



## POLICY AND PROCEDURE

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|--------------------|--------------------------------------------|
| <b>Procedure:</b>  | <b>PURCHASING</b>                          |
| <b>Policy No.:</b> | <b>4.1</b>                                 |
| <b>Department:</b> | <b>Business Affairs</b>                    |
| <b>Contact:</b>    | <b>Vice President for Business Affairs</b> |

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## **Policy**

It is the policy of the Board of Regents to obtain all supplies, equipment, services, and construction at the most economical cost consistent with reasonably rapid delivery, quality, durability, and other factors affecting service and use as required by college departments. In complying with this policy, all purchases shall be made by the purchasing department, Business Center North, except where specific exclusion is mentioned hereinafter. The purchasing department, herein after referred to as "Purchasing," administers all purchases of supplies, goods, equipment, services and construction.

No person is authorized to obligate the college without reserving, in advance, sufficient funds to meet the obligation nor to commit the college for materials or services without prior approval of the BCN purchasing department. Except by the special provisions outlined in this manual, purchases or agreements to purchase made without approval from the purchasing department will not be honored by the Business Center.

Possible conflicts of interest are addressed in NSHE and GBC policies. See Sec. 4.1 below.

The Vice President for Business Affairs and Controller's Office maintains records and enforces policies and procedures related to purchasing, and to the inventory and disposition of College property.

## **Procedures**

### **1.0 Basic Purchasing Procedures**

**1.1 Exemption from State Purchasing Act.** Chapter 333 of the Nevada Revised Statutes exempts the Nevada System of Higher Education from the general provisions of the State Purchasing Act and provides that NSHE may use the services of the State Purchasing Division on a voluntary basis. However, GBC shall use the facilities of the state purchasing division to obtain:

- All items procured by the purchasing division on open-end contracts, including without limitation motor vehicles, petroleum products, tires, tubes, batteries, and selected office furniture; and
- Purchasing division warehouse items catalogued and in stock.

Except for personal/consultant services involving technical, professional or specialized skills or training, all materials, supplies, equipment, services, and construction shall be purchased from the lowest responsive and responsible bidder after giving due consideration to price, quality, availability, conformance to specifications, financial capability and service.

**1.2 General.** For all acquisitions of goods or services, the dollar value of a purchase, either actual or estimated, shall determine the specific procedure to be followed. Regardless of dollar amount, all acquisitions of goods and services must be preceded or accompanied by a valid purchase document. **Signature stamps are not to be used for approving purchases or authorizing payments.**

**1.3 Small Dollar Purchases (Less than \$2,000).** Purchases of supplies and services, up to \$2,000, shall be made using the most effective and efficient means available, while maintaining adherence to basic purchasing policies. These methods include petty cash (up to \$100), purchasing cards (p-cards), blanket purchase orders or pricing agreement contracts, and e-purchasing systems, whenever available.

**1.4 Purchases of Over \$2,000 to \$10,000.** Purchase orders for the acquisition of goods and services over \$2,000 are issued only by Purchasing following submittal of a properly approved and funded requisition. Purchases in this range must be documented with a quotation or reference to a price list from the recommended supplier.

**1.5 Purchases of Over \$10,000 to \$25,000.** Purchases of goods and services in this range require quotations from two or more responsible vendors before a purchase order will be issued.

**1.6 Capital Construction Over \$25,000 to \$100,000.** A contract for a capital construction project in this range requires that requests for firm written quotations must be solicited from not less than three (3) responsible bidders capable of performing the contract. The award may be made to the lowest bidder or reject all quotations.

**1.7 Purchases Over \$25,000.** Purchases of supplies, equipment, and services, other than capital construction, valued at \$25,000 or more, will be awarded after purchasing completes a formal bid process. The formal bid threshold for capital construction is \$100,000; otherwise all other bidding procedures apply to construction as well.

