



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 19-12-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 4
EFFECTIVE DATE: 07-01-19	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 11-19-OMB
SUBJECT: ASSET INVENTORY REQUIREMENTS (Equipment-Tangible, Intangible & Software)		
ATTENTION: DIRECTORS OF ADMINISTRATION, FISCAL OFFICERS, FACILITIES DIRECTORS, AND CHIEF INFORMATION OFFICERS		
FOR INFORMATION CONTACT: CHRIS BEITZ		PHONE: 609-292-3175

I. Purpose

The purpose of this circular is to promulgate the minimum requirements for the establishment and maintenance of agency asset inventory records as required by Generally Accepted Accounting Principles and the Governmental Accounting Standards Board.

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 are 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 the agency. For the purpose of this circular, those assets, both tangible and intangible, with an original cost of \$250 or more and an expected useful life of greater than one (1) year must be in the new unified statewide inventory software (see section IV). Examples of tangible assets are vehicles, furniture, fixtures, office equipment, computers, phone systems, copiers, fax machines, calculators, typewriters, fine arts, historical artifacts, etc. Agencies should refer to the Capital Asset Circular 19-11-OMB for additional guidance regarding fine arts and historical artifacts. Examples of intangible assets include internally developed computer programs, royalties, 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 per unit cost is less than \$250, the items are not required to be included on the inventory record. Assets acquired as a “system” package, whose components are less than the threshold but when assembled for the intent of purchase and satisfy the \$250 dollar threshold are required to be included on the inventory record. All qualifying donated assets must be recorded. If the actual price is unknown, agencies should record the estimated fair market value of the asset at time of acquisition. Agencies have the option to maintain items costing less than \$250 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 estimated fair market value for donated assets).
- D. Purchase order, voucher number, or MACSE numbers from the State’s accounting systems.
- 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, Capital Projects funds, Special Revenue funds, donations, etc.) WASP Asset Cloud allows for source funding, see Part IV.

IV. Unified Statewide Inventory Software WASP Technologies’ AssetCloud

In order to ensure that agencies are able to efficiently record, manage, and track their asset inventory as described in this circular, the State of New Jersey has adopted a Cloud-based state-wide software application developed by WASP Technologies called AssetCloud. Prior to the introduction of a unified solution, incongruent inventory tracking applications were present throughout the Executive, Judiciary, and Legislative branches, and thus necessitated the State taking a unified approach to inventory tracking. Agencies should begin tracking inventory in WASP AssetCloud by 7/1/2019 for reporting in the FY2020 CAFR. Agencies should plan on retiring all legacy inventory tracking software at the end of FY2022 (June 30, 2022).

Each agency will have their own WASP AssetCloud tenant and all data is encrypted both in the database and during transfer from the Cloud to the agency. Each agency shall designate a WASP coordinator who will be responsible for the system administration within their agency.

The Department of the Treasury, Office of Management and Budget (OMB) is the contract manager for the WASP AssetCloud application. OMB is only responsible for the annual renewal. Treasury Administration will bill agencies for reimbursement. Each agency is allocated a certain number of

licenses based on employee counts of the first pay period of the calendar year. This is the minimum billing. Agencies may add additional users to their tenants and OMB will consolidate with other agencies to achieve bulk licensing discounts and will adjust agencies billing accordingly. Agencies are responsible for their own hardware and supplies.

LBAM location description is contained in each agency's tenant. The agency should contact OMB if the LBAM location cannot be found in the tenant. Do not add new locations to the tenant.

V. Maintenance of Perpetual Inventory Records

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

Diligent use of the statewide inventory tracking application (WASP AssetCloud) will benefit agencies in their pursuit of compliance with accounting and certification requirements. Failure to utilize the application will result in such agencies performing comprehensive internal audits that are ultimately more onerous in order to comply. It is, therefore, to an agency's benefit in terms of time and effort to embrace the statewide system.

A physical asset inventory 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 on the perpetual records. All inventory differences should be investigated, and the perpetual inventory records must be adjusted accordingly. OMB anticipates authorizing random sample audits for agencies that fully implement WASP AssetCloud.

VI. Dedicated Funding

Assets acquired with dedicated or federal funding may contain restrictions that specify the asset must be used for the program intent but may not necessarily restrict ownership to the fund recipients. Generally, restrictions require the asset to be used only for the purposes of the grant and/or have strict guidelines for the disposal of the asset. The WASP AssetCloud application contains features that enable the agency to modify and track these assets. Agencies are responsible for tracking dedicated funded assets in WASP AssetCloud.

VII. Executive Order 225 (E.O. 225)

E.O. 225 designates that IT infrastructure asset ownership transfers to the Office of Information Technology (OIT) and should be entered in the OIT inventory database. OIT is also responsible for procuring agency funded IT infrastructure assets. For all new acquisitions, OIT will tag the asset and enter the asset into the OIT WASP AssetCloud tenant. Agencies may add the infrastructure to their internal inventories provided they use the OIT inventory control number. If the asset meets the capital asset reporting requirements, then OIT is responsible for entering the asset into the capital asset reporting system under the agency and division that funded the purchase. OIT will code the asset as an "OIT Managed" asset.

E.O. 225 assets may be housed at either an agency facility or one of the three OIT data centers. When an infrastructure asset is located at an OIT facility, the OIT CFO is responsible for certifying to OMB inventory compliance. When the infrastructure asset is at an agency facility, the OIT CFO shall send the agency a list of infrastructure assets and the agency CFO is responsible for certifying the complete asset information to OIT.

VIII. Asset Impairment

All departments are now required to enter asset impairments into the LBAM Loss Reporting module. Asset impairment includes events or changes in circumstance that suggest the usable capacity of the capital asset may have significantly and unexpectedly declined. Both significant and unexpected declines must be present for an asset to be considered impaired. Common indicators of impairment include:

- Evidence of physical damage such that restoration efforts are needed to restore usable capacity;
- Enactment or approval of laws, regulations, court orders, or other changes in environmental factors;
- Technological development or evidence of obsolescence;
- Change in the manner or expected duration of use of a capital asset;
- Construction stoppage due to lack of funding.

LBAM has a module that incorporates the GASB No. 42 Asset Impairment questionnaire and the Division of Risk Management Loss Report Form ADMM01/PROP-01. Agencies must enter all damages incurred during the fiscal year and estimated costs of replacement regardless if a form has already been submitted to Risk Management. If necessary, agencies must update LBAM to reflect current information of any impairments reported in a prior fiscal year.

IX. Disposition of Equipment

When assets are sold or otherwise disposed of, the cost of the asset and the corresponding accumulated depreciation should be removed from the capital asset inventory. Assets will be removed on an annual basis in conjunction with the annual update.

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 13-18-DPP. Agencies requiring additional information should contact the DPP's Surplus Property Unit at (609) 530-3300.

Each WASP AssetCloud tenant should have the Treasury surplus warehouse location. Agencies should transfer assets designated for surplus to the Treasury warehouse location in their agency tenant. Agencies should then bundle the assets, print a report of the surplus designated assets, and send the report and the assets to the Treasury warehouse. Treasury Surplus is responsible for retiring the asset in the agency tenant once the assets are no longer in the possession of the State. Once Treasury Surplus removes the asset from WASP AssetCloud, the agency is responsible for retiring the capital asset in LBAM. Please click [here](#) and [here](#) to access forms required by the Treasury warehouse for IT equipment



David Ridolfino, Acting Director
Office of Management and Budget