

Accounting  
Property

John Johnson

**Fixed Asset &  
Equipment  
Policy  
&  
Standard Operating  
Procedures**

# Accounting Property

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## Content

1. Purpose.....	3
2. Definitions.....	3
3. Responsibilities.....	4
4. Bar Coding assets and Equipment.....	5
5. Additions to Fixed Assets.....	6
6. Transfers of Assets.....	7
7. Disposition of Assets.....	8
8. Conduction of Physical Inventory.....	8

# Accounting Property

John Johnson

## 1. Purpose

The purpose of this manual is to set forth the regulations and procedures that control the reporting of capital and controlled assets. This manual is intended to assist personnel in implementing and maintaining an effective property control program. The implementation of an effective and accurate process for tracking assets is necessary for several reasons:

- Government regulations require us to track an asset's cost, depreciation, and the subsequent disposal of that asset.
- Assets that will be depreciated shall be categorized and assigned a depreciation life. (For example, buildings have an expected book life of 30 years (360 months)).
- We also utilize asset records for insurance purposes. In the event of a loss, it is necessary to have an accurate record of the asset to ensure adequate insurance coverage of the item lost.
- We must also account for which assets are purchased using either federal, state, or private grants, or whether the assets were purchased using tribal funds.

## 2. Definitions

For the purpose of these policies and procedures the following definitions shall apply.

**Assets**—refers to both “capital” and “controlled assets.”

**Assigned Administrator**—the employee within each department that shall be responsible for conducting an initial physical inventory, and shall be responsible for documenting and recording subsequent additions to the Master Item List file.

**Bar Code**—refers to the label and number used to identify assets in the property inventory sheet.

**Capital assets**—refers to real or tangible personal property having:

- A value greater than or equal to the capitalization threshold for the particular classification of the capital asset; and
- Having an estimated useful life of greater than one year from the time of acquisition.

# Accounting Property

John Johnson

**Controlled Assets**—refers to those items with a historical cost of less than \$5000.00, but which are particularly at risk or vulnerable to loss or theft.

**Master Item List**—the master item list shall be the up to date inventory of all assets in possession of each respective tribal department.

**Property Control Program**—this manual shall serve as the property control program to be utilized by each department of the Leech Lake Band of Ojibwe.

**Property Disposal Form**—the form the assigned administrator fills out to document and record the disposal or transfer of assets by each department.

**Property Inventory Sheet**—the inventory sheets the assigned administrator fills during the initial physical inventory, or as new assets are acquired by the department, or as current assets are disposed or transferred.

**Property Manager**—the property manager is the employee that oversees the implementation of this manual.

### 3. Responsibilities

#### Property Manager

The property manager shall be responsible for administering the policy and related regulations and procedures.

#### Assigned Administrator

The assigned administrator is responsible for custody and control of assets assigned to the applicable department. The assigned administrator is responsible for coordinating asset audits and physical inventories with the property manager as well as recording capital asset acquisition, transfers, salvage, donations, sales, and trades. Fill out necessary form (property disposal form). The assigned administrator should have a property inventory sheet completed at all times for random inventory audits at the property manager's discretion either bi-annually, semiannually, and/or annually.

# Accounting Property

John Johnson

## 4. Bar Coding Assets and Equipment

### Reason to bar code

To identify inventoriable assets as belonging to the Leech Lake Band of Ojibwe.

### What to bar code

All furniture and equipment with a replacement value above \$5,000 must be tagged, including but not limited to:

- Furniture
- Buildings
- Equipment
- Office machinery

All informational technology must be bar coded as follows:

- iPad, iPod, computer towers, operating systems, cellular phones, and devices which hold pertinent information crucial to the departments.

### When to bar code items

Assets over the threshold amount of \$5,000 that do not have a VIN number, serial number, or any other identification numbers readily available to record to the property inventory sheet.

### When not to bar code items

Reasons not to bar code an item or an asset:

- If the item or asset has a unique, permanent serial number suitable for identification, security, and inventory control (such as vehicles);
- If the item or asset would lose significant historical or resale value if marked;
- If the item or asset would have its warranty negatively impacted if permanently marked; or
- If the item or asset has a value less than \$5,000 threshold and does not meet criteria explained within this manual.
- All assets that are valuable to the Division/department that are under the \$5,000 threshold can be inventoried.

# Accounting Property

John Johnson

## **Method for bar coding**

Items shall be marked accordingly to be documented for inventories or tagged with a bar code by the property manager.

## **5. Additions to Fixed Assets**

When receiving a new asset into the department, the property manager shall determine if the asset will receive a property tag. Any item which has a purchase price that exceeds \$5,000 and has a life greater than one year shall be bar coded.

Additional items to be barcoded regardless of their value include, laptop computers, tablets, cell phones, towers, and devices which hold pertinent information for the department. If you have questions concerning a specific asset, please contact the property manager.