- The bid may be in any of several formats including request for quotations or request for proposals. Each format has unique requirements and restrictions, which will adhere to purchasing procedures and bid documentation.
- Formal bids will be advertised at least once in a newspaper of general circulation in the area of the purchase or project not less than four (4) calendar days prior to opening bids.
- Copies or notices of bids will be sent to a sufficient number of prospective bidders as may be determined necessary to stimulate competition. Copies of bids, including specifications, will be sent to persons expressing a desire to bid. Copies of bids, including specifications and plans, will be on file in a designated location, for inspection by interested persons.
- Except where proprietary information may be compromised, formal bids will generally be opened publicly at the advertised time and place, and quoted prices will be read aloud and recorded.
- After a bid has been awarded, except for proprietary information, all bids will be maintained as public records in accord with retention regulations.

Nothing in this policy prohibits advertising for or requesting bids for purchases of any dollar amount.

#### **1.8 Bidding Exceptions**

- Requirements for competitive quotations and/or formal bidding may be considered satisfied or waived by the director of purchasing through various means. These include, but are not limited to, use of federal, state and local government contracts and consortium agreements, use of educational pricing agreements or consortiums, purchase of used equipment, purchase at auction or similar sale, and use of NSHE open-end contracts.
- Requirements for competitive quotations and/or formal bidding may be waived or the process modified by the director of purchasing in the case of a documented need for proprietary goods or services or items proven to be available only from a single source. Similarly, formal bidding requirements may be waived or the process modified for items which do not lend themselves to the usual competitive bidding (i.e., personal or consultant services involving technical, professional or specialized skills or training; facilities and services for conventions, workshops, seminars and special functions; the purchase of perishable goods; and the purchase of products or services needed for patient care). However, the waiving of formal bidding requirements does not mitigate the need to ensure purchases are competitively priced and the terms and conditions of the purchase are in the best interests of NSHE.
- Requirements for formal bidding may be considered satisfied by the director of purchasing if the formal bidding process is completed and no responsive and responsible bid is received. Purchasing may then negotiate a contract with interested parties without further need for competitive bidding.

**1.9 Federal Requirements.** Purchasing will perform the additional steps necessary to meet requirements mandated by federal regulations. These include such items as flow-down provisions, screening for similar equipment, and accounting for surplus acquisitions.

**1.10 Minority and Small Business Enterprises.** It is the policy of the college to afford small and minority-owned business the opportunity to compete on college bids. Minority-owned and small business enterprises will be identified on the bidder's mailing list and will be so notified and given an opportunity to bid on college purchases and contracts handled by the Purchasing Department. Such notification will be by direct mailing of a formal bid document and/or by advertisement in a newspaper of general circulation in the area of the campus or location to be supplied.

## **2.0 GBC Requisition Procedures**

**2.1 Requisitioning.** Requisitions for purchases  $\geq$  \$2,000 are initiated by completing a requisition (REQ) in Workday. The REQ, a request, is submitted electronically to BCN purchasing for their review and development of the actual purchase order, or contract. BCN buyers will contact the vendor and place the order.

College personnel authorized to originate requisitions for materials and services must assume responsibility as follows:

- No person is authorized to obligate the college without reserving sufficient funds to meet the obligation; therefore, all purchases must be approved in advance by a buyer in the purchasing department, Business Center North.
- Budgeted equipment items should be ordered early in the fiscal year. Anticipate future requirements so that a reasonable amount of lead time may be allowed for bidding. Whenever feasible, combine relatively small requisitions of similar types of equipment and materials. Small purchases are usually more costly per unit.

### **2.2 Other Purchasing Procedures**

- If an order contains different multiple goods line items, they must be entered on separate lines with appropriate spend categories and detail codes if required.
- If there are services associated with the requisition, they must be entered as a service line(s). Blanket purchase orders where multiple payments will be made to the vendor must also be entered as a service line.
- If a requisition is for work being done on GBC property, a current "Certificate of Liability Insurance" showing GBC as additional insured, and "Certificate or Proof of Workman's Compensation Insurance" must also accompany the requisition. (Janitorial services, construction, surveying, furniture and installation are some examples.) **No work should be performed on GBC property until a PO has been issued and all insurance certificates are on file.**
- A completed REQ, with required quotes, current certificates of insurance and workman's compensation insurance, is submitted electronically in Workday for processing.

