

TO: ALL COUNTY PERSONNEL

**FROM: VERDENIA C. BAKER
COUNTY ADMINISTRATOR**

PREPARED BY: OFFICE OF FINANCIAL MANAGEMENT & BUDGET (OFMB)

**SUBJECT: PHYSICAL IDENTIFICATION AND MANAGEMENT OF
COUNTY-OWNED FIXED ASSETS**

PPM #: CW-O-026

ISSUE DATE
June 14, 2024

EFFECTIVE DATE
June 14, 2029

PURPOSE:

To establish policies and responsibilities for the management of fixed assets within County departments, agencies and constitutional offices, including physical identification, inventory, and safeguard of assets. These policies apply to all departments, constitutional offices, and other offices and agencies for which fixed asset title is vested in the Board of County Commissioners (BCC).

UPDATES:

Future updates to this PPM are the responsibility of the Director of OFMB.

AUTHORITY:

- Florida Statutes (F.S.), Chapter 274, as may be amended
- Florida Administrative Codes/Rules: Rule Chapter 691-73 – Tangible Personal Property Owned by Local Governments, as may be amended
- Palm Beach County Administrative Code, Sections 303.00 and 308.00, as may be amended

DEFINITIONS:

Cannibalization – The practice of taking salvageable parts from one asset for use in building, upgrading or repairing another.

FIX230 Report – A customized report of the fixed asset equipment inventory for each Property Custodian.

Green Book – A binder or binders in which a department, agency, or constitutional office’s asset labels including, but not limited to, their respective four-digit custodian and location and condition codes are contained. Additional items may be provided by FAMO staff in the binder(s) to assist

the department, agency, or constitutional office staff to conduct the annual physical inventory such as training materials, instructions, forms, and the prescribed manner by which to identify the working status of an asset, i.e., such as good, fair, poor, etc.

Inventory Officer – For operations under the BCC, this will always be a Division Director or equivalent management level position. For operations under Constitutional Offices, this position must be at a level of Manager or equivalent for each defined operational section classified in the Custodian Code structure.

Property – All tangible personal property for which title vests with the BCC.

Property Custodian – Department Directors, for operations under the BCC. For Constitutional Offices, the Constitutional Officer.

Red Book – A binder or volume of binders in which a department, agency, or constitutional office's asset labels for assets and related information including, but not limited to, asset description, acquisition cost and date, location and custodian, etc., are contained. The asset label is placed in the Red Book rather than on the asset itself because it could not be reasonably expected to remain affixed to the asset or easily scannable due to the nature, location or use of the asset. The original binders are kept in the Fixed Assets Management Office (FAMO). Duplicate copies are kept by each department, agency, and constitutional office.

POLICY:

Tangible personal property within departments, agencies, and constitutional offices of Palm Beach County with a minimum acquisition cost or value of \$5,000 or more, except as specified in PPM# CW-F-014, Capital (Fixed) and Intangible Assets Capitalization Levels, Valuation Methods and Depreciable Lives, and in the case of the Florida Department of Health's (FDoH) Division of Women, Infants, and Children (WIC) property as described later in these rules, is considered a fixed or capital asset and is the property of Palm Beach County with title vesting in the BCC.

Tangible personal property acquired by way of donation with a fair market value of \$5,000 or more on the date of acquisition is considered a County fixed asset. (Refer to PPM CW-F-037, Donations Policy, for appropriate guidance on accepting donations.)

The acquisition of property whose cost, value, or worth is less than the defined capitalization level is not considered a fixed asset. Departments, agencies, and constitutional offices are encouraged to inventory non-capital or miscellaneous assets also known as attractive assets. This process is accomplished by affixing labels with a sequential, non-recurring alpha/numeric system, i.e., F-labels FFFF12345678, then recording and tracking the attractive assets in the County's computerized application in the same or similar manner in which the fixed assets inventory is managed and controlled. Direct inquiries for clarification on such matters and for assistance with inventory management and control to FAMO.

FAMO is responsible for operating a program for the proper identification, inventory, transfer, reuse, and disposal of County-owned tangible personal property. Radio Frequency Identification (RFID) Technology is the standard for the County's inventory management and control program.

To maximize controls over other county-owned assets, alternative labelling methods as determined by FAMO, is utilized for all real property (land, land improvement, building improvements, leasehold improvements, etc.). Fixed Assets are marked with or otherwise assigned a unique, permanent identification tag signifying ownership by Palm Beach County. The property identification number of a County fixed asset is in the form of an electronic scanning code to facilitate electronic inventory procedures. Handheld electronic scanner units are used by the County to conduct the annual physical inventory and capture data by scanning the asset label. There are absolutely no routine circumstances under which Inventory Officers, or designees, shall be allowed to make manual entries into the scanner units.

Annual physical inventories of fixed assets will be taken by each County department, agency and constitutional office and reconciliations made to the official property records of the County. Discrepancies must be investigated to determine the cause(s) for any differences.

