Purchased by Participating Agency – NCTTRAC shall request and maintain a copy of the inventory list, as required by the grant guidance, and incorporate into the inventory management system.
 - 4.1.2 Transfer to Participating Agency from NCTTRAC – NCTTRAC shall inventory and enter into the inventory management system, all HPP defined equipment and supplies, as required by the grant guidance, and document transfer of ownership and/or permanent loan status.
 - 4.1.3 Transfer between Participating Agencies – NCTTRAC shall receive a copy of the transferring agencies' inventory listing and documentation of acceptance by the receiving agency.
 - 4.1.4 Compliance – The Executive Director shall ensure compliance with this policy. NCTTRAC will provide on-site and/or a record review of reported assets for each participating agency at least annually.
- 4.2 NCTTRAC Assets – All NCTTRAC acquired depreciable assets shall be included in the inventory management program and reported annually as part of the A-133 documentation.
 - 4.2.1 Transfer to Member Agency from NCTTRAC – NCTTRAC shall inventory and enter into the inventory management system, all equipment and supplies, as required by the grant guidance or other Generally Accepted Accounting Practices, and document transfer of ownership and/or permanent loan.
 - 4.2.2 Transfer between member agencies – NCTTRAC shall receive a copy of the transferring agencies' inventory listing and documentation of acceptance by the receiving agency.
 - 4.2.3 Compliance – The Executive Director shall ensure compliance with this policy. NCTTRAC will provide on-site and/or a record review of reported assets for each participating agency, at least annually.
- 4.3 Determination of Useful Life – NCTTRAC shall use the estimated useful life of equipment as published in the American Hospital Association's (AHA's) *Estimated Useful Lives of Depreciable Hospital Assets* in disposing of equipment or controlled assets purchased with DSHS funds, except when:
 - 4.3.1 Federal or state statutory requirements supersede;
 - 4.3.2 The equipment requires licensure or registration by the state;
 - 4.3.3 The acquisition price of the equipment or controlled asset is equal to or greater than \$10,000.
 - 4.3.4 All other equipment and controlled assets not listed in the AHA reference shall be controlled by the requirements of UGMS and the State Property Agency Process User's Guide.
- 4.4 Depreciation of Assets – Depreciable assets are those assets defined by the "Estimated Useful Life of Depreciable Hospital Assets" latest edition except when Federal or state statutory requirements supersedes.

- 4.4.1 All depreciable assets, subject to this policy, shall be entered into the General Ledger of NCTTRAC and tracked through the inventory management system, to include purchase cost, current value, and estimated useful life.
- 4.4.2 All assets being retired or removed from service shall be documented in the inventory management system and in the General Ledger of NCTTRAC.
- 4.5 Retrieval of assets by NCTTRAC – As applicable under grant guidance and at termination of contract or participation in a program or membership of NCTTRAC, NCTTRAC may implement a process to secure the inventory subject to a grant. Processes, to be handled on a unique and individual basis, may be implemented to ensure compliance with this policy.
 - 4.5.1 HPP Assets – Determination of appropriate action shall be in accordance with the DSHS Contractor's Financial Procedures Manual (CFPM).
 - 4.5.2 NCTTRAC – Determination of appropriate action shall be at the discretion of the Executive Committee.

5. Disposition of Assets

- 5.1 Hospital Preparedness Program (HPP) Assets – If, prior to the end of the useful life, any item of equipment is no longer needed to perform services under the HPP contract, or becomes inoperable, or if the equipment requires licensure or registration or had an acquisition price equal to or greater than \$10,000, NCTTRAC shall
 - 5.1.1 Request disposition approval and instructions in writing from the DSHS Contract Management Unit (CMU);
 - 5.1.2 Establish procedures to ensure highest possible return if authorization is given to sell equipment.
 - 5.1.3 Credit proceeds from the sale of equipment against expenses under the current DSHS Program Attachment. Proceeds from sale shall be reported on the Financial Status Report as program income.
- 5.2 NCTTRAC Assets – If, prior to the end of the useful life, any item of equipment is no longer needed to perform service, or becomes inoperable, NCTTRAC shall classify the asset according to the following guidelines.
 - 5.2.1 Surplus – Property that exceeds NCTTRAC's needs, is not required for the foreseeable future and has additional useful life. Surplus property may be disposed as follows:
 - 5.2.1.1 Transfer to NCTTRAC Participating Agency;
 - 5.2.1.2 Transfer to similar non-profit organization; or
 - 5.2.1.3 Sold by a method to ensure the highest possible return.
 - 5.2.2 Salvage – Property that through use, time or accident is so damaged, used or consumed that it has no value and cannot be designated as surplus. Salvage property shall be discarded or destroyed.
 - 5.2.3 Trade-in – Surplus property used as a trade-in towards the purchase of new property.



Committees Continued

_____ Committee Review Date: _____
Comments: _____
NCTTRAC Staff Initials _____ Chair Sign Off: _____ Date: _____
_____ Committee Review Date: _____
Comments: _____
NCTTRAC Staff Initials _____ Chair Sign Off: _____ Date: _____
_____ Committee Review Date: _____
Comments: _____
NCTTRAC Staff Initials _____ Chair Sign Off: _____ Date: _____
_____ Committee Review Date: _____
Comments: _____
NCTTRAC Staff Initials _____ Chair Sign Off: _____ Date: _____