

Financial Process:	Capital Assets – Tangible and Intangible (T & I)	Issue Date:	November 2006
Topic:	Internal Control - Best Practices	Number:	BP-06
Applicable To:	All State Agencies, Departments, And Offices	Revision Date:	Feb 5th, 2019
		Page:	1 of 4

State of Vermont
Department of Finance and Management

Objective

Departments are responsible for developing cost-effective techniques and procedures to ensure its capital assets are properly safeguarded, maintained, and utilized. Departments are responsible for maintaining accurate and complete records regarding the acquisition, status, and disposal of all capital assets and to comply with all applicable accounting and regulatory requirements.

Risks

- Misstated financial records and statements
- Lost, stolen, or damaged assets
- Idle and unproductive assets
- Assets acquired or utilized for personal benefit

Definitions

Departments, regardless of VISION financial reporting requirements, are responsible for maintaining effective stewardship over all capital assets (i.e. capital, infrastructure, and non-capital) in regard to asset security, maintenance, and utilization.

Please refer to the following Finance and Management stated Policy, Procedures, VISION Training Manual and the Best Practices Series.

[# 10: Capital Asset Policy](#)

[# 1: Asset Management Procedure](#)

[Asset Management Manual](#)

[Best Practices Series](#)

Best Practices Include

- Written procedures exist for all asset management activities. Procedures should address, at a minimum, the acquisition and disposal of capital assets, asset security, asset utilization and maintenance, performing the physical inventory, and the requirements for classifying and recording capital assets in the accounting records.

[\[Documentation\]](#)

Financial Process:	Capital Assets – Tangible and Intangible (T & I)	Issue Date:	November 2006
		Number:	BP-06
Topic:	Internal Control - Best Practices	Revision Date:	Feb 5th, 2019
Applicable To:	All State Agencies, Departments, And Offices	Page:	2 of 4

- Capital asset purchases are initiated and approved by authorized personnel in accordance with established criteria.

[\[Authorization & Approval\]](#)
- Maintain adequate physical security over capital assets to deter theft, damage, loss, or improper use.

[\[Safeguarding of Assets\]](#)
- Capital assets are tagged (where practicable) with a unique department identifier. *Tagging assets is a requirement for capital assets maintained in VISION and a recommended best practice for other capital assets owned by the department.*

[\[Accountability, Safeguarding of Assets & Compliance\]](#)
- Limit access to capital assets to personnel who have a business need; provide keys and lock combinations of secured locations only to authorized personnel.

[\[Safeguarding of Assets & Authorization\]](#)
- Capital asset transactions are properly accumulated, classified and recorded in the accounting records (as appropriate) at the time of acquisition or disposal.

[\[Reporting\]](#)
- Responsibility for capital asset accounting and knowledge of financial reporting requirements is assigned to specific personnel to ensure accurate, complete, and timely reporting.

[\[Reporting & Compliance\]](#)
- The accounting functions for capital assets are performed by personnel other than those responsible for the custody of the related assets.

[\[Separation of Duties\]](#)
- Adequate project cost records are maintained and appropriate values for completed projects are transferred timely to detailed subsidiary records for capital or infrastructure assets.

[\[Reporting\]](#)
- Periodically compare recent acquisitions of capital assets to financial and inventory records to ensure completeness.

[\[Monitoring & Reconciliation\]](#)
- Controls exist to ensure that changes in the status of capital assets (e.g. disposals, change in location, improvements, etc.) are reported timely to those responsible for capital asset accounting and recordkeeping functions.

Financial Process:	Capital Assets – Tangible and Intangible (T & I)	Issue Date:	November 2006
		Number:	BP-06
Topic:	Internal Control - Best Practices	Revision Date:	Feb 5th, 2019
Applicable To:	All State Agencies, Departments, And Offices	Page:	3 of 4

[Reporting]

- Perform a physical inventory at least annually to ensure the physical accountability of all capital assets and the completeness and accuracy of financial records. *The annual inventory is a requirement for all assets maintained in VISION and a recommended best practice for other capital assets owned by the department.*

[Verification, Reconciliation & Compliance]

- The physical inventory of capital assets is performed by personnel other than those responsible for the custody of the related assets.

[Separation of Duties]

- Capital assets are properly maintained to prevent shortening their useful life.

[Safeguarding of Assets]

- Routinely inspect “high-risk” capital assets (e.g. critical to department’s performance, increased likelihood of theft, misuse or breakdown, etc.) to confirm existence, condition, and valuation.

[Verification & Safeguarding of Assets]

- Periodically evaluate capital asset utilization to identify low-performing or idle assets that may be considered excess or surplus property.

[Monitoring]

- Capital asset transfers, retirements and disposals are approved by an authorized person. *Contact the Dept. of Buildings & General Services’ Surplus Property Division for additional information and requirements regarding asset disposals and retirements.*

[Approval & Safeguarding of Assets]

- Review and update insurance requirements periodically, or when a change in the asset’s status occurs.

[Safeguarding of Assets & Documentation]

- Appropriate action is taken to investigate and document missing capital assets.

[Safeguarding of Assets & Documentation]

- Upon suspicion of fraud, theft, or malicious damage immediately notify the appropriate personnel (i.e. management, State Auditor’s Office, law enforcement).

[Safeguarding of Assets]

- The department’s asset capitalization policy is consistent with the thresholds defined in the.

[Compliance]

Financial Process:	Capital Assets – Tangible and Intangible (T & I)	Issue Date:	November 2006
		Number:	BP-06
Topic:	Internal Control - Best Practices	Revision Date:	Feb 5th, 2019
Applicable To:	All State Agencies, Departments, And Offices	Page:	4 of 4

- All capital assets and computer equipment are properly classified, recorded (*at the time of acquisition or disposal*) and tracked in the VISION Asset Management module.

[\[Documentation, Reporting, & Compliance\]](#)

- Departments comply with the requirements and timelines for conducting an annual physical inventory of all assets maintained in VISION.

[\[Verification, Reconciliation & Compliance\]](#)

Notices

- These best practices are intended to support the internal control framework as presented in the [Internal Control Standards: Manager's Guide](#).
- In consideration of these best practices, the objective should be on adherence and not on rationalizing ways and means for circumvention.
- Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations.