



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 11-19-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET (OMB)	PAGE 1 OF 3
EFFECTIVE DATE: 04-06-11	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 91-32-OMB
SUBJECT: ASSET INVENTORY REQUIREMENTS (Equipment-Tangible and Intangible)		
ATTENTION: DIRECTORS OF ADMINISTRATION, FISCAL OFFICERS, FACILITIES DIRECTORS, AND CHIEF INFORMATION OFFICERS		
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I. Purpose

The purpose of this circular is to promulgate the minimum requirements for the establishment and maintenance of agency equipment inventory records. An equipment inventory system is necessary for the following reasons:

- A. To fix stewardship responsibility for the State's assets.
- B. To provide a means of control to determine that State assets are not stolen, misappropriated, or lost, and disposed of according to the law.
- C. To obtain optimum insurance coverage levels and provide important proof-of-loss evidence when insurance claims are filed.
- D. To locate excess or surplus items that can be made available to other agencies or to be sold at public auction.
- E. To permit the development of depreciation and cost services information for possible reimbursement through Federal grant programs.

II. Policy

All State agencies are required to manage the inventory of property owned by or the responsibility of an agency. For the purpose of this circular letter, those assets, both tangible and intangible, with an original cost of \$1,000 or more and an expected useful life of three (3) years or more must be maintained on an asset inventory record. Examples of tangible assets are vehicles, furniture, fixtures, office equipment, computers, copiers, fax machines, calculators, typewriters, fine arts, historical artifacts, etc.

Examples of intangible assets include internally developed computer programs, purchased software, copyrights, and intellectual property rights.

This policy is intended to be applied to individual items only. In cases of group purchases, although the aggregate cost may exceed the limit, if the cost of the individual items is below \$1,000, the items are not required to be included on the inventory record. Assets acquired as a "system" package are required to be included on the inventory record. All donated assets must be recorded. If the actual price is unknown, agencies should record the fair market value of the asset at time of acquisition.

Agencies have the option to maintain items costing less than \$1,000 on the inventory record.

III. Minimum Description of Asset

Subsidiary records for assets should include the following information:

- A. Description of the asset including type of item, brand name, model, and serial numbers, etc.
- B. Acquisition date.
- C. Cost (purchase price or fair market value for donated assets).
- D. Purchase order and voucher numbers.
- E. Inventory number (decal, stencil, or sequentially numbered tags for control). In some cases, the combined manufacture, model, and serial number may be substituted for tag control numbers, provided that the combined information will not be duplicated and is permanently affixed to the asset.
- F. Location [Statewide Land and Building Asset Management system (LBAM) land or building identification number, address of building, building name, floor, etc.].
- G. Organization/division unit and name of employee charged with custody.
- H. Source of the monies from which asset was acquired (General State funds, Federal grants, Special Revenue funds, donations, etc.).

IV. Maintenance of Perpetual Inventory Records

To remain useful, the master inventory must be updated as assets are acquired or disposed. Updating should be done continuously, but must be done annually at the end of each fiscal year (June 30). Certification of compliance of an annual inventory must be submitted to OMB as part of the year-end capital asset certification requirements.

A physical inventory of the assets should be taken annually. Cyclical counts for inventory purposes are encouraged in order to distribute the workload throughout the year. If acquisitions and dispositions are accurately recorded, the inventory as disclosed by physical inspection should equal the amounts shown by the perpetual records. All inventory differences should be investigated, and the perpetual inventory records must be adjusted accordingly.

V. Disposition of Equipment

Disposal of non-computer surplus assets shall conform to the Department of the Treasury's Division of Purchase and Property (DPP) procedures, as outlined in Circular 08-03-DPP. DPP guidelines on the disposal of computer equipment are outlined in Circular 00-17-DPP. Agencies requiring additional information should contact the DPP's Surplus Property Unit at (609) 530-3300.



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