Learning Objectives

This Knowledge Building module is designed to:

• Review policies and procedures related to asset management at the University of Pennsylvania. Topics include:
  • Definition of an asset
  • Roles and responsibilities in asset management
  • Lifecycle of an asset

Tip: Many slides contain links to additional information. Click on the link to open a new window.

What is BEN Assets?

• Penn’s Asset Management application in BEN Financials
  • BEN Buys – Internet Procurement/Purchasing
  • BEN Balances – General Ledger
  • BEN Pays – Accounts Payable
  • BEN Assets – Fixed Assets
BEN Assets - What is an Asset?

- A capital or property asset is any item for which all 3 criteria apply:
  - Item valued at $5,000 or more
  - Has a useful life of more than one year
  - The University retains title

Tip: On occasion, the term property, equipment, item, and asset may all be used interchangeably to mean asset.

BEN Assets - Policy Overview

- Custodians must safeguard University assets*
- The University must maintain accurate records of tangible property
- Schools & Centers have responsibility for managing their assets
- Property assets are required to be tagged and periodically inventoried

*Tip: For more information go to the Principles of Responsible Conduct

BEN Assets – Importance

- Proper stewardship of our assets will facilitate the accuracy of information in relation to:
  - University Financial Statements
    - Accuracy of asset values and recognition of depreciation expense reported to the Trustees and outside parties
      - e.g., banks, bond rating agencies, sponsors, and donors
BEN Assets – Importance

- Proper stewardship of our assets will facilitate the accuracy of information in relation to:
  - External audits
  - Annual financial audit
  - Annual federal grant expenditures audit under OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations

- Proper stewardship of our assets will facilitate the accuracy of information in relation to:
  - Facilities and Administrative (F&A) rates
  - Via Indirect Cost Recovery negotiations with the Federal Government and the Office of Research Services
  - The Office of Research Services uses asset data, i.e., depreciation expense, in these negotiations

BEN Assets – Application Features

- The application is used to track and maintain information about the University’s plant, property, and equipment from acquisition to retirement.
  - Data to be maintained includes:
    - Assignment (i.e., Location)
    - Custodian
    - Description
    - Depreciation
    - Last Date of Inventory
    - Manufacturer
    - Model #
    - Serial #
    - Responsible ORG
    - Tag #
    - Taggable Status
    - Tagging Contact
    - Tagging Date
BEN Assets – Includes

- All items meeting asset criteria
- Equipment in process (EIP)
- Land
- Library books
- Newly acquired collectibles
- Software under development

Tip: All assets from the Property Management System, except 'retired' assets, are included in BEN Assets.

Roles in Managing BEN Assets

- There are six roles involved in acquiring, managing and/or retiring assets at the University:
  - Buyer
  - Custodian
  - Tagging Contact (TC)
  - Asset Administrator (AA)
  - Senior Asset Administrator (SAA)
  - Property Management Group (PMG)

Roles in Managing BEN Assets

- Buyer
  - Is the PO Manager who approves the requisition in BEN Buys from which the purchase order is generated
  - Is responsible for
    - Selecting the appropriate asset object code
    - Entering the 'property management' information, such as Location, Custodian and Tagging Contact

Tip: Though buyers do not have a role in maintaining the asset records in BEN Assets, they do have a significant role in ensuring the 'property management' information is complete and accurate in BEN Buys.

See the Requisition User Guide for info on how to create a requisition for equipment.
Roles in Managing BEN Assets

**Custodian**
- Has primary responsibility for the stewardship & safeguarding of assets assigned
- Is responsible for
  - Reporting any changes in custody or location of assets to the Asset Administrator
  - Initiating the retirement process for any asset to be retired
    - Including theft or casualty loss
  - Assisting with asset location during inventories
  - Be cognizant of the assets for which they are the Custodian

**Tagging Contact (TC)**
- Has primary responsibility for affixing the actual property tags on moveable equipment
- Is responsible for
  - Notifying the Asset Administrator of the tag numbers, serial #, etc. as well as assets identified as 'untaggable'
  - E.g. software
  - Verifying that BEN Assets information is correct at the time of tagging
  - Notifying the Asset Administrator of any changes required
  - Assisting with asset location during inventories

**Asset Administrator (AA)**
- An individual designated by their School/Center as the liaison between their organization and the Property Management Group on all asset issues
- Coordinates the asset activities for their assigned area
- Is responsible for
  - Updating asset information in the BEN Assets system as notified by the Tagging Contact, Custodian or other individuals responsible for asset management
  - Maintains complete and accurate inventory of assets
  - Running BEN Asset reports as required
Roles in Managing BEN Assets

