

Internal Operations Manual

SUBJECT: Accounting for Fixed Assets **NUMBER:** 107-03-020

DIVISION: Office of Business Administration - Accounting **EFFECTIVE DATE:** 08-21-00

APPROVED: Original Signature Approval Filed with the Office of Business Administration

POLICY/PURPOSE: To establish written procedures that will ensure proper recording and accountability for fixed assets. This policy does not encompass accounting for capital projects.

AUTHORITY: Oregon Accounting Manual (OAM)
Oregon Revised Statute 293.590

APPLICABILITY: All Department of Administrative Services employees.

ATTACHMENTS: Refer to Property Disposition Request form number Z5-096956

GUIDELINES:

- I. Oregon Accounting Manual Section 01 02 00 provides guidance on accounting for fixed assets.
- II. Division personnel will perform annual physical inventory counts of all capitalized fixed assets and susceptible property unless the cost of attaining the 100 percent inventory count is cost prohibitive. The State Motor Pool will perform an annual inventory of their vehicles using a random sample. Internal Audit staff will provide the sample using the Fleet Anywhere current vehicle listing. Exceptions to this rule may be attained by written request to the Accounting Services Manager.
- III. Office of Business Administration (OBA) will prepare a quarterly report and distribute to each division. This report will list the capitalized asset, value, and accumulated depreciation.
- IV. The Department of Administrative Services will use straight-line depreciation. Exceptions to this rule may be attained by written request to the Accounting Services Manager.
- V. All assets within the divisions will be accounted for centrally using the fixed asset system supported by the Office of Business Administration. The only exception to this policy is the State Motor Pool, which utilizes a fleet management system for asset accountability and depreciation. The State Motor Pool will provide a monthly report to the fixed asset accountant on depreciation and value of the vehicles.
- VI. Reconciliation between the fixed asset subsidiary system and the general ledger will be performed quarterly by the Office of Business Administration.
- VII. It is the policy of the Department of Administrative Services to capitalize any item having a cost greater than \$5,000 and that meets one or more of the following criteria:
 - Has an estimated useful life of two years or more.
 - Expands the life of a current asset.
 - Increases the value of an asset.

If the cumulative cost of the components of a system exceed \$5,000, then the system will be capitalized at the cumulative cost of all the components.

- VIII. DAS divisions will safeguard susceptible property. Susceptible property refers to assets with a value between \$250 and \$5,000; having a useful life of at least two years; and are susceptible to loss. For

further instructions on susceptible property please see the DAS policy on susceptible property.

PROCEDURES:

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
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ACQUISITIONS

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| 1. Division Staff | | At time of purchase, determine if item meets Capital Outlay criteria. For items that meet the above listed criteria, select an agency object code 6XXX and place in appropriate field on Department coding block. For fleet vehicles, enter vehicle data into the Fleet Anywhere System. |
| 2. OBA Fixed Asset Accountant | | Monthly, run a query on disbursements made with agency object codes 6XXX. On all property except vehicles, assign property number and send property tag to division. Consult with division on determining useful life of asset and enter into the fixed asset subsidiary system (except for vehicles). Prepare capitalization entry and enter into Relational Statewide Accounting and Reporting System (R*STARS). Prepare and distribute quarterly asset accountability report to divisions. Quarterly, reconcile fixed asset subsidiary to R*STARS. Prior to recording, contact divisions to ensure the appropriate coding. |
| 3. Division Staff | | Affix property tag number to fixed asset. Monitor reports to ensure asset was correctly entered into fixed asset subsidiary. Fleet staff will enter the vehicle information into the fleet management system using the VIN number as the property identification number. |

DEPRECIATION

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| 1. Fleet Management Staff | | Monthly, prepare report that lists cost of vehicles, monthly depreciation, vehicles sold, vehicles acquired, and cumulative depreciation. Send report to fixed asset accountant. |
| 2. OBA Fixed Asset Accountant | | Monthly, prepare a depreciation report for all assets on the fixed asset accounting system and enter monthly depreciation amounts into R*STARS. Review fleet reports and enter monthly depreciation. |

DISPOSITIONS

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| 1. Division Staff | | Complete Property Disposition Request (PDR) and determine if item is being accounted for in the fixed asset subsidiary system. If property is listed on the fixed asset subsidiary system, send a copy of the PDR to the fixed asset accountant. If item is not on the fixed asset subsidiary ledger, do not send a copy of the PDR to accounting. |
| 2. Fleet Management Staff | | Determine vehicle that is being sold and complete documentation to send to Surplus Property. Change status on Fleet Anywhere System to PDR. At the time the vehicle is sold, change status to sold on Fleet Anywhere System. |

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
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| 3. OBA Fixed Asset Accountant | | Receive copy of Property Disposition Request and locate item on fixed asset system. Remove item from the subsidiary system and prepare |
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accounting entry to remove the asset and accumulated depreciation from R*STARS.

4. Division Staff Send Property Disposition Request and retired equipment to Surplus Property.

CAPITALIZED FIXED ASSET PHYSICAL INVENTORIES

1. OBA Fixed Asset Accountant Generate inventory report and distribute to appropriate divisions.
2. Internal Audit Staff Run statistical sample on fleet data and distribute list to Motor Pool staff.
3. All Division Staff Receive annual inventory report and determine location of equipment. Locate equipment and verify that the asset is still available for use by State Government. If equipment cannot be located annotate the unavailability on the report. Return the verified report to OBA by August 10th.

Motor Pool Staff – Receive statistical sample list of vehicles and arrange with customers to physically inspect the vehicle. Verify that the asset is in fair condition and available for use by State Government. If the equipment can not be located annotate the unavailability on the report. Return the report to OBA by August 10th.
4. OBA Fixed Asset Accountant Receive annual inventory report from divisions. Enter the inventory date on the fixed asset system. For items that could not be located, remove them from the fixed asset accounting system and R*STARS. Send a list of missing equipment to the Internal Audit Manager.
5. Internal Audit Investigate missing equipment and notify appropriate staff and/or authorities.