

**Internal Policies and Procedures
of the
Utah State Board of Education**

Policy #:	01-06
Subject:	Fixed Assets
Date:	June 1, 2022
Policy Owner:	Assistant Superintendent of Operations
Policy Officer:	Deputy Superintendent of Operations

References:

The following sections of the Utah Administrative Code apply:

- [Utah Administrative Code, Title R25. Finance](#)
- [State of Utah Accounting Policies FIACCT 09 \(Fixed Assets\)](#)

Definitions:

The definitions below define standard wording referred to throughout the Utah State Board of Education (USBE) Policies and Procedures and apply to all instances where a word/phrase is used.

- **Capital Expenditures:** Expenditures coded to Capital Object Codes in the General Ledger, Special Revenue, Capital Projects, or Debt Service funds and are used to purchase fixed assets.
- **Construction in Progress (CIP):** Costs for construction projects are accrued in the CIP expenditure Object Codes #6811-6884 by the builder of the project (usually Division of Facilities Construction and Management).
- **Cost:** Historical cost is the basis for valuing governmental fund fixed assets and is the cash or cash equivalent price of obtaining an asset and getting it ready for its intended use.
- **Department/Section:** A department or section within USBE.
- **DFCM:** Division of Facilities Construction and Management

- **Financial Operations**: The Section at USBE that is responsible for financial and accounting functions.
- **FINET Fixed Assets**: Subsystem of the State's FINET accounting system. The FINET Fixed Assets module (i.e., FINET Fixed Assets) is used to account for and track the State's fixed assets.
- **Fixed Assets**: Assets acquired for use in operations not for resale or investment purposes, which have a useful life greater than one year and cost \$5,000 or more. Fixed assets can include buildings, machinery, land, roads, dams, lighting systems, bridges, motor vehicles, furniture, office equipment, computer equipment, computer software, licensing agreements, betterments, water systems, works of art, historical treasures, and collections, etc.
- **I.D. Tag Number**: A nine-character unique, identifying number affixed to every fixed asset. This number is part of the Fixed Asset Number on all FINET Fixed Asset documents.
- **Information-Only Assets**: Assets that an agency desires to track, but do not qualify as fixed assets for reporting purposes (i.e., assets that have a value of less than \$5,000 and /or a useful life of less than one year).
- **Utah Division of Finance**: A division under the State of Utah's Department of Administrative Services.

- I. **PURPOSE**: The Utah State Board of Education (“USBE”, “Agency”) has adopted these Fixed Assets Policies and Procedures (“policies” and “procedures”) to ensure that:
 1. Fixed assets are properly accounted for and depreciated over the course of their useful life.
 2. Fixed asset purchasing/acquiring, receiving, tagging, tracking, and inventorying is performed consistently and in a well-controlled manner with adequate segregation of duties in place.
 3. Disposals and transfers of fixed assets are documented and processed appropriately.
 4. The overall fixed assets management function follows applicable State regulations and policies.
- II. **SCOPE**: These policies apply to all USBE employees involved in the purchasing, receiving, tagging, recording, inventorying, dispositioning, and other activities related to fixed assets owned or leased by USBE.

Throughout this document, words like “must” and “should” are used. When the term “must” is used, no group or individual has the authority to deviate from the specific

policy or procedure. The term “should” is used to convey that individuals are expected to follow the policies and procedures as written and are required to justify any deviations. Deviations should only occur when the specifics of the situation justify a reasonable departure from the recommended policy and procedures.

III. **POLICIES:**

1. **General Fixed Assets Policies**

- a. All employees who are involved in fixed assets identification, recording, approval, and monitoring processes are responsible for reading and understanding the policies and procedures presented below, as well as applicable State policies.
- b. **Delegation of Authority:** Delegation of approval authority is permitted, unless specifically prohibited within this policy. The delegation must be done in writing, include the delegator, the person being delegated to, and the approval authority being assigned. The written request of delegation must be submitted to Financial Operations for pre-approval by the Superintendent, and if approved, for inclusion on the Delegation List. All delegations included on the Delegation List are reapproved annually.
- c. **Safeguarding of Assets:** Section Directors and their designees are ultimately responsible for ensuring proper safeguards are in place over the fixed assets in their Sections.

2. **Purchasing Fixed Assets Policies**

- a. Each Section Accountant is responsible for monitoring Purchasing Requisition Forms (PRF), and for identifying purchases that qualify as fixed assets. Refer to the USBE Purchasing Policies and Procedures.

3. **Receiving and Recording Fixed Assets Policies**

- a. The Receiving Department will ensure delivery of the asset to the appropriate Section.
- b. The Financial Analyst is responsible for ensuring fixed assets purchased are properly recorded in FINET Fixed Assets and for completing the Fixed Assets Reconciliation Worksheet.
- c. The Financial Manager is responsible for reviewing the worksheet and ensuring it is submitted to the Division of Finance by the applicable deadline each month.

4. **Tagging Fixed Assets Policies**

- a. The Division of Finance issues Identification (I.D.) Tags to the USBE, which must be affixed to the physical fixed asset and entered into FINET Fixed Assets for tracking purposes. The USBE is assigned the 400-series for I.D. Tags.
- b. The Financial Analyst is responsible for ensuring tags are properly placed and recorded, and for ensuring issued and unissued I.D. Tags are tracked and accounted for.

5. **Fixed Assets Inventory Policies**

- a. The Financial Analyst is responsible for overseeing the performance and completion of the annual physical fixed asset inventory. The Division of Finance will provide the USBE with the FA6A Inventory by Custodian Report, which will be used to complete the physical fixed assets inventory annually.
- b. The physical count process will be performed, updates will be processed, and the results of the fixed asset inventory will be reported to the Division of Finance no later than the end of the fiscal year (June 30th).
- c. The IT Department is responsible for the physical inventory, and related reporting for all IT-related fixed assets, and the Financial Analyst will conduct the physical inventory for all other fixed assets. The Financial Analyst is responsible for ensuring that any variances, untagged fixed assets, or other issues identified during the annual inventory are properly resolved prior to the fiscal year-end.
- d. The Financial Analyst will complete the FA9A Fixed Assets Listing Inventory Form, which includes the results of the physical inventory performed, which must be reviewed and approved by the Finance Director. Approval must be noted electronically via Google Doc.

6. **Disposition of Fixed Assets Policies**

- a. Departments/Sections are responsible for reporting fixed assets that have been lost, stolen, destroyed, scrapped, sold, or otherwise disposed of through completion of the SP-1 Form.
- b. Once completed, the SP-1 Form must be emailed to the Administrative Services Manager, the Public Relations Director, the General Services Specialist, and the General Services Technician, for further processing and disposition of the fixed assets.

- c. The Financial Analyst is responsible for recording fixed asset disposals in FINET Fixed Assets.

7. **Fixed Assets Purchased with Federal Funds Policies**

- a. Assets purchased with federal funds and/or that are owned by the federal government and entrusted to the USBE must be identified as federal property and properly safeguarded.
- b. The Financial Analyst will identify any federal assets with the methods outlined in [FIACCT 09-12.00 - Fixed Assets - Information-Only Assets](#).

8. **Construction in Progress Policies**

- a. Construction is managed by the Division of Facilities Construction and Management (DFCM). If DFCM holds the title to the project, DFCM will capitalize it. If an agency holds the title to the project, the agency will capitalize it. The Division of Finance will be responsible for notifying agencies that projects have been completed and are ready to capitalize.

9. **Software Development Policies**

- a. Software that is purchased or developed with an estimated useful life of one year or more should be capitalized. Software with an estimated useful life of one year or less should not be capitalized. The USBE will accumulate the cost of software that will be capitalized and will not start depreciation until the software has been fully developed/implemented.

IV. **PROCEDURES:**

1. **General Fixed Asset Procedures**

- a. USBE must ensure that fixed assets:
 - i. Are accounted for properly when acquired.
 - ii. Are inventoried annually and safeguarded.
 - iii. Are tagged with an Agency identification number promptly upon receipt.
 - iv. Are accounted for properly when retired, disposed of, or transferred.
 - v. Are identified timely during the reconciliation of FINET capital expenditures.
- b. All fixed assets must be properly identified, recorded, and tracked using the FINET Fixed Assets module.

- c. Safeguarding of Assets: Section Directors and/or their designees are ultimately responsible for ensuring proper safeguards are in place over the fixed assets in their Sections.

2. **Purchasing Fixed Assets Procedures**

- a. Identification of New Assets: The Division of Finance generates the FA00 Capital Expenditure Detail Report through FINET. This report details current and new assets. [See FIACCT 09-16.01 FA - Monthly Reconciliation and Out of Balance Corrections](#). Using this report, the Division of Finance creates a shell entry for new assets in FINET Fixed Assets for the Purchasing Unit to review, enhance, and complete.
- b. Notification: The Section Accountant will be notified through the PRF process that a fixed asset has been purchased. After notification, the Section Accountant should:
 - i. Flag the PRF as being related to a new fixed asset; and,
 - ii. Assign/Review the object code assigned. The Section Accountants should refer to the Financial Analyst if there are questions related to the coding assigned or whether the purchase qualifies as a fixed asset for capitalization.

3. **Receiving and Recording Fixed Assets Procedures**

- a. Receiving Fixed Assets: The Receiving Department will receive the fixed asset, in accordance with the USBE Purchasing Policies and Procedures, and will deliver it to the appropriate Section.
- b. Entry into FINET Fixed Assets: The Financial Analyst III will review the FA2A Additions Detail Report (included as part of the FA00 Capital Expenditure Detail Report) issued by the Division of Finance, which details all fixed asset additions that need to be recorded and tagged. FINET Fixed Assets will automatically create a fixed asset shell, based on the initial PRF, and that shell is linked to the initial PRF and other purchasing support. The Financial Analyst will review the shell details and confirm or enter/update the following information:
 - i. Purchase price
 - ii. Location of the asset
 - iii. Asset description
 - iv. Depreciation schedule

- A. The “placed in service” date of an asset will be the date that the invoice is received. Refer to the [FIACCT 09-17.01 Fixed Assets - Standard Useful Life Table](#).
- B. Unless exempted by State Finance, USBE will use the useful lives schedule listed in the [FIACCT 09-17.00 and 09-17.01](#) to determine the number of years an asset is estimated to last. USBE useful life of the fixed asset is automatically set at 3 years as a standard; however, this timeline will be reviewed and adjusted for reasonableness according to the [FIACCT 09-17.01 Fixed Assets - Standard Useful Life Table](#).
- v. Serial number of the asset
- vi. Identification (I.D.) Tag Number assigned (refer to section IV below)
- c. Review and Reconciliation: The Financial Analyst will confirm the coding and asset classification in FINET to ensure accuracy. Once all fixed asset addition entries have been reviewed, the Financial Analyst will complete the Fixed Assets Reconciliation Worksheet using the [FIACCT 09-16.01 FA \(Monthly Reconciliation and Out of Balance Corrections Form\)](#); and will assess whether the depreciation schedule is reasonable or if it needs to be adjusted.
 - i. The Finance Manager is responsible for reviewing the completed Fixed Assets Reconciliation Worksheet and the Division of Finance Fixed Assets Accountant reviews and approves all Fixed Asset transactions in FINET.
 - ii. The completed worksheet must be sent to the Division of Finance by the last business day of the month following the period reported in the worksheet, with copies of any reports used to complete the reconciliation worksheet attached. The Finance Manager is responsible for ensuring that the worksheet and backup documentation is submitted monthly by the deadline, and that adequate documentation is maintained.

4. Tagging Fixed Assets Procedures

- a. I.D. Tag Numbers:
 - i. Control and Maintenance of I.D. Tag Numbers:
 - A. The Division of Finance issues I.D. Tags to USBE for tagging their fixed assets. The USBE is assigned the 400-series as their agency serial numbering for tags issued. The USBE is responsible for maintaining these tags and issuing them in sequential order.

B. The Financial Analyst is responsible for maintaining the inventory of I.D. Tags received from the Division of Finance and the Fixed Assets Tag Log (spreadsheet) that tracks:

- Unissued I.D. Tag numbers;
- Issued I.D. Tag numbers; and,
- Issued I.D. Tag locations.

C. Periodically, the Financial Analyst must reconcile the unissued I.D. Tags on-hand to the Fixed Asset Tag Log and ensure that all tags issued were properly recorded in FINET Fixed Assets.

ii. Placement of I.D. Tags:

A. The Financial Analyst will visit the Section/Department and physically place the I.D. Tags on the fixed asset, when possible.

B. If the Fixed Asset is intangible (i.e., software), the Financial Analyst will surrender the I.D. Tag to the IT department for their logging and retention in a binder.

iii. Recording of I.D. Tag Numbers:

A. All I.D. Tag numbers issued must be recorded on the Fixed Assets Tag Log and in the related fixed asset entry in FINET Fixed Assets.