- **Senior Asset Administrator (SAA)**
  - An individual at the School/Center level responsible for ensuring that policies and procedures related to the stewardship and maintenance of University assets are followed
  - Is responsible for:
    - Ensuring all School/Center assets are appropriately capitalized and recorded in BEN Assets
    - Verifying that assets are tagged
    - Coordinating the School/Center inventory with the Property Management Group
    - Following up on unlocated items during inventory
    - Recording authorized School/Center retirements in BEN Assets

Roles in Managing BEN Assets

- **Property Management Group (PMG)**
  - This central University group has oversight responsibility for ensuring that policies and procedures related to the stewardship and maintenance of records for University assets are followed
  - Is responsible for:
    - Sending property tags to the Senior Asset Administrator as requested
    - Reviewing and adding assets acquired in BEN Assets
    - Reconciliation & recording of BEN Assets transactions to the General Ledger
    - Planning and coordinating inventory activities

BEN Assets – Lifecycle of an Asset

- **Acquisition**
  - Tagging & Verification
- **Maintenance of Asset Data**
  - Change of Location (Assignment), Custodian, Tagging Contact, etc.
  - Depreciation
  - Inventory
- **Retirement**
BEN Assets – Acquisition

- **Cost**
  - The **acquisition cost** or **property value** of an asset & the parts & components that make up the asset acquired via Purchase Order is the **purchase price**.
  - Charges for **transportation** and/or **labor** for equipment installation & checkout are added to the value of equipment. For example:
    - Asset costs $4,999.99 and the shipping cost is $25, NOT an asset.
    - Asset costs $6,000.00 and the shipping cost is $25.
    - Asset with a total cost of $6,025.00.

*Tip: On a requisition costs for installation should be charged to an asset object code.*

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BEN Assets - Acquisition

- **Equipment in Process (EIP)**
  - Refers to **costs incurred for fabricating** non-expendable, tangible personal property, that is not available elsewhere, or:
  - By physically combining or assembling modular components and/or materials into one identifiable unit considered EIP until the equipment is completed and placed in service.
  - **Before ordering components**
    - The Buyer must contact PMG to have a *Primary Asset Number* assigned to the fabricated equipment to which all component costs will be accumulated.

*Please click below for additional information on Assets Purchased via BEN Buys.*

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BEN Assets - Acquisition

- **Gov’t Ownership of Asset**
  - When completing a requisition, if the answer to the question ‘Gov’t Retain Title?’ is
    - **No**
      - PMG will add the item to BEN Assets.
      - Only University owned assets are added to BEN Assets.
    - **Yes**
      - PMG will not add this item to BEN Assets.
      - School/Center must maintain information on asset.

*Tip: Refer to specific terms and conditions of grant/contract.*
BEN Assets - Tagging & Verification

- PMG will send to the Senior BA, or designee, an initial supply of tags
- On a monthly basis*, the Asset Administrator (AA) or Senior Asset Administrator (SAA) will run the 'Ready for Tagging' report
  - This report will be given to the TC to use for tagging & verifying assets
  - An 'Aging Report of Untagged Equipment' is also available to monitor tagging activity
  
  *Tip: Reports can be run more frequently if needed.

BEN Assets - Tagging & Verification

- The Tagging Contact (TC) will perform the following activities:
  - Reviews 'Ready for Tagging' report from AA
  - Verifies whether the asset is a single or multiple items or a component of an existing asset
  - Notify PMG if multiple items for one asset listed on report
  - Verifies all applicable information on the report regarding the asset*
  
  *Tip: The Tagging Contact should review such information as Location (BLDG-FL-RM), Description, Custodian, etc. and note Serial #, Manufacturer and/or Model # if necessary.

BEN Assets - Tagging & Verification

- The TC will perform the following activities
  - Determines if the asset is 'Taggable' or 'Untaggable'
    - If the asset is 'Taggable', affix the tag to the asset
    - If the asset is 'Untaggable', note this on the 'Ready for Tagging' report
    - An 'untaggable' asset is any equipment to which a property tag cannot be affixed due to size or the nature of the equipment
  
  Please click below for additional information on Verifying and Tagging of New Assets
BEN Assets - Maintenance

Throughout the life of an asset, SAAs and/or AAs are responsible for updating/maintaining the following in BEN Assets:

- Location (Assignment)
- BLDG-FL-RM
- Custodian Name/Phone #
- Tagging Contact Name/Phone #
- Resp ORG

BEN Assets - Maintenance

Location (Assignment) Changes
- The AA or SAA should update BEN Assets whenever an asset is relocated
- From one building, floor or room to another
- From one Resp ORG to another
- If same CNAC, need written authorization, memo or e-mail
- If different CNAC, need Equipment Change Form signed by both CNACs