**2.3 Purchases Requiring Prepayment.** In some cases, vendors will not accept orders without prepayment. These vendors should be avoided whenever possible; however, when payment in advance is required, complete a Requisition in Workday. Mark in the Internal Memo field "CASH WITH ORDER" in large bold letters and reference the invoice. Attach any supporting evidence such as letters from the vendor, order cards, pro forma invoices, etc. The department is to notify the controller's office when the purchase order is issued so the check can be processed by the controller's office and sent directly to the vendor.

## **3.0 Special Purchasing**

**3.1 Subscription Orders.** Magazines and periodicals may be subscribed to for more than one year, provided there is a savings to the department if using non-state funds.

**3.2 Emergency Procurement.** An emergency is defined as one which results from the occurrence of a disaster such as, but not limited to, fire, flood, hurricane, riot, power outage, or disease; or may endanger the health, safety, or welfare of the students, faculty, staff, or public if not immediately resolved. This is understood to include possible loss or damage to public property, both personal property and real estate. When an emergency is \$7,500 or more, the written permission of the Vice President for Business Affairs is required and a full written record shall be made of the circumstances. Emergency orders shall be processed on a regular purchase order form, marked "confirming order."

**3.3 Office Equipment Purchases and Maintenance.** Purchase orders for copy machines, faxes, and direct network connection printers must be reviewed by the Vice President for Business Affairs. Departments planning to purchase copy machines should consult in advance with the Vice President for Business Affairs.

**3.4 Receipt of Incorrect, Defective, or Damaged Material.** In the event material is received that is incorrect or defective, the purchasing department must be notified immediately and will handle the adjustment or return. Materials should not be returned to vendors until purchasing has given the authorization to do so. Vendors may require pre-authorization for returns. The college will not receive credit or replacement for unauthorized returns. Retain the shipping carton and packing material until disposition has been made.

Hidden damage must be reported to the carrier with fifteen (15) days.

Visible damage to the shipping cartons should be noted on the freight bill/bill of lading at the time of receipt. Retain bill of lading/packing lists and attach to the department copy of the purchase order. Call BCN purchasing department for further instructions. These materials should not be sent to the controller's office.

**3.5 Rental or Lease of Equipment.** Equipment for rental or lease must be covered by a requisition. All lease and lease/purchase agreements for equipment must be signed by the director of purchasing and may be subject to the review and approval of the Vice President for Business Affairs. The lease agreement must be attached to the requisition and forwarded to the purchasing department.

**3.6 Alterations to Plant Facilities.** Any equipment to be purchased that involves utility connections and/or building alterations must be referred to the Vice President for Business Affairs and Facilities Director for technical review prior to purchase.

This must be done to determine that the proper unit is being purchased, that proper utilities are available, and that structures are sufficient to handle the equipment. Once written approval has been given, the purchase order will be forwarded to the purchasing department for vendor selection.

**3.7 Library Purchasing.** Unless otherwise excepted, the director of the library or designee is authorized to make direct purchases for all books, bindings, pamphlets, subscriptions, and other special library materials for library use without reference to the purchasing department.

The library may dispose of duplicate, dated, or otherwise unusable books either by gift to other public libraries within the state or by negotiated sale, such as book fairs, reduced prices to library patrons, or sale to dealers.

**3.8 Selection of Personal, Professional and Consultant Services.** In the selection of personal, professional and consultant services the college adheres to the following NSHE policy:

Except for personal/consultant services involving technical, professional or specialized skills or training, all materials, supplies, equipment, services, and construction shall be purchased from the lowest responsive and responsible bidder after giving due consideration to price, quality, availability, conformance to specifications, financial capability and service.

