

**AMEND BOARD REPORT 99-0421-PO4
POLICY ON THE MAINTENANCE AND DISPOSAL OF FIXED ASSETS**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING:

~~Rescind Board Report 88-0928-PO2 ("General Fixed Assets")~~ Amend Board Report 99-0421-PO4, and ~~adopt~~ Policy on the Maintenance and Disposal of Fixed Assets.

PURPOSE:

The "Policy on the Maintenance and Disposal of ~~Fixed~~ Assets" presents comprehensive guidelines that regulate efficient ~~equipment~~ asset utilization and disposal procedures to assure that Chicago Public Schools' ~~fixed~~ assets are deployed effectively throughout their useful lives, and that obsolete ~~fixed~~ assets are disposed of when no longer useful to the Chicago Public Schools.

PRESENT POLICY:

~~The current policy "General Fixed Assets" (88-0928-PO2) requires that the Chicago School Reform Board of Trustees develop a long-range equipment procedures plan to assure that Chicago Public Schools' equipment is utilized in the most effective manner and that obsolete equipment is disposed of when no longer of use.~~

HISTORY OF BOARD ACTION:

~~Board Report 88-0928-PO2 "General Fixed Assets"
Board Rule 5-16: "Property Control"~~

POLICY TEXT:

POLICY ON THE MAINTENANCE AND DISPOSAL OF FIXED ASSETS

I. MAINTENANCE OF ~~FIXED~~ ASSETS ON INVENTORY

The adoption of this policy requires the ~~management~~ maintenance of inventories of ~~fixed~~ assets regardless of funding source. ~~Permanent items that have been~~ Assets which are tangible, nonexpendable properties, or non-real estate purchased by or donated to Chicago Public Schools (CPS) schools, Region Offices, and Central Service Center departments and which have a value of ~~\$250 and \$500 or more per unit having a useful life of at least three years~~ more than one year must be entered on the "Equipment and Furniture Asset Register" (Attachment A). ~~Assets shall be defined by the Bureau of General Accounting, Office of School Financial Services.~~

This Asset Register inventory is to be maintained and updated quarterly and upon receipt of new ~~equipment~~ asset(s) by the responsible administrator to accurately define the inventory of a school or department, collect necessary information, put personnel on notice that assets are being monitored, and provide the basis for planning future purchases. Each asset unit should be tagged with its control number that can be referenced on the Asset Register.

In addition to updating the inventory quarterly, each ~~school, region, and Central Service Center~~ unit administrator must complete a physical inventory of all ~~fixed~~ assets every year, beginning with June 30, 1999, and every year thereafter.

~~Fixed assets at schools, regions, and the Central Service Center are to be inventoried on the Equipment and Furniture Register or on the computer-based program, when available, listing all information contained on the Equipment and Furniture Register and the funding source, if the asset was purchased through a grant. This inventory is to occur upon the fixed asset's delivery. Each item should be tagged with its control number that can be referenced on the Equipment and Furniture Register.~~

At the end of the fiscal year, the unit administrator in charge of a school shall review ~~the Equipment and Furniture Register for accuracy, sign, keep one copy, and forward copies to the Region Business Manager, the Bureau of General Accounting of the Office of School Financial Services, and the Bureau of Asset Management of the Department of Operations.~~ At the end of the fiscal year, administrators in charge of ~~Region offices and Central Service Center departments shall review their Equipment and Furniture Registers~~ his/her Asset Registers for accuracy, sign, keep one copy, and forward copies to the Bureau of General Accounting of the Office of School Financial Services and the Bureau of Asset Management of the Department of Operations. Each school unit shall provide a copy to their Area Office Business Manager.

All ~~fixed~~ assets purchased by or donated to ~~CPS the school, region, or department~~ and in functional use shall remain on the ~~Equipment and Furniture~~ Asset Register until such time as they are deemed appropriate for disposal.

~~Schools, Region offices, and Central Service Center departments have~~ The unit administrator has the responsibility of maintaining ~~fixed~~ assets -- whether purchased, donated, or leased -- in an appropriate manner so as to maintain their value through their useful life.