Please click below for additional information on: Relocations

BEN Assets – Home Use/Remote Location

- For Home Use/Remote Location of an asset
  - The requesting Custodian completes the Home Use/Remote Location form
  - Custodian should maintain a copy and forward original to AA
  - AA updates location (assignment) in BEN Assets as follows:
    - Home Use: 7012-NA-NA
    - Remote Location: 7023-NA-NA
BEN Assets – Depreciation

- Depreciation is a non-cash expense that reduces the value of an asset over time because of wear, age or obsolescence.
- Depreciation expense info is necessary for:
  - University financial statements
  - Indirect cost proposal
- All assets will be depreciated on a monthly basis using a straight-line method. (University Financial Policy 1106.2)

Tip: The Category Code entered when creating a Purchase Order determines the # of years the asset will be depreciated, i.e., asset useful life. Please click here for additional information on Category Codes.

BEN Assets - Inventory

- Federal regulations require an inventory every two years of all University owned assets.
- The SAA is responsible for the following:
  - Reviewing the results of the any inventory before proposed changes to asset records are made to BEN Assets
  - For any assets that cannot be located during the inventory, ensuring due diligence has been performed to locate the assets before authorizing their retirement.
- Schools/Centers are encouraged to conduct their own inventory:
  - To ensure asset records in BEN Assets are accurate
  - To ensure they are able to locate assets at the time of the 'official' inventory.

BEN Assets - Retirements

- Retirement Process:
  - Asset identified for retirement
  - Complete the 'Authorization for Retirement of Equipment' form
  - Form retained by School/Center
  - Physical disposal of asset & removal of asset tag
  - Retirement of asset in BEN Assets
  - Performed by Senior Asset Administrator only.

Please click below for additional information on Retirements.
BEN Assets - Retirements

- An asset may be identified for retirement due to:

<table>
<thead>
<tr>
<th>Casualty Loss</th>
<th>Lost</th>
<th>Sale</th>
<th>Scrap</th>
<th>Theft</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodian contacts Risk Management &amp; Insurance</td>
<td>Custodian writes statement of how loss occurred</td>
<td>Remove tag and deposit proceeds in object codes 5602 (sale) and 2111 (sales tax)</td>
<td>Asset is no longer used and will be discarded</td>
<td>Custodian contacts Division of Public Safety</td>
<td>If asset is grant-funded, this is a transfer to another institution</td>
</tr>
</tbody>
</table>

BEN Assets – Reporting

- Asset reports will be available from the following:
  - BEN Reports
    - Standard reports facilitating tracking and management of assets by School/Center, Responsible ORG, Custodian, Tagging Contact, etc
    - Sample reports include:
      - Ready For Tagging
      - Asset Additions
      - Retired Assets
      - Assets with Invalid Custodian, Tagging Contact, Location or Resp ORG Report

  - Data Warehouse
    - Collection to house BEN Asset data, enabling ad-hoc reporting and analysis
    - Data will be refreshed nightly, with monthly snapshots
    - Corporate documents supporting tracking and management of assets within School/Center. Sample reports include:
      - Tagging Aging
      - Tagging Metrics
      - Asset Change History
**BEN Assets – Access**

- BEN Assets
  - Complete BEN Assets Knowledge Building
  - Attend BEN Assets Application Training
  - Complete BEN Financials Logon ID Request Form

- BEN Reports
  - Complete BEN Assets Knowledge Building
  - Complete BEN Reports Access Request Form

- Data Warehouse
  - Complete BEN Assets Knowledge Building
  - Complete Data Warehouse Access Request Form: BEN Assets

*Tip: BEN Reports is automatically granted to user who have access to BEN Assets*

**BEN Assets – Availability**

- BEN Financials (Includes BEN Assets)
  - 8:00 a.m. – 8:00 p.m. Monday thru Saturday
- Data Warehouse & BEN Reports
  - Unless otherwise noted, available 24/7 with the exception of the following:
    - Unavailable early Monday mornings (12:30am - 6am)
    - during the weekly Warehouse backup

**BEN Assets – Help**

- BEN Helps
  - 215-746-HELP
  - or
  - 6-HELP

- BEN Knows
  - http://www.finance.upenn.edu/benknows/

- Property Management Group
  - e-mail: property@upenn.edu
  - http://www.finance.upenn.edu/comptroller/accounting/property/
If you would like to review the material before proceeding to the quiz, use the navigation bar to return to a specific topic.

The following slide will link directly to an online quiz.

All quiz questions must be answered correctly for successful completion of the quiz.

You may retake the quiz as needed, however you must close the current session and start the course again.

Tip: Use the navigational controls below when you are ready to proceed to the BEN Assets Quiz. Enjoy!