



# Administrative Directive

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## 1.0 Purpose and Need

The purpose of this directive is to define procedures and organizational responsibilities for the establishment, recording and disposal of all assets, including capital assets. Generally assets are defined by type: capital assets; controlled assets; non-capital assets; and store/stockroom or inventory assets. See Section 6.0 for asset definitions.

The City's inventory of assets represents a significant investment of municipal resources. This Directive is needed to provide clarity of roles for the oversight and management of such assets includes establishing different levels of controls and procedures.

## 2.0 Administrative Directive

This Administrative Directive will identify requirements designed to provide fiscal control and accountability for all asset types.

This Directive should be read, without limitation, in conjunction with the following Directives:

- A.D. 1.18 Donations and Gifts
- A.D. 5.02 Department Reporting Procedures (esp. §5.7 regarding damage to City assets)

## 3.0 Finance Responsibilities

### Finance/Comptroller

The Finance/Comptroller is responsible for the establishment and recording all capital assets in the City's general ledger. A well maintained capital asset system is required to ensure accountability, stewardship of City property, and accurate financial reporting.

The Finance/Comptroller shall:

- Establish procedures that City agencies follow for the classification, recording, identification, inventory and disposition of assets as specified in the Asset Management Manual.
- Maintain the City's official capital asset system supported by departments identified within the Asset Management Manual as having unique asset roles and responsibilities.
- Establish the requirement for written procedures and internal controls necessary to implement and monitor prescribed capital asset accounting and reporting policies, guidelines and standards.
- Establish the criteria for asset classification determination of useful life, and methods of depreciation
- Periodically review departmental asset procedures for control review and asset lists for accuracy.
- Review and assess store, stockroom and inventory operation procedures provided by the department.
- Be a repository for completed forms DF-26 and DF-27.

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Finance/Purchasing:

The Finance Department Purchasing Division is responsible for establishing procedures for asset acquisition and disposition.

Finance Purchasing shall:

- Review requisition and purchase order coding for new assets purchased through the Purchasing Division. Departmental requisitions with incorrect coding may be rejected and returned to the department for corrections to the codes.
- The establishment of procedures for asset disposal.

**4.0 Departmental Responsibilities for Asset Management**

City department directors or designees are custodians of the assets that are procured or assigned to their departments. All departments are required to: conduct proper stewardship of assets; implement and maintain asset internal controls; and to comply with the requirements, policies and procedures as established in this Directive and the Finance Asset Management Manual including:

- Ensure the safeguarding of all assets assigned to their department.
- Ensure that the periodic physical asset inventory of capital assets is performed.
- Ensure controls and written internal policies and procedures exist for accurate reporting as required: including the acquisition; disposition; inventory; and physical safeguards of the asset.
- Ensure that capital assets are adequately insured and properly tagged and identified.
- Submit to Finance the completed form DF-26 for asset addition and disposal.
- Provide a detailed listing of assets created, improved or purchased upon partial or final close of CIP.

Departments are expected to produce a plan to achieve compliance or procedures to begin compliance efforts within 12 months following the effective date of this policy.

**4.1 Capital Asset Physical Inventory**

Departments shall:

- Establish written procedures to ensure an accurate inventory for capital assets that are controlled within their department.
- Establish a plan and conduct a periodic physical inventory of capital assets.
- Review the departmental asset list on a regular basis to ensure all additions and dispositions have been recorded and changes have been made to keep the inventory list accurate.
- Reconcile discrepancies noted in the inventory findings to the InSITE asset records upon the completion of the physical inventory.
- Submit the DF-27 'Departmental Asset Physical Inventory Reconciliation' form to Finance Comptroller certifying that the physical inventory is complete and accurate.

**4.2 Reporting Transactions**

**4.2.1 Asset Addition**

Upon receipt of the capital asset, the department will complete a DF-26 'City Asset Inventory Transaction' form (available on the City's intranet site). The department is responsible for

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submitting the completed DF-26 to the Finance Accounts Payable Division when the payment voucher and vendor invoice associated with the asset is submitted.

