

## Administrative Policy No. 14.07

**Subject:** Control of Capital Assets

**Information Contact:** Director, Contracts, Legal, and Background Checks

**Authorizing Source:** [RCW 43.19.1917](#), Records of equipment owned by state Inspection- “state equipment” defined  
[RCW 43.105.007](#), Office of the Chief Information Officer  
[RCW 43.09.185](#), Reporting Loss of Public Funds to the State Auditor’s Office  
Office of Financial Management, [State Administrative & Accounting Manual](#)

**Resources:** [RCW 42.52 Ethics](#)  
[WAC 292-110-010 Use of State Resources](#)  
[DSHS Admin Policy 05.04 Records Retention](#)  
[Asset Management Procedures](#)  
[When to Tag List](#)  
[Asset SharePoint](#)

**Effective Date:** February 1, 2004

**Revised:** December 4, 2020

**Approved By:** **Original signed by Lori Melchiori**  
Senior Director, Office of Policy and Rules

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### Purpose

To describe how the Department of Social and Health Services will protect and control capital assets. To ensure that the Department of Social and Health Services (DSHS):

- A. Documents the acquisition, movement, and disposal of assets;
- B. Complies with the department’s [Asset Management Procedures](#) (procedures);
- C. Controls and is accountable for assets meeting the department’s inventory criteria; and
- D. Establishes division-level asset management procedures.

## Scope

Responsible stewardship of assets is an inherent part of doing business at all levels of the agency. Accordingly, this policy applies to all DSHS institutions, divisions, offices, sections, units, and staff.

This policy applies to all DSHS assets that meet inventory criteria.

## Definitions

**Annual asset inventory:** a physical inventory of assets performed every year. In odd-numbered years, DSHS performs a “shelf-to-sheet”, and in even-numbered years, a “sheet-to-sheet” inventory is completed.

**Annual asset inventory packet:** documents listed below that must be sent to the asset program administrator to complete the annual inventory:

- Cost center certificate of completion;
- Local office certificate(s) of completion;
- Reconciliation report(s);
- “Lost” disposals signed by division director; and
- “Stolen” disposals signed by division director, with a copy of police report attached.

**Asset:** Equipment that is owned by DSHS, equipment that is purchased for or by a contractor or subcontractor if DSHS retains an interest in the equipment, and information technology equipment that is leased from the Department of Enterprise Services (DES) or a DES-approved vendor.

**Asset program administrator:** Staff identified in the Facilities, Finance, and Analytics Administration, whose function is to provide consultation, guidance, and oversight to DSHS programs related to the control of assets meeting inventory criteria.

**Asset coordinator:** The person appointed by the division director or designee responsible for the oversight of inventory within their cost center.

**Asset representative:** The person appointed by the asset coordinator, CBS chief, or appointing authority responsible for the oversight of inventory at one or more location codes.

**Capital assets:** Assets with a unit value of \$5,000 or more. The definition of capital assets for the purpose of this policy excludes land, buildings and equipment permanently attached to, or an integral part of a building or structure.

**Commodity code:** A four-digit numeric code assigned to a capital asset that correlates to a

descriptive title. For example, 7014 is tablets & smart phones. Commodity codes are listed in the Office of Financial Management's State Administrative & Accounting Manual (SAAM).

**Cost center:** A two-digit TRACKS asset inventory system code designating a DSHS administration, institution, division, program, or council that is comprised of multiple location codes.

**Cost center certificate of completion:** DSHS form 17-116A printed from the TRACKS asset inventory system to certify completion of the reconciliation within a specific cost center.

**Internal controls:** Organization, methods, and procedures adopted by an agency to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed policies. Internal controls include the following:

- Separation of duties;
- Clearly written procedures;
- Authorization and documentation;
- Competent, well-directed and well-trained staff; and
- Physical security.

**Inventory criteria:** The standard that determines whether an asset must be inventoried, and that is met when an asset falls within the definition of either capital assets or small & attractive assets.

**Local office certificate of completion:** DSHS form 17-116 printed from the TRACKS asset management system and used to report completion of the reconciliation within a single physical address code.

**Location/sub-location code:** A nine-digit alphanumeric code in the TRACKS asset inventory system that represents an organizational entity at a specific geographical site or physical address.

**Physical inventory report:** The report generated through the TRACKS asset inventory system for a particular physical address code that lists all assets meeting inventory criteria residing at that location.

**Reconciliation:** The annual process of comparing physical counts and inventory records and then identifying, researching, and correcting any unexplained variances.

**Reconciliation report:** DSHS form 17-117 printed from the TRACKS asset inventory system and used to reconcile asset management activities occurring between the start and end dates of the inventory.

**Sheet-to-shelf inventory:** A physical count of assets meeting inventory criteria performed during even-numbered calendar years using the TRACKS physical inventory report as a checklist.

**Shelf-to-sheet inventory:** A blind, physical count of assets meeting inventory criteria performed during odd-numbered calendar years and that is reconciled with the TRACKS physical inventory report. The physical inventory report printout cannot be used to conduct this inventory. Each cost center may conduct a physical inventory count annually, if desired.

**Small & attractive assets:** Assets that are particularly at risk or vulnerable to loss, and that fall below the state's capitalization policy. DSHS-defined small & attractive assets are listed on the [DSHS "When to Tag" List](#).

**Surplus warehouse:** DSHS property redistribution warehouses, which are centrally located within DSHS for disposal, collection, and redistribution of surplus assets.

**TRACKS asset inventory system (TRACKS):** The agency inventory system used for tracking assets meeting inventory criteria.

**Unit value:** Initial unit sale price (excluding cash discounts and rebates) plus transportation charges, sales tax, installation cost, and any other normal and necessary costs required to make the item operational, or the initial unit lease price of IT equipment.

