

VISION PROCEDURE #1

STATE OF VERMONT
AGENCY OF ADMINISTRATION

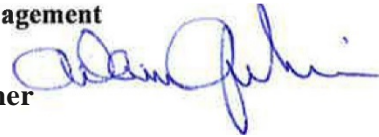
Subject: **Capital Asset Management Procedure**

Revision Date: **February 5th, 2019**

Applicable To: **All State Agencies and Departments**

Issued By: **Department of Finance & Management**

Approved By: **Adam Greshin, Commissioner**



PURPOSE

This procedure outlines the management of the State of Vermont's capital assets in VISION. Please refer to Department of Finance and Management [Policy #10 Capital Assets](#), issued February 5th, 2019 for reference to the definitions and thresholds of the State's capital assets.

PROCEDURE & GUIDELINES

I. General Guidelines for Adding Assets to VISION

The following will govern the management of all asset additions:

- 1) All state departments are required to use straight-line depreciation with a mid-month convention. This is a statewide standard that is set up in the state's financial management software. Any exceptions to this approach will need prior approval from the Commissioner of Finance and Management.
- 2) Each asset will be assigned a useful life based on depreciation guidelines that are provided by the Department of Finance & Management. These guidelines are based on IRS Publication 946 and/or other authoritative guidance.

<https://www.irs.gov/pub/irs-pdf/p946.pdf>

- 3) All additions of capital assets will be properly recorded in the Asset Management Module at the time of acquisition. Construction-in-Process projects will be capitalized and recorded in the Asset Management Module **within 60 days** after the constructed asset is accepted and ready for its intended use. The following information will be required for each addition:
 - a. **Description (Asset Information Page)** – All assets must be entered with a description of the asset.
 - b. **Tag Number (Asset Information Page)** – All **taggable** assets must be tagged with a unique department identification number. Information included on the tag will include at a minimum the department's name and a unique asset tag number.

- c. **Acquisition Date (Asset Information Page)** – All assets must be entered with the date the asset was acquired.
- d. **Comments (Location/Comments/Attributes Page)** – Donated asset acquisition information will be kept in the Comments Panel. This information must include but is not limited to the name and address of the donator. The fair market value of donated land at the date of acquisition must be documented in the Comments Panel.
- e. **Location (Location/Comments/Attributes Page)** – All assets must be entered with a location code that corresponds to the primary physical location of the asset. Departments are responsible for conducting an annual physical inventory and will need a location code in order to complete this task. Location codes intended for use in the Asset Management Module all have an “**A**” prefix.
- f. **Amount (Asset Acquisition Detail Page)** – All assets must be entered with an amount equal to the acquisition cost. Acquisition cost includes all expenditures that are necessary to place the asset into its intended location and condition for use. This includes the invoice purchase price and ancillary charges that are directly attributable to asset acquisition – such as freight & transportation, in-transit insurance, duty, site preparation, assembly, and installation costs. If the asset was *donated or gifted* (with the exception of land), the amount must reflect the fair market value at the time of acquisition.
- g. **Quantity (Asset Acquisition Detail Page)** – All assets must be entered with a quantity equal to 1 (one).
- h. **Category (Asset Acquisition Detail Page)** – All assets must be entered with a category. The category determines the depreciation status of an asset. The category is associated directly with the profile id. If a category is entered that is not associated directly with the profile id that is entered, the system will override the category when the asset is capitalized to ensure that the asset is recorded using the appropriate category.
- i. **Department “Dept ID” (Asset Acquisition Detail Page - Acquisition Details Chartfields link)** – All assets must be entered with a Dept ID.
- j. **Fund (Asset Acquisition Detail Page - Acquisition Detail Chartfields link)** – All Internal Service fund, Enterprise fund and Fiduciary fund assets must be entered with a fund.
- k. **Capitalize (Asset Acquisition Detail Page)** – The Capitalization status defaults to “To Be Capitalized”. This status cannot be overridden. The system will change this status to “Already Capitalized” after the asset has been capitalized and saved.
- l. **Payables Info (Asset Acquisition Detail Page – Interfaces Info link)** – All assets entered must have Payables Info. This includes, but is not limited to: AP Unit, Voucher ID, Supplier ID, Invoice Number, and Invoice Date. This will allow for a clean audit trail of all assets from the Accounts Payable Module to the Asset Management Module. *Donated asset acquisition information will be kept in the Location/Comments/Attributes page. This information must include but is not limited to the name and address of the donator.*
- m. **Profile ID (Asset Acquisition Detail Page)** – All assets must be entered with a Profile ID. The Profile ID is associated with the Category. In selecting the most appropriate asset profile, primary emphasis must be placed on the physical nature of the asset and its estimated useful life.
- n. **Transaction Date (Asset Acquisition Detail Page)** – The Transaction date must be the same as the *acquisition date* that was entered on the Asset Information Page
- o. **Accounting Date (Asset Acquisition Detail Page)** – The Accounting Date defaults in as the current date. **Do not override** this date.