The application of techniques designed to assist departments, agencies, and constitutional offices with their inventories, i.e., pinging computer equipment and radios, do not replace the physical identification and verification of any asset's existence and continuous operation and so must be approved for use in the manner and format specified by FAMO.

Responsibilities and duties for inventory management, control, and the safeguarding of the County's tangible personal property are assigned as follows:

- a) Property custodians and inventory officers are directly responsible for ensuring that fixed assets used in their operations are properly employed and safeguarded against theft, loss, abuse, damage and/or unauthorized usage.
- b) Property custodians and inventory officers may be held personally liable for discrepancies in inventory if the County Administrator determines that such discrepancies are the result of poor management or negligence.
- c) All employees who are assigned the use of County property, including the handheld electronic scanner units, are responsible for ensuring that such property is given reasonable care and safekeeping.

Results of physical inventories may be audited at any time by the Internal Auditor. Audit results will be publicized and any recommendations to County Administration will be addressed in accordance with the appropriate personnel policies and procedures as specified in the merit rules.

Disposal of tangible personal property assets, except by trade-in transaction, is the responsibility of FAMO, pursuant to PPM # CW-O-027. No tangible personal property of the County may be disposed of without prior authorization by FAMO and/or the County Administrator (or designee).

Except as specifically provided by these rules, cannibalization of County-owned property is prohibited.

PROCEDURES:

Fixed Asset Inventory Planning, Scheduling, and Training Protocol

1. FAMO will develop and provide each inventory officer and property custodian with a suitable plan and procedures for the performance of annual physical inventories and reconciliations by all County departments, agencies and offices.

At the commencement of the annual physical inventory process, FAMO will provide scheduled training and issue the Inventory Officers the following items:

- a) FAMO's Annual Physical Inventory Training Manual (available on the County's Intranet Website under Countywide Forms/Financial Management & Budget/FAMO's Annual Physical Inventory Training Manual). Electronic or soft copies of the forms contained in the Manual are also available upon written request to FAMO.
- b) One or more fully operational, rechargeable handheld electronic scanner unit.
- c) The FIX230 Report Showing the Current (last known codes for location/custody) of the Fixed Asset Inventory for Each Custodian.
- d) Green Book Binder(s) (scanner unit users must make sure to follow the instructions provided in the Training Manual especially concerning the handling and use of the equipment and related supplies).

Fixed Asset Identification, Marking, Barcode Reading, and Reconciliation

1. Asset labels denoting County ownership are affixed to assets by FAMO in the locations specified in Attachment A. On and off-road vehicles, equipment, etc., are to be labelled in accordance with the requirements as set forth in PPM # CW-O-074, Tags, Registrations and Titles for County Vehicles.
2. Asset labels may not be removed or altered in any manner except by duly authorized FAMO personnel.
3. Fixed assets acquired through the County's automated financial system, by the use of appropriate capital outlay object codes, are captured via the shell record generation process for reporting purposes; however, it remains for the asset to be properly recorded in the database by FAMO and for the labelling process to be completed. There are operational reasons for cases and situations under which asset labelling may occur outside the norm such as those due to exigent circumstances, special requirements, and logistical considerations, etc. In those situations, prior approval from FAMO is required. Refer to PPM CW-O-062, Construction

Work-In-Progress (CWIP) Accounting Policies, for guidance on assets acquired by capital projects.

4. For assets not acquired through the County's automated financial system, including donations, the responsible inventory officer is required to promptly notify FAMO of any item with an acquisition price of \$5,000 or more. As requested, the inventory officer must make all original documents relating to such acquisitions available for inspection by FAMO.
5. Assets acquired by the County with state or federal grant funds (Grant Funded Assets) require that additional documentation be provided to FAMO, including: (a) name of grantor agency; (b) title (name and year) and grant identification number; and (c) grant covenants, conditions and restrictions relating to the acquisition and disposal of tangible personal property. Assets acquired with state or federal grant funds are labelled with County barcodes with the exception of assets acquired by the Florida Department of Health's Division of Women, Infants, and Children. Because title to the property is vested in the federal government with the State as the custodian, such assets have state asset labels affixed to them.
6. Assets acquired by the County with bond proceeds (Bond Funded Assets) require similar documentation to Grant Funded Assets (see Item #5 above) in order to identify the respective bond and its covenants, conditions and restrictions relating to the acquisition and disposal of tangible personal property.

When Bond or Grant Funded Assets are transferred to FAMO as surplus assets, the title (bond or grant name and unique identification criteria), and acquisition accounting line distribution, i.e., Fund/Department/Unit/Object Code, should be provided and itemized on the Transfer to FAMO form.

Inventory Management, Control, and Safeguarding/Disposal and Cannibalization

1. Each property custodian will designate one or more inventory officers to be responsible for the day-to-day administration of fixed assets assigned to the custodian's department, agency or office.
2. Inventory officers and property custodians have continuous responsibility for the assets assigned to their operations, including each of the following:
 - a) Ensuring that the annual physical inventory plan and procedures are observed at all times.
 - b) Ensuring that FAMO is promptly notified whenever an asset is internally relocated or transferred between departments, agencies or offices, or relocated to another facility.