**The Purchasing Division shall develop policies for obtaining personal/consultant services involving technical, professional or specialized skills or training.** (NSHE Policies and Procedures, Chapter 5, Section 2)

The purchasing department processes requisitions for personal/consultant services using the following guidelines:

#### **Definitions**

- **Services.** Services are the furnishing of labor, time or effort by a contractor that does not involve the delivery of a specific end product other than required reports and performance; this does not include employment contracts. "Services" is a general, umbrella term for purchases that do not have a tangible item as the purchase objective. The term is global and includes such diverse tasks or projects as: window washing, consulting, teaching, and designing and constructing a building. (When the college purchase supplies and equipment that are installed on the premises, the college is not purchasing services, although many requirements associated with services, such as insurance and licensing, may apply.)
- **Personal or Professional Services.** Services requiring a high degree of knowledge, expertise and training, of an intellectual, specialized or technical nature, performed only under general supervision and requiring the consistent exercise of discretion and judgment. Frequently the individual or organization performing the service(s) is professionally licensed, and/or possesses an advanced degree. Purchase orders and contracts for services involving primarily manual skills or labor are not considered in this category. Some of the more common types of professional services include:

- ✓ **Consultant.** An individual or organization who gives expert advice or assistance.
- ✓ **Accountant, auditor, actuary, appraiser, computer or software designer, medical or legal specialist.** An individual or organization who gives expert advice or assistance in an area of endeavor for which he or she has special or unique expertise and/or qualifications.
- ✓ **Architect.** An individual or organization engaged in planning and designing buildings and structures by applying knowledge of design, construction procedures, zoning regulations, building codes, and building materials.
- ✓ **Engineer.** An individual or organization that applies physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems. Assignments undertaken may involve any of the following activities: provision of advice, preparation of feasibility studies, preparation of preliminary and final plans and designs, provision of technical services during the construction and installation phase, inspection and evaluation of engineering projects, and related services.
- ✓ **Independent Contractor:** When a service provider operates his/her business as an individual, not as a company with its own tax identification, the service provider is treated as an "Independent Contractor" with the forms and processes required for that form of contract. Status as an Independent Contractor does not negate any of the requirements for selection detailed below. Questions regarding Independent Contractors should be referred to the Controller's Office.

### **Selection of Professional Service Contractors**

Some of the points that must be considered when determining the award of a contract for professional services include:

- ✓ For all contracts, including services, a proposal or quotation from the supplier, detailing the project (commonly referred to as a "Scope of Work"), must be included in the documentation submitted with the requisition.
- ✓ Although professional services are not generally awarded on low price alone, they are not automatically exempt from bidding; that is, they are not always sole source. If the requisitioner believes that the proposed service provider is unquestionably, uniquely qualified, or the service can only be provided by one individual or organization, then a written explanation requesting exemption from the bidding requirement must accompany the requisition and the Director of Purchasing decides if the requisition qualifies as a sole source.
- ✓ Where there is competition, and the size of the award is between \$10,000 and \$25,000, there must be at least two "competitive" quotes. The award is not necessarily given to the lowest cost provider. The multiple quotes substantiate the pricing is "competitive," not out of line. If the award is more than \$25,000, the Purchasing Department conducts a formal bidding process. Here again, the award is not based on price alone, but on the competence of the service provider and the service provider's ability to serve the needs of the institution. Cost enters into the evaluation for budgeting purposes, and to distinguish between two or more equally qualified competitors.

These procedures apply to all professional services including architects and engineers.

**3.9 Equipment Requests and Awards.** The Faculty Senate Budget and Facilities Committee handles the annual equipment requests and awards process in conjunction with the Vice President for Business Affairs.

## **4.0 Purchasing Prohibitions**

**4.1 Conflict of Interest Prohibited.** In addition to such conflicts of interest prohibited by law, members of the Board of Regents and employees of NSHE:

- May not become a contractor or vendor on any purchase document or contract or real property transaction.
- May not be interested, directly or indirectly, through any member of his or her household, as defined by NRS 281.434, or through any business entity in which he or she has a financial interest, in any purchase, contract or real property transaction.
- May not accept any commission, profit, gift, loan, entertainment, service, or compensation of any kind as a result of or in conjunction with any purchase, contract or real property transaction.

Except where prohibited by law, appropriately documented exceptions to this policy may be permitted:

- For purchase documents or contracts for which the proposed vendor or contractor is the sole source for the commodity or service and the Regent or employee has certified in writing that he/she has not participated in or otherwise influenced the award, as determined by the BCN director of purchasing.
- When, in the judgment of the college president, the public interest would best be served by making such an exception.

**4.2 Preference.** Other than in the case of identical or tie bids, there shall be no preferences given for any reason in the award of purchases or contracts. In the case of two or more identical, lowest bids, preference will be given to: first, companies domiciled in Nevada; second, bids offering goods or commodities produced in this state; third, bids offering goods or services supplied by a dealer domiciled in Nevada; and forth, tie bids will be resolved by drawing cards; high card is awarded the contract.

**4.3 Unauthorized Purchases.** Invoices without prior authorization require an explanation endorsed by the appropriate vice president and are then to be forwarded to the controller's office.

**4.4 Personal Purchases.** Personal purchases in the name of the college are not permitted. No delivery of any personal purchase shall be authorized to be made to any college office or building other than college owned or controlled dwelling facilities.

**4.5 Deliveries.** All college purchases must be delivered to a college owned or controlled building or facility. Deliveries to an employee's personal residence are prohibited.

All NSHE employees are responsible for the safekeeping of NSHE property regardless of value. Applicable chairpersons, directors, or administrative officers are responsible for ensuring equipment is secure and for timely reporting of equipment status and discrepancies. Each responsible unit, in coordination with the equipment inventory section, must complete an annual physical inventory.

## **5.0 Inventory Procedures**

### **5.1 Definition of Inventorial and Sensitive Equipment**

- Inventorial equipment shall be defined as all non-expendable property, having a unit cost of \$5,000 or more and meeting the following criteria: (1) is complete in itself; and (2) is of a durable nature with a life expectancy of one year or more. Exceptions to this rule are firearms of all types (revolvers, shotguns, rifles, starter guns, and pyrotechnic devices). This definition does not apply if equipment is leased, rented, or placed at a college facility for demonstration purposes.
- Equipment that is sensitive in nature or subject to theft, and which is valued in excess of \$500 and less than \$5,000 must be separately tracked by the responsible department through the use of a *Sensitive Equipment List*. The following items are to be included in each department's Sensitive Equipment List report

|                |                        |                |              |
|----------------|------------------------|----------------|--------------|
| Computers      | Cameras                | Printers       | Fax Machines |
| Microscopes    | Video Cameras/recorder | Cell Phones    | Telescopes   |
| Video Monitors | Video Projectors       | Two-Way Radios | PDA's        |

Departments that wish to inventory additional items within the aforementioned definition may do so at their discretion. An annual inventory will be conducted on sensitive equipment during the same time the fixed asset inventory (>\$5,000) is conducted.

**5.2 Definition of Non-Inventorial Equipment.** Movable equipment having a value of less than \$5,000 or a life expectancy of less than two years will not be inventoried. This includes:

- Consumable or expendable items (e.g., office supplies, spare parts, tubes);
- products principally made of glass, rubber, canvas or cloth;
- animals of any type (responsibility of user);
- rented, leased, or loaned equipment;
- real property (improved and unimproved);
- individually owned equipment;
- books, maps, and manuscripts.

**5.3 Equipment Inventory.** Title to or ownership of all college equipment is vested in the Board of Regents of the Nevada System of Higher Education.

The official recording center for GBC equipment is located in the office of the Vice President for Business Affairs and BCN Purchasing. The official records shall reflect physical and administrative control of all defined inventorial equipment for effective equipment management. Departments, sections, and individuals involved in equipment custodianship are responsible for reporting initial and subsequent status changes of all inventorial equipment.

**5.4 Equipment Management, College-Wide.** Equipment management responsibility constitutes utilization, care, preservation, and custodial responsibilities from the initial acquisition to the disposal of the equipment.

Department chairs, directors, or administrative officers, or designee are equipment custodial officials and will certify all applicable transactions and subsequent inventory listings. Responsible personnel for each department or administrative unit will be assigned equipment inventory responsibilities for the reporting of all transactions within their designated areas.

**5.5 Equipment Identification Method.** To provide the link between the asset (inventorial equipment) and the necessary equipment accounting records, every inventorial item will be identified with an equipment control tag/label which is assigned by BCN Property Division concurrently with the PO.