II. TRANSFER AND DISPOSAL OF FIXED ASSETS

All ~~fixed~~ assets are to be taken off the Asset Register ~~school, Region, or Central Service Center department inventory~~ when disposed of, per the Internal Accounts Manual. Any assets purchased with grant funds must be disposed of following grantor guidelines. The "Fixed Asset Transfer/Disposal Form" (Attachment B) is to be completed whenever ~~fixed~~ asset disposal occurs.

Transfer and disposal procedures vary according to the determination of functionality of the ~~fixed~~ asset:

A. ***Criteria for Removal of Obsolete, Not-Needed, but Functional Fixed Assets:***

1. The ~~donor~~ school or unit ~~Region~~ should notify the Region Area Office Business Manager with details on ~~fixed~~ assets which that are available for transfer ~~to other schools, Region offices, or Central Service Center departments.~~ Central Office Service Center departments are to notify the Bureau of Asset Management of the Department of Operations General Accounting, Office of School Financial Services, with details on ~~fixed~~ assets which that are available for transfer.
2. ~~If a school, Region, or Central Service Center department~~ Any unit that needs the ~~asset/equipment, the receiving unit should arrange to pick up the equipment from the donor unit, and shall add the equipment~~ asset to its inventory, Asset Register making note of ~~the current estimated value~~ all the donated asset information.
3. The donor unit must strike the ~~equipment~~ asset from its register and indicate the destination on the ~~Equipment and Furniture~~ Asset Register. The donor unit must provide the receiving unit with a list of the asset's serial number, make, model, funding source, or other identifying information.
4. If no receiving unit ~~school, Region or Central Service Center department~~ contacts the donor unit within thirty days after the donor unit notified the Region Area Office Business Manager or the Bureau of ~~General Accounting~~ Asset Management the donor unit should dispose of the ~~fixed~~ asset in line with the Criteria for Removal of Non-Functional Fixed Assets, except that students who meet the standards set out below may, by lottery, receive, as a loan, ~~obsolete but~~ functional computer equipment scheduled for disposal ~~by lottery.~~ The lottery is to be held at each donor unit, at a time to be determined by the school principal.

For a student to participate in the lottery, the student must: (1) participate in school programs; (2) have maintained excellent attendance; and (3) have maintained good behavior, with no major infractions. The loan of this ~~obsolete~~ computer equipment is to be limited to one computer unit per family every three years. The loan is to be a one-year loan to the parent/guardian for the school year, and renewable annually at the option of the principal for a total maximum of three school-years.

Schools Units are to record the temporary transfer of the computer equipment as a "loan to (name of parent/guardian)" on their ~~inventories~~ Asset Register.

5. The Bureau of Asset Management and the Bureau of General Accounting are to be notified of any transfer or disposal of ~~fixed~~ assets, with the administrative units ~~school, Region, or Central Service Center department~~ retaining copies ~~for~~ of their own records. The Bureau of General Accounting is to create and maintain a data base of the ~~fixed~~ assets inventories.

B. *Criteria for Removal of Non-Functional Fixed Assets*

1. Determination should be made by the administrator in charge that non-functional ~~fixed~~ assets ~~which that~~ contain hazardous waste materials may require special handling in disposal. The Department of Operation is to be contacted prior to disposal of any ~~fixed~~ asset containing hazardous waste materials to make determination of special disposal requirements.
2. Determination may be made by the administrator in charge that non-functional computer equipment may be offered to school-based student computer recycling courses and Chicago Public Schools' programs which provide training for, or ownership of, computers as part of an approved curriculum. See the Department of Operations for the list of approved computer recycling programs.
3. Determination may be made by the administrator in charge that non-functional ~~fixed~~ assets are to be donated to not-for-profit community organizations. The administrator in charge is to ascertain that the not-for-profit organization is tax exempt by verification of appropriate documentation. These organizations should be contacted and, as a condition of the donation, must be willing to pick up the item(s).
4. Determination may be made by the administrator in charge that non-functional ~~fixed~~ assets are to be turned over to salvage/scavenger companies. The school or office may contact the school's property advisor to arrange for disposal, or the school or office may contact the Department of Operations ~~for the list of qualified salvage/scavenger companies. As a condition of the disposal, the salvage/scavenger company must be willing to pick up the item(s).~~ If applicable, the school or unit is to pay disposal charges.
5. The Bureau of General Accounting, of the Office of School Financial Services will produce a report at the close of each school fiscal year, detailing Chicago Public Schools' obsolete equipment, and This office will inform all appropriate federal, state, or other funding sources of the disposal of ~~fixed~~ assets which had been purchased originally under the terms of the grants.