Send FAMO a properly completed Fixed Asset Transfer or Redistribution Notification Form, as applicable, executed by both parties to the transaction, and initiate and validate a Fixed Asset Modification Document (FM) in the County's automated financial system

to be processed (submitted) by FAMO. (See the County's Intranet Website, Countywide Forms/Financial Management & Budget to download the required form(s) and Instructions for Filing FAMO forms.)

When a Red Book asset is involved with such a transaction, the respective page in the department, agency, or constitutional office's Red Book must be removed and submitted to FAMO along with the proper transmittal form (a copy of the executed form(s) and attachment(s) should be retained as part of their asset inventory records for future reference, should that become necessary. When an asset record is added to the Red Book or an amendment to an existing record is necessary, then a page needs to be added or modified, as the case may be, in FAMO's original set and immediately updated in the respective department, agency, or constitutional office's Red Book.

Before an asset is initially placed or relocated beyond the borders of Palm Beach County, the Fixed Assets Management Office requires the completion of Form A, Attestation for County-owned Assets Located in Other Jurisdictions (available in the Training Manual), submitted to FAMO for each asset. As part of the annual physical inventory process, Form A will need to be executed (attested) that the asset(s) are in existence and in continued operational use.

- c) Ensuring that FAMO is promptly notified whenever an asset is sent off-site for maintenance, repair, swap-out, or upgrade by filing an Equipment Release Authorization form (available in the Training Manual) with FAMO, counter-signed by the vendor into whose custody the asset is being released.
- d) Ensuring that original police reports from the appropriate law enforcement agency and detailed explanations for any asset deemed to be stolen or declared missing, respectively, are promptly provided to FAMO. Such incidents must also be documented with the filing of a Risk Management Property & Liability Accident/Incident (Loss) Report (available on the County's Intranet Website, Countywide Forms/Risk Management) in addition to a Police Report from the appropriate law enforcement agency as required by the circumstances surrounding the nature of the case.
- e) Ensuring that relevant documentation is promptly provided to FAMO for any asset traded-in on a new asset of the same or similar sort. The documentation must clearly indicate the asset tag number of the trade-in item and the amount of allowance which the vendor is giving for the traded asset. Submit to FAMO a Disposal Form (see the County's Intranet Website, Countywide Forms/Financial Management & Budget to download the required form and Instructions for Filing FAMO forms) including the purchasing document number in addition to affixing the asset label removed from the asset to be traded-in, and attach a receipt or letter from the vendor which provides the original or list price of the new acquisition and the discounted price after the trade-in consideration along with a list of the new asset(s) to be labelled.

- f) Ensuring that before a County-owned fixed asset may be cannibalized by internal, i.e., County staff, or external means, i.e., County vendor, the responsible property custodian must file a written request for approval with FAMO, in the manner specified by FAMO. Requests of this nature will be handled on a case-by-case basis.
3. Whenever there is a change in property custodian or inventory officer at the level of Division Director or equivalent, it is the responsibility of all subordinate inventory officers to perform a special physical inventory and reconciliation of all of their tangible personal property assets. This inventory must be initiated as soon as knowledge of a custodian change is announced and must be completed not more than 20 workdays after a custodian leaves the operation.
4. The results of all physical inventories must be promptly conveyed to FAMO for recording in the official property records of Palm Beach County.



VERDENIA C. BAKER
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Supersession History

1. PPM# CW-O-026, effective 10/01/90
2. PPM# CW-O-026, effective 01/12/01
3. PPM# CW-O-026, effective 12/01/07
4. PPM# CW-O-026, effective 04/18/13
5. PPM# CW-O-026, effective 06/28/18
6. PPM# CW-O-026, effective 11/13/19

ATTACHMENT A
LOCATION OF ASSET LABEL PLACEMENT

<u>ASSET CLASS</u>	<u>TAG PLACEMENT LOCATION</u>
Desks, Tables or similar	Top front, left leg
Chairs	Back side, chair seat
File Cabinets, Lockers, Racks etc.	Top front, left corner
Modular furniture	Departmental Red Book binder
Bookcases, credenzas	Top rear, left side
Typewriters	Underside, lift cover
Computer equipment	Next to power switch
Upholstered/decorative furniture	Where convenient
Field equipment including on and off-road vehicles, vessels & aircraft	Tag where visible yet not subject to obliteration (also use indelible ink in addition to the tag)
Bus Shelters	Red Book binder / Rear top left of shelter (also use indelible ink in addition to the tag)
Appliances	Where convenient
Other office machinery	Where convenient
Computer Software	Resident CPU/ Log Book/Red Book binder
Building Components	Files for the Facility/Red Book binder
Building Improvements	Files for the Facility/Red Book binder
Improvements Other Than Buildings	Files for the Facility/Red Book binder
Lab Shop Equipment	Where convenient
Traffic Equipment	Departmental Red Book binder
Non-specified	Discretion of Fixed Asset Management
Works of Art/Fine Art, etc.	Back of Frame/Where convenient

Where convenient may be defined as on the asset or included in the Red Book binder.