#### 4.2.2 Asset Transfer or Loan to a City Department

The permanent transfer of capital assets requires that an updated D.F-26 'City Asset Inventory Transaction' form be submitted by the original department to the Finance Comptrollers Division.

#### 4.2.3 Asset Disposal or Retirement

The department identifies the asset for disposition, and completes a D.F-26 'City Asset Inventory Transaction' form which is submitted to the Finance Purchasing Division.

#### 4.3 Department Responsibilities for Managing Stores & Stockrooms

The department director or designee must submit a written acknowledgement to the Finance Comptrollers Division of the existence of a store, stockroom or multi-year asset inventory in excess of \$50,000. Departments with inventory stores, stockrooms or inventory on-hand in excess of \$50,000 are required to have written procedures for the asset controls and safeguards. Questions regarding asset, accounting and reporting requirements for a store or stockroom should be directed to the Finance Comptroller.

### 5.0 Asset Forms

DF-26 City Asset Inventory Transaction Form – Mandatory  
DF-27 Departmental Asset Physical Inventory Reconciliation Form – Mandatory  
Finance Physical Inventory Asset List - Optional

### 6.0 Glossary of Terms – For additional details, refer to the Asset Management Manual

**Assets** - Materials, property, claims against others, and other items of value belonging to the City. Capital assets are a specific type of asset within this broad category. Inventories of supplies and materials are another separate category of assets. For purposes of this Directive, assets are divided in to four classes: capital assets, controlled assets, non-capital assets, and store/stockroom or inventory assets.

**Asset Management Manual** - An official city manual established and maintained by the Finance Department which specifies the policies and procedures for the acquisition, classification, accounting, control, recording, identification, inventory and disposition of assets. Available on City intranet site.

**Capital Asset** - Land, improvements to land, buildings, building improvements, vehicles, machinery & equipment, information technology hardware, works of art and historical treasures, and infrastructure assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets have an acquisition cost that is equal to or greater than \$5000. It can be tangible in nature, retaining its original form and appearance with use and is not consumed in operational activities (supplies). Or it can be intangible in nature, such as computer software with a combination of consulting/design, purchase, testing and implementation costs of greater than \$50,000.

**Capital Improvement Program (CIP)** - The City's five-year program for planning and funding projects in excess of \$250,000. The CIP is an assemblage of capital projects, and each project may create a new asset or improve an existing asset; a project may create multiple new assets or improvements to multiple existing assets.

**Controlled Assets** - Tangible property that has an expected useful life of more than one year with an acquisition cost of less than \$5,000 may be classified as a controlled asset. In addition, controlled assets are items that require special attention to protect public safety, avoid potential liability, or require higher

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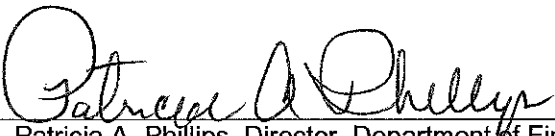
than ordinary levels of accountability including items acquired by grant or items with other source funding provisions.

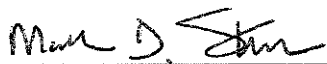
**Departmental Asset List** - The list of capital assets that is maintained and updated by the department. The department may utilize the InSITE asset list as the official record of capital assets.


**Disposition** - The process by which the City relinquishes possession and ownership of an asset, e.g., auction, trade-in, salvage, scrap, donation.

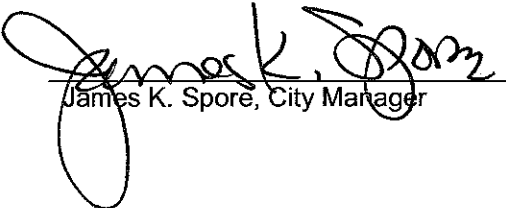
**Non-Capital Asset** - A single item with a purchase cost of less than \$5K. This category includes controlled assets, store or stockroom assets and inventory operation supplies.

**Store/Stockroom Assets or Inventory Operation** – Any activity by a department where items purchased and not used immediately are maintained for future projects or activities, and those items in summary have a purchase price total in excess of \$50,000. Often store, stockroom or inventory is maintained from year-to-year for unplanned or yet-to-be identified future jobs or activities.

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