B. IT-related equipment (small and desirable assets valued below \$5,000 that USBE elects to tag, typically IT-related equipment) are not part of the 400 series I.D Tag process the Division of Finance utilizes. These are separately tagged, tracked, and logged by the IT Department under their own procedures. Refer to [05-02. Information Security](#).

5. **Fixed Assets Inventory Procedures**

a. Division of Finance Report: On an annual basis, the Division of Finance will provide the USBE with the FA6A Inventory by Custodian Report which includes all fixed assets, by Department/Section, along with the recorded serial number and I.D. Tag number on record.

b. Inventory Schedule: USBE will perform an annual inventory of its fixed assets, in compliance with [FIACCT 09-16.02 - Fixed Assets - Annual Physical Inventory](#). The Financial Analyst will oversee the annual inventory process and will ultimately be responsible for compiling the results during the months of March and April,

resolve and process updates in May, and ensure required reporting is completed prior to the end of the fiscal year (June 30th).

c. Conducting the Physical Inventory

i. IT Department Fixed Assets: The Financial Analyst will provide the FA6A Inventory by Custodian Report for all IT-related fixed assets to the IT Department who will be responsible for the physical inventory of all IT assets. The IT Director, or their designee, will:

- A. Physically locate each fixed asset;
- B. Verify the accuracy of the fixed asset I.D. Tag numbers;
- C. Ensure all fixed asset information (serial number, location, asset description, etc.) is accurate; and,
- D. Identify and report any discrepancies, including incorrect asset information, assets not properly tagged, or assets identified that were not on the report, to the Financial Analyst.

ii. Section/Department Fixed Assets (Non-IT): The Financial Analyst is responsible for conducting the physical inventory of all non-IT Section/Departments fixed assets. The Financial Analyst will:

- A. Physically visit each Section/Department and locate each fixed asset that is included on the FA6A Inventory by Custodian Report;
- B. Verify the accuracy of the fixed asset I.D. Tag Numbers;
- C. Ensure all fixed asset information (serial number, location, asset description, etc.) is accurate;
- D. Physically survey the Section/Department to ensure all assets on-hand are included in the report;
- E. Work with the Section Director, or their designee, to solve any discrepancies identified, if possible; and,
- F. Identify and report any unresolved discrepancies, including incorrect asset information, assets not properly tagged, or assets identified that were not on the report.

d. Review, Corrections and Reporting of Inventory Results

i. When unresolved discrepancies are identified (noted in the section above), The Financial Analyst will:

- A. Update the fixed asset information;
 - B. Issue tags if missing;
 - C. Record fixed assets in FINET (if applicable); and,
 - D. Document and process disposals that have not been recorded.
- ii. After completing the adjustments, corrections, or updates identified during the physical inventory and processing those received from the IT Department, the Financial Analyst will complete the FA9A Fixed Assets Listing Inventory Form to document the results.
 - iii. The completed FA9a Fixed Assets Listing Inventory Form is provided to the Finance Director for review. Once reviewed, the Finance Director will sign and approve the form electronically via Google Docs.

6. Disposition of Fixed Assets Procedures

- a. Departments/Sections are responsible for reporting fixed assets that have been lost, stolen, destroyed, scrapped, sold, or otherwise disposed of. When possible, fixed asset disposals should be reported prior to the physical disposal occurring.
 - i. True Disposal: A retirement of a fixed asset for the purposes of sale, destruction, theft, or obsolescence. The asset must be removed from FINET Fixed Assets because it is either no longer owned by the USBE or is not useable.
 - ii. Correction or Modification: The removal of an asset from FINET Fixed Assets because it was entered in error or entered incorrectly.
- b. Processing Dispositions: When a fixed asset disposal of any kind occurs, the Department/Section that is responsible for the fixed asset must complete the [SP-1 Utah Division of Finance Form](#). The Department/Section Director, or their designee, is responsible for reviewing and approving the form. The completed form must then be sent, via email, to the Administrative Services Manager, the Public Services Director, the General Services Specialist, and the General Services Technician. All disposals are processed through the State of Utah Surplus Property.
 - i. The Administrative Services Manager reviews, approves and signs the SP-1 Form, then emails it to the General Services Technician.
 - ii. The Public Relations Manager posts the items from the SP-1 Form in the USBE newsletter indicating they are available for USBE use.