- p. **Transaction Code (Asset Acquisition Detail Page)** – The Transaction Code should reflect how the asset was acquired. Donated assets must be coded as Donated.

II. General Guidelines for Transferring or Retiring Assets

The following will govern the management of all asset transfers, retirements or disposals:

- 1) All retirements or disposals of assets will be properly recorded in the Asset Management Module at the time of disposal, to ensure accurate financial reporting. Retirements must be entered with a transaction date equal to the date of the disposal, an accounting date equal to the current date, and with the disposal code that most accurately describes the disposal process.
- 2) Departments are also required to document on the Comments panel of Asset Basic Information, all details regarding the disposal of the asset, including how the asset was physically disposed of.
- 3) Depts are to establish their own internal asset retirement / disposal process.
- 4) When assets are found to be surplus by any state agency or department, these assets must be physically transferred to The Department of Buildings and General Services, State Surplus Property Division per 29 VSA chapter 59, section 1556, unless otherwise directed by statute. State Surplus Property Division will then either physically transfer the property to another entity, inventory it for future use, or dispose of the property. The same guidelines for asset retirements or disposals will apply as required in 1) and 2) of this section.

III. General Guidelines for Conducting Physical Inventories

The following will govern the conducting of physical inventories:

- 1) All Departments are required to conduct and complete an annual physical inventory between May 1 and June 1.
 - a. A physical inventory must be taken of all capital assets and computer equipment to ensure that all capital assets and computer equipment additions and disposals are recorded properly in VISION.
- 2) All adjustments including additions and disposals of assets in VISION as a result of physical inventories taken and completed annually between May 1 and June 1 must be made in VISION **prior to June 15** of the same year.

IV. Revision History

April 2001: Originally issued as Administrative Bulletin #1: Asset Management

May 1, 2004: Re-issued as VISION Procedure #1: Asset Management Procedure

Key changes in **4/26/05** revision:

- Section V- 3: All additions of fixed assets will be properly recorded in the Asset Management Module *at the time of acquisition*.
- Section VI-1: All retirements or disposals of fixed assets will be properly recorded in the Asset Management Module *at the time of disposal* ...
- Requires Agency/Department Head signature on Asset Verification Form

Key changes in **9/30/05** revision:

- Section VI: Title - General Guidelines for *Transferring or Retiring Assets*
- Section VI: Addition of sub-Section 4 which relates to transferring assets

Key changes in **May 1, 2007** revision:

- Section I-1: Defines the *acquisition cost* of an asset
- Section I-3a: Defines per GASB 34 how donated land is to be valued
- Section I-5: Adds separate criteria for computer software
- Section III-2: Provides guidance for tracking computer equipment and establishes a minimum cost threshold of \$1,000
- Section V-3: Specifies timeframe for capitalizing and recording Construction-in-Process assets
- Section V-3: Adds clarification to the location, category, fund and profile fields

Key changes in **February 5th, 2019** revision:

- Reference to Finance and Management Policy # 10 for definitions and thresholds of the State's capital assets.

If you have any questions or need clarification on any aspects of this procedure please contact VISION Help Desk at 828-6700, option 2 or at: VISION.FinHelpdesk@vermont.gov