

Policy and Procedure related to Inventory Items as a result of increasing the Capital Fixed Asset Thresholds

Capital fixed asset thresholds will be revised on July 1, 2009. The principal threshold which will have the most impact will be the one for equipment. This threshold will be revised from \$500 to \$5,000. This means any equipment item costing within the range (\$500-\$4,999) will no longer be captured as a capital fixed asset on the fixed asset tables of WOLFS III.

The Department of Administration and Information (A&I) by statute is charged with the responsibility for determining policy on items which are subject to inventory versus those items subject to capitalization as a capital fixed asset. To this end A&I, through Risk Management and with the State Auditor's (SAO) assistance are presenting the following:

INVENTORY

Beginning with July 2009, SAO will provide a monthly report by agency which details any purchases in the object of expenditure codes 241, 242, 243, 244, 245, 246, 247 and 249, which falls within the inventory range (\$500-\$4,999). This report will pull from the journal the relevant information contained in the PRC document. Agencies will then download this report and add any additional information they may require for each item listed, including, but not limited to, location, assigned to, serial number and model number. Agencies will then need to download monthly and append this file to their master inventory file for their agency. Agencies have the option of adding to this list those items below \$500, which they may deem to be 'walkables' and want to track as well.

For the inventory items, agencies may generate their own 'asset tag' to place on these items and will need to account for changes to these items, for example, when these items have been surplus or otherwise disposed of on the master inventory list.

If these items are at a location not currently on the system, new locations can be requested to be added.

CAPITAL FIXED ASSETS: Equipment greater than or equal to \$5,000

Part of the master file listing for agencies will be the capital fixed asset listing which is already being provided monthly and which agencies should be downloading and reconciling to. Please note that items, which have been capitalized based on the current threshold of \$500, will remain on the capital fixed asset listing until they are disposed.

This master inventory file, which is comprised of the inventory listing as well as the capital fixed asset listing, will be the basis for performing an annual physical inventory audit. Agencies will be required to provide evidence and sign off to A&I—Risk Management that this physical inventory has been completed. The required format for reporting to Risk Management will be determined at a later date.