- iii. The General Services Technician logs the items listed on the SP-1 Form (i.e., date, USBE Section, fixed assets available, etc.) in the USBE Surplus Log. The General Services Technician then adds a surplus log number to the SP-1 Form and emails the Form to the General Services Specialist.
 - iv. The General Services Specialist receives the surplus items and will hold the items until requested for use by other USBE sections. If the items are not requested for use, the General Services Specialist posts the items for sale at auction on the Utah State Surplus website.
 - v. If the items are not sold at auction, they are donated or disposed of.
- c. Loss/Theft of Assets: If a fixed asset is lost or stolen, the following processes should be followed:
- i. Inform the Finance Director of the lost or stolen assets.
 - ii. Notify the Criminal Justice Division of the Attorney General's Office of the loss or theft of assets via phone.
- i. Once the Finance Director and the Criminal Justice Division have been informed, documentation of approval from the Finance Director should be obtained prior to removing the asset from FINET Fixed Assets.
- d. Reporting Disposals in FINET Fixed Assets: Once approval has been obtained for a lost or stolen asset, or if no additional approval is necessary as the disposal relates to an asset being disposed of that was not lost or stolen, the Financial Analyst will create an "FD" – Fixed Asset Disposition Form in FINET Fixed Assets. The FD entry is used for the following:
- i. Sales, destruction, theft, or obsolescence;
 - ii. If the asset is to be abandoned or scrapped (to delete the asset from FINET Fixed Assets system);
 - iii. If the asset is to be co-mingled and sold as a lot with other property making individual sales prices undeterminable; or,
 - iv. If the asset is to be sold and the sales price is determinable (after Surplus Property notifies you of the sales price).

7. Fixed Assets Purchased with Federal Funds Procedures

- a. Assets purchased with federal funds, or fixed assets that are owned by the federal government entrusted to the USBE, must be identified as federal

property, and must be properly safeguarded.

- b. Identifying Federal Assets: The USBE should identify federal assets entrusted to them by selecting one of the following methods:
 - i. Four-digit *Group* field on the FA document to identify the asset as Federal. *Example*: FDR; or,
 - ii. Use a designated prefix of “F” within the nine-digit Fixed Asset Number on the FA document to identify the asset as Federal. *Example*: 031-0-F12345678-00; or,
 - iii. Use an “F” in the single-digit division identifier on the FA document to identify the asset as federal. *Example*: 031-F-123456789-00.
- c. Updating/Recording: The Financial Analyst will update the Fixed Asset Group Table (FGRP) with federal asset identifier during fixed asset entry in FINET Fixed Assets.
- d. Reporting: The method selected in #2 above will record federal property as “state-owned assets” on the Comprehensive Annual Financial Report (CAFR) unless type “X” (information-only) is used ([FIACCT 09-12.00 - Fixed Assets - Information-Only Assets](#)).

8. Construction in Progress Procedures

- a. Construction is managed by the Division of Facilities Construction and Management (DFCM). If DFCM will hold the title to a project, DFCM will capitalize it. If an agency will hold the title to a project, the agency will capitalize it. The Division of Finance will be responsible for notifying agencies that projects have been completed and are ready to be capitalized. Refer to [FIACCT 07-06.00 Capital Construction/Remodel and Transfer to DFCM - Overview](#) for more information.

9. Software Development Procedures

- a. Applicability: Software that is purchased or developed with an estimated useful life of one year or more should be capitalized. Software with an estimated useful of one year or less should not be capitalized and should not follow these procedures. ([Refer to FIACCT 09-19.00 - Fixed Assets – Accounting for Computer Software Obtained or Developed for Internal Use](#)).

- b. **Identification**: Section Accountants are responsible for monitoring PRFs to identify software that meets the capitalization thresholds. For capitalizable software, the USBE will accumulate the cost of the software and will not start depreciation until the software has been fully developed or implemented. The accumulation of cost will be tracked in a “Software-in-Process” account. The Financial Analyst will include the costs accumulated on the Fiscal Year-end Fixed Assets Reconciliation Log (spreadsheet) for year-end financial reporting purposes.
- V. **HISTORY**: The effective date of this policy was April 9, 2021. On June 1, 2022, this policy was formatted to comply with USBE Internal Policy 00-01.