An equipment control number will be assigned to each item inventoried. This number will be entered on the equipment label. It is the responsibility of each department to attach all control tags/labels, verify and record serial numbers of inventorial equipment on the equipment notification label form. This form is then returned to the Vice President for Business Affairs.

When federal ownership of the item exists, a label will be affixed to the item to identify the equipment as being under federal control.

**5.6 Government Furnished Equipment.** Some federally owned and funded items as well as privately donated items are retained on the fixed asset reports regardless of cost or value until various specific contract provisions are met. Departments receiving government furnished equipment in support of a grant or contract must comply with the specific rules and guidelines set forth in the grant/contract.

**5.7 Reporting Federal Grant/Contract Equipment.** All equipment, to which vested title remains with the government but is in the possession of the college, will be reported and labeled as the equipment of the granting agency. This applies to all items having a value of \$5,000 or more, unless in conflict with the terms of the granting agency. This includes equipment procured by a college purchase order or equipment furnished from government sources for support of the grant/contract. Acquisition of equipment will be in accordance with the terms of the grant/contract.

Utilization and maintenance of equipment will be in accordance with the terms of the grants or contracts in effect. Historical records of maintenance, calibration, and utilization will be maintained on a current basis by the department in possession of the grant or contract. Equipment declared excess to the project will be reported in accordance with the terms and conditions of the grant or contract. Ample protection from inclement weather, theft, deterioration, and damage will be afforded to all excess or salvageable equipment. Disposition of excess, salvage or scrap equipment will be reported to the Equipment Inventory Section.

**5.8 Reporting State Surplus Equipment Acquired Through GSA.** All federal surplus equipment having a federal acquisition cost of \$5,000 or more, which has been acquired through the State of Nevada's surplus equipment program, will be inventoried. The unit cost to be entered on the inventory reporting form will be the actual monies expended by the department in acquiring the item from the State Surplus Property Division.

All items of equipment shall be placed in use for the purposes for which it was acquired within one year of receipt and shall be continued in use for such purposes for one year from the date the equipment was placed in use. Equipment having a unit acquisition cost of \$5,000 or more shall have a restriction period of two years from the time the equipment is placed in use. It may not be sold, traded, loaned, cannibalized, or otherwise disposed of without prior approval from GSA.

**5.9 Gifts or Donations.** Gifts or donations of equipment are to be reported to the equipment inventory section via a copy of the official gift receipt form distributed by the GBC Foundation Office.

**5.10 Notification of Equipment Status Change.** All changes or adjustments affecting equipment status of the college inventory are to be reported to the equipment inventory section on form PUR 84, *Equipment Status Change*. Examples of changes requiring adjustments are:

- Intradepartmental loans for 180 days or more.
- Departmental loans to non-college activities.
- Change of location, area or building.



- Suspicion of theft (immediately notify the local police/sheriff unit).
- Title conveyance (grant/contract equipment conveyed to college ownership).
- Intradepartmental sale or transfer.
- Equipment salvaged or declared scrap when authorized by the Equipment Inventory Section or a federal agency.
- Items declared excess and transferred to State Surplus Property Division.
- Equipment sold through public auction.
- Equipment transferred from college possession at the direction of a federal agency.

Written documentation should be obtained when an item of equipment is removed from the college. The documentation should clearly identify each item of equipment by description and BCN inventory control number. The documentation should show both the signature of the individual authorized to remove the equipment from the college, and the signature of that individual's supervisor, specifically authorizing that person to remove the equipment. Also the date the equipment is removed from GBC premises and the expected date of return should be indicated. The supervisor should retain the documentation until the equipment is returned. A copy of the documentation should be given to buildings and grounds and security.

**5.11 Loan of College Equipment.** Loans of college-owned equipment or equipment in the care and custody of the college will be recorded on form PUR 84C, *Equipment Loan Agreement*. Loans, rentals, or individual use of college equipment for a non-college activity is not permitted, except with the written approval of the appropriate vice president. Loans to other institutions of the Nevada System of Higher Education must be approved by the department chair, unit director, or principal investigator. Loan of federal equipment must have the prior written approval of the federal contracting officer. A copy of all such approvals will be attached to the departmental file copy of PUR 84C.