## Policy

### A. All DSHS administrations must:

1. Comply with the department's [asset management procedures](#).
2. Establish division-level procedures for control of assets meeting inventory criteria, as necessary, to implement the requirements set forth in the [asset management procedures](#). These division-level procedures should include:
  - a. Information technology specialist (ITS) responsibilities for movement of any IT equipment;
  - b. Division of responsibilities among administrations and consolidated business services (CBS), as agreed to by the parties; and
  - c. Adequate internal controls.
3. Appoint asset coordinator(s) for the cost centers within the administration and ensure asset management training is completed within three months.
4. Appoint asset representative(s) as needed for local offices and physical addressed in which assets are located.
5. Notify the asset program administrator of appointments and changes to asset coordinators and asset representatives within five business days.
6. Complete the annual asset inventory according to the process outlined in the [asset management procedures](#).
7. Attest to the completion of each inventory by co-signing a cost center certification of

completion with the asset management coordinator.

**B. All DSHS employees must:**

1. Immediately report known or suspected losses of assets meeting inventory criteria to internal audit and consultation per [DSHS Administrative Policy 16.10](#).
2. Report known or suspected losses of assets meeting inventory criteria to the applicable asset coordinator and asset representative.
3. Report known or suspected losses of IT equipment to the TSD help desk.

**C. Ownership of capital assets associated with contractors:**

1. In the absence of any federal or state law governing a particular type of contract, ownership of all assets purchased by a contractor in conjunction with a DSHS contract must be as stated in the contract.
2. When DSHS retains an ownership interest of assets furnished to the contractor, the DSHS administration, institution, division, program, or council must require that the asset be:
  - a. Used only for the performance of the contract;
  - b. Reasonably protected from damage or loss;
  - c. Surrendered to DSHS prior to settlement upon completion, termination, or cancellation of the contracts; and
  - d. Tagged and recorded into TRACKS in accordance with asset management inventory policy and procedures, if the asset meets the department's inventory criteria.

**Roles & Responsibilities**

**A. Asset coordinators must:**

1. Provide TRACKS asset management training for asset representatives within three months of gaining access into the TRACKS.
2. Provide training and guidance to asset representatives for implementing division-level procedures and guidelines.
3. Ensure that all assets meeting inventory criteria have accurate and current information in TRACKS, in accordance with the [asset management procedures](#).
4. Ensure that assets meeting inventory criteria are properly received and updated in TRACKS as specified in the [asset management procedures](#).
5. Collect and review annual inventories for accuracy and reconcile any differences with either the local asset representative(s), CBS staff, or both.
6. Manage annual inventory tasks as specified in the [asset management procedures](#)
7. Submit the annual asset inventory packet, with all required signatures and sorted by location code, to the asset program administrator.
8. Ensure that the completed annual asset inventory packet is sent to the asset

- program administrator by the date specified in the inventory timeline on the [Asset SharePoint](#).
9. Inform the asset program administrator, via e-mail, of changes in inventory staff, locations, phone numbers, organization name, and security levels for staff access to the TRACKS asset inventory system.
  10. Retain all documentation related to disposals for six years after disposal date, including but not limited to:
    - a. E-mails;
    - b. Disposal forms signed by the surplus warehouse indicating receipt of disposed assets; and
    - c. Police reports for stolen assets.
  11. Retain inventory count sheets for six years from the date of the inventory.

**B. Asset representatives must:**

1. Inform the asset coordinator of changes in inventory staff, location, phone numbers, or organization name.
2. Perform tasks listed in Roles and Responsibilities Section A. specific to the assigned location code(s) if delegated to do so by the asset coordinator.

**C. Surplus warehouse must:**

1. Exercise approval authority for the disposal, transfer, scrap, and donation of assets meeting inventory criteria.
2. Provide a dated, signed TRACKS surplus disposal document to the asset representative or designee of the physical location code when receiving assets meeting inventory criteria. Each dated, signed TRACKS surplus disposal document should indicate whether some assets meeting inventory criteria were not actually received by the surplus warehouse.
3. Reconcile dated, signed TRACKS surplus disposal documents in the TRACKS asset inventory system within 14 calendar days of receipt.

**D. Asset program administrator must:**

1. Maintain the TRACKS system for fixed asset inventory control data. This includes:
  - a. Prompt performance of routine tasks, including issuing tags, processing disposals, and releasing transfers; and
  - b. Act as a liaison with the information technology department for programing updates to the asset management system.
2. Provide consultation regarding asset management activities to field staff and the surplus warehouse to ensure compliance with this policy.
3. Assign levels of security access to the TRACKS system for inventory field staff according to the asset coordinators' recommendations.

4. Periodically review asset data to identify and remove assets that do not meet tagging criteria.
5. Use a risk based approach to develop the DSHS "When to Tag List".
6. Provide asset management training to all new asset coordinators, based on the request or need of the cost center.
7. Provide an optional annual inventory refresher training, prior to annual inventory process.
8. Work with administrations and divisions to monitor compliance with asset management procedures, this policy and SAAM.
9. Conduct remedial asset management and inventory training for staff, as needed, to address risk or ongoing noncompliance.
10. Compile and complete the annual inventory secretary briefing for the agency and submit the report to the secretary of DSHS annually by date indicated on inventory timeline.
11. Provide asset data to the office of accounting services as needed.
12. Annually, send a report of location code information and user security roles to the asset coordinators and confirm the information in the TRACKS asset inventory system is accurate.

**E. Office of accounting services must:**

1. Act as the accounting/financial liaison with the state Office of Financial Management.
2. Ensure that significant reporting requirements associated with capital assets are met.