- 6. The Bureau of Asset Management and the Bureau of General Accounting are to be notified of any transfer or disposal of ~~fixed~~ assets. Copies of the annual Asset Register ~~fixed-asset inventories~~ are to be forwarded to the Bureau of Asset Management of the Department of Operations and to the Bureau of General Accounting of the Office of School Financial Services, with the administrative units ~~school, Region, or Central Service Center~~ department retaining copies for their own records.

The Office of School Financial Services will promulgate such rules and regulations as are necessary to effectuate this policy.

LSC REVIEW:

~~The Local School Council Advisory Board has reviewed this policy.~~

AFFIRMATIVE ACTION STATUS:

~~Not applicable~~

PERSONNEL IMPLICATIONS:

~~None~~

EDUCATIONAL REVIEW:

~~This policy was developed with the assistance of and by review from the Office of Policy, the Office of the Chief Financial Officer, the Office of School Financial Services, the Department of Audit Services, the Department of Safety and Security, the Office of the Inspector General, the Law Department, the Treasury Department, the Department of Purchasing, the Department of Operations, the Department of Learning Technologies, Region offices, and principals.~~

FINANCIAL REVIEW:

~~This policy has been reviewed by the Office of Management and Budget and the Office of the Chief Financial Officer.~~

LEGAL REVIEW:

~~This Policy has been reviewed and approved by the Law Department.~~

Approved for Consideration:



Barbara Eason-Watkins
Chief Education Officer

Approved:



Arne Duncan
Chief Executive Officer

Noted:



John Maiorca
Chief Financial Officer

Approved as to Legal Form: 



Ruth Moscovitch
General Counsel



**CHICAGO PUBLIC SCHOOLS
ASSET REGISTER**

Please list only assets with a useful life of 1 year and value over \$500

Unit or School:

UNIT No.:

TAG NUMBER	ASSET DESCRIPTION	PURCHASE ORDER #	SERIAL NUMBER	MAKE, VENDOR, or MFG.	DATE PURCHASED		FUNDING SOURCE (CPS, School, Name of Grant, etc.)	CONDITION G - F - P (Good) (Fair) (Poor)	LOCATION Room Number or Teacher's Name	Purchase Price			REMARKS Note Here Where Transferred, or When Deleted (Attach Explanation)
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Chicago Public Schools



Asset Transfer / Disposal Form

Unit Information		Purpose of Form		Indicate Type		
School Name: _____ Unit Number: _____ Transferred to (if necessary) School Name: _____ Unit Number: _____		This form is to be used when either transferring an asset to another unit or when disposing of an asset. Authorization must be obtained from either the school principal or the unit administrator prior to an asset being transferred or disposed. Local School Council (LSC) approval is required for all assets with an original cost of \$500 or more. Please use additional sheets if necessary		Transfer: _____ Disposal: _____ Office Use Only Date Received: _____ Processed: _____ PCS No.: _____		
Item	Asset Description	Manufacturer	Serial Number	Purchase Order Number	Date Purchased	Original Cost
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Name: _____ Signature: _____ Title: _____ Date: _____	Name: _____ Signature: _____ Title: _____ Date: _____	LSC Authorization (Required if asset original cost is \$500 or greater)	Receipt Acknowledgment Name: _____ Signature: _____ Title: _____ Date: _____
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