Loans exceeding 180 days will be reported to the equipment inventory section on form PUR 84, *Equipment Status Change*, on the initial action and subsequent return of the equipment. Responsibility for replacement or repair in the event of loss or damage lies with the borrower.

**5.12 Surplus Property.** Disposal of college property will be coordinated through purchasing. Purchasing will be notified when property, including equipment, is deemed to no longer be of use to a department.

Purchasing will then decide on a course of action based on age, condition, usefulness to other departments, disposal or salvage value, and costs to remove the property. If the property is deemed to be worthless or a safety hazard, purchasing will coordinate the disposal as refuse. A "furniture and equipment pool" will be a repository for items disposed of by one department but deemed to have some useful life to another department. College departments may avail themselves of merchandise from this pool without cost other than moving costs. Items remaining in the pool beyond thirty (30) days, and items deemed to be unacceptable for re-use within the college will be disposed of through public sale, sale to surplus or salvage dealers, or disposal through donation or refuse.

**5.13 Inventory Reconciliation.** An annual physical inventory of all inventorial equipment will be done by the end of each year. The annual equipment listing will be utilized by the department/unit to reconcile records. All required adjustments to update current records should be annotated on the equipment listing. The equipment listing should be dated, signed by the individual responsible for the physical inventory, and returned to the Vice President for Business Affairs by the due date.

**5.14 Reporting of Insurance Claims.** All claims involving accidents, property, thefts, fire, wind and water damage at the Elko campus should be reported to the security department for a documentation report and photos (as needed). All other campuses should report the incident to the campus director, who should then notify the director of environmental health, safety and security (EHS&S) for a documentation report.

If the amount of the damages is over the deductible amount for that type of loss, the EHS&S director will file a claim with the NSHE Risk Management office. Bodily injury accident claims by non-employees must be filed with the office of the Nevada Attorney General. The correct forms maybe obtained through the EHS&S office. Proof of Insurance must be provided prior to outside (Non-NSHE) exhibits or special displays, such as museum art work or antiques. If a contract for an event, exhibition or display requests a waiver of insurance it must be approved by the Vice President for Business Affairs and the EHS&S director before the agreement is signed.

**5.15 Fixed Asset Capitalization (Other than Equipment).** The following fixed assets will be capitalized and maintained in the university accounting system, property management sub-system by the controller's office.

- Land consists of real property purchased by the college or donated for operating purposes. The cost of land should include all costs such as: purchase price or fair market value at time of gift; commissions; professional fees (title searches, architect, legal, engineering, appraisals); land excavation, fill, grading, drainage; demolition of existing buildings and improvements (less salvage); removal, relocation, or reconstruction of property of others; other costs incurred in acquiring the land.
- Buildings consist of all college structures used for operating purposes and include all permanently attached fixtures, machinery, and other components that cannot be removed without damaging the buildings. If a component can be removed without damaging the building, it should be considered equipment and not included in the cost of the building. The cost of buildings should include all direct costs of construction.
- Building improvements consist of any significant structural changes including major improvements, additions, or alterations that involve an expenditure of \$250,000 or more that are not recurring in nature and that usually increase the use value (efficiency, productivity, or additional uses) or the useful life of the building beyond what it was before the alterations. The amounts to be capitalized include the contract price of construction; architectural fees and services; expenditures incurred in remodeling, reconditioning and making the building suitable for the intended purpose; and interest incurred during the period of time required to complete and prepare the asset for its intended use.
- Improvements other than building include all improvements to land other than buildings, such as streets, pavements, parking lots, fencing, athletic fields, tennis courts, landscaping, and utility distribution systems (telephone, electrical, heat, computer, etc.). Only those components with an expenditure of \$250,000 or more should be capitalized.

**References: NSHE Title 4, Chapter 10, Section 1  
Chapter 8, Section 12  
Chapter 20, Section 2**

**Adopted: October 29, 1997**

**Revised: January 22, 1998**

**Revision Approved by PC: July 9, 2007, September 25, 2012 (Equipment Purchases)**

**Revised January 6, 2020 (Workday)**

**Contact the assistant to the president for any questions, corrections, or additions.**