Once an asset has been labeled, it must be recorded. The property inventory form is used to report all adjustments required in the Master Item List File. When receiving a new asset, fill out the following columns:

- Division: identify the tribal department on the tribal chain of command flow chart.
- Location: describe where item will be located by tribal building.
- Manufacturer: identify the manufacturer of the item.
- Description: briefly describe the item.
- Serial number: identify the manufacturer's serial number, department number, or the barcode supplied by the property manager.
- Acquisition date: identify the date the asset was purchased.
- Value: identify the purchase price of the item.
- Percent: identify what percentage of grant or tribal monies were used to purchase the item.

The property inventory sheet form shall be completed entirely and forwarded to the property manager.

# Accounting Property

John Johnson

## 6. Transfer of Assets

Asset transfers shall be recorded promptly. A permanent transfer is one that has no current plans of return. The administrator transferring equipment shall complete a **property disposal form**.

Information required to be recorded on the property disposal form shall include:

- Division: identify which division oversees the tribal department that possesses the asset.
- Department: identify which tribal department possesses the asset.
- Asset tag number: identify which bar code number is assigned or documented for internal control by the department.
- Disposal requested by: identify personnel requesting the transfer.
- Item description: supply a brief description of the asset.
- Serial or VIN number: identify the Vehicle Identification Number, serial number or bar code number placed on the asset.
- Receipt of asset approved by: identify the supervisor or manager of the employee requesting the transfer.
- Reason of disposition (transfer): supply the justification for the transfer.
- Disposition date (transfer): supply the specific date transfer is finalized.
- Condition of item: determine the condition of the asset by acquisition date, current condition of the item, its past use, and its present intended use.
- Where item was transferred: supply a brief description of where, why, by whom, for what, and when item has been transferred.
- Value of item: identify specific trade value or salvage price with supporting documentation.
- Name of vendor: identify the employee or department that is receiving the asset with contact information.
- Purchase date: supply the date of transfer.
- Installation date: supply the date item is inventoried or finalized with property manager.
- Approved by: identify the department manager or division director that approved the transfer.
- Completed: provide the appropriate property manager signature with proper capitalization and transfer of items.

# Accounting Property

John Johnson

## 7. Disposition of Assets

Asset disposals shall be recorded promptly. These records shall reflect whether the items have been surplus, traded, sold, stolen, or destroyed. When an asset is in disrepair or has exceeded its useful life, the asset must be returned to the property manager for appropriate disposal. IT Department shall be disposed of IT equipment. The assigned administrator shall complete a property disposal form.

Information required on the form includes:

- Barcode Number of Fixed Asset and Equipment—the assigned administrator must record the Fixed Asset Number located on the barcode affixed to the asset or must obtain the number from the fixed asset listing that identifies the correct item. Consult the Fixed Asset Listing for the proper asset number.
- The assigned administrator shall provide a complete description of the item, including division/department whom is in control, location, manufacturer, description, serial number, acquisition date, value, percentage of what is federally funded, or percent paid by the Band of Ojibwe. "Color Monitor or Desk" is not sufficient to properly identify property. Send completed form to property manager. The Property Inventory sheet should be utilized for the process of inventory and updated with Property Manager on a monthly basis.

## 8. Conducting Physical Inventory

A physical inventory shall be conducted by the assigned administrator for each tribal department at least annually for all inventoriable assets. The assigned administrator shall conduct the inventory of assets consistent with this manual.

For instance, the assigned administrator shall determine whether assets are capital assets or controlled assets. The assigned administrator shall also document, record, and assign bar code numbers to all controlled assets that are prone to theft.



# Accounting Property

John Johnson

## DISPOSAL OF FIXED ASSETS FORM (Please fill in all relevant sections)

Division: \_\_\_\_\_

Department: \_\_\_\_\_ Asset Tag#: \_\_\_\_\_

Disposal Requested By: \_\_\_\_\_

Location of Asset: \_\_\_\_\_

Item Description: \_\_\_\_\_

Serial or VIN #: \_\_\_\_\_

Is the asset being transferred? If so:

To Department: \_\_\_\_\_

Building: \_\_\_\_\_

Location: \_\_\_\_\_

Receipt of Asset Approved by: \_\_\_\_\_

Reason for Disposition: \_\_\_\_\_

Disposal Date: \_\_\_\_\_

Condition of Item: \_\_\_\_\_

Disposition of Item (Explain if traded, salvaged or sold – include name of Division,  
Department. Or Company):

Traded\_\_\_ Salvaged\_\_\_ Sold\_\_\_ Transferred\_\_\_ Donated\_\_\_

Where Item was transferred: \_\_\_\_\_

Explain: \_\_\_\_\_

Value if so or traded: \$ \_\_\_\_\_ Salvage cost: \$ \_\_\_\_\_

Name of Vendor: \_\_\_\_\_

Purchase Date: \_\_\_\_\_ Installation Date: \_\_\_\_\_

Approved by: \_\_\_\_\_  
Department Head Date

Completed: \_\_\_\_\_  
Leech Lake Band Property Manager Date

Created 8/3/16

JJ property Manager