

SOPP# 400 (Fixed Assets)	<u>Prepared By:</u> Financial Reporting
<u>Effective Date:</u> December 23, 2021	<u>Approved By:</u> Commissioner of Finance
Title	Fixed Assets
Purpose	To ensure uniformity and compliance with regulations for purchases of fixed assets made throughout the Government of the Virgin Islands (GVI).
	<ul style="list-style-type: none"> • For purposes of properly identifying fixed assets across GVI, a fixed asset is defined as tangible property and/or equipment, such as land, buildings, construction-in-progress, vehicles, furniture, office equipment, computers, machinery, etc., with a unit price per item purchased as follows: <ul style="list-style-type: none"> • General/Special & Funds: \$500.00 • Federal funds: \$ 500.00 • Any fixed asset with a unit price per item purchased of less than \$5,000 equal will not be considered for depreciation. However, items between \$500.00 and \$5,000 will be tracked. • Requisition initiated for the purchase of fixed assets must be completed and/or populated by line item, along with the following fields: <ol style="list-style-type: none"> 1. Quantity 2. Description 3. Unit Price • Caveat: Requisitions for the purchase of fixed assets in non-compliance with this policy will be rejected by DPP. To ensure efficient processing of requisitions, departments/agencies are encouraged to review requisitions prior to submission to DPP. • Example: If a requisition is for the purchase of 10 refrigerators at \$1,000 each, the requisition must reflect this in the detail section with a quantity of 10 and a unit price of \$1,000. It is not acceptable to have 1 item at \$10,000.00. • Requisitions initiated for the purchase of fixed assets must be flagged within the ERP system at the "Line Detail Screen", under the miscellaneous section of the Requisition module. Set the flag equal to "Y", as displayed on the screen below. • Departments/Agencies must obtain a vendor's delivery packing slip and/or commercial invoice, to ensure that the items physically received match the vendor's packing and/or commercial invoice of what the vendors state they shipped to the agency. • All fixed assets received by departments or agencies must be marked with a property tag (blue tag for federal assets, red tag for local GVI assets).

- The Department or agency head must designate a receiving clerk, and a data entry clerk (i.e., by position title who will be responsible for the receipt and recording of fixed assets respectively.
- For the purpose of proper segregation of duties, the designated receiving clerk cannot be the same individual that enters the requisitions associated with the converted purchase order.

For all fixed asset transactions, the data entry clerk must attach the fixed asset tracking form (which can be found at <https://dof.vi.gov>).

The only exception to this rule would be if the case of the prepayment for a fixed asset. If the asset is paid for before actually receiving an invoice and the PO is signed by the Commissioner of DP&P authority purchase, then that will be sufficient for payment approval by DOF

Leased equipment will not be recorded as fixed assets (they are not owned by the GVI) unless the equipment is deemed recordable by the DOF. If the scenario arises, the equipment will be added as a non-capitalized and non-depreciable asset.

Only when leased equipment is purchased under a capital lease will it be recorded as capitalized and/or depreciable.

Class of Asset, Useful Life, Threshold	Useful Life	Threshold
Land, -, -	-	-
Personal Property (All classes of machinery and equipment)	5 Years	\$5,000
Buildings	40 Years	\$50,000
Building Improvements	20 Years	\$50,000
Land Improvements	20 Years	\$100,000
Infrastructure	30 Years	\$200,000

- For purposes of properly identifying capital assets across GVI, a capital asset is defined as tangible property and/or equipment that cannot easily be converted into cash, and which is usually held for a long period of time. The established categories, along with the useful life, and thresholds for these assets are as follows:
- All new Construction-in-Progress (CIP) projects, effective October 1, 2011, must be recorded and tracked by the Department of Public Works (DPW) using the Projects/Grants Accounting Module.

Operational Procedures

- 1.) Obtain a copy of the PO (i.e., MUNIS system printout from the Department of Property & Procurement) and obtain the Vendor's Packing Slip and/or Commercial Invoice and Driver's Bill of Lading (B/L) which comes with the Vendor's delivery driver. "Rubber stamp and write in" (or just write on the paperwork) the Vendors Bill of Lading, Packing Slip, and/or Commercial Invoice a "signature/date/quantity received box" for the Designated Receiving Clerk to sign, date, and record the actual

	quantity received and any exceptions on the delivery documents.
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	<p>Continuation of Operational Procedures</p> <p>2.) Physically check-off the items delivered against the Vendor's delivery Packing Slip (and/or Commercial Invoice), to ensure that the items physically received match the Vendor's Packing Slip and/or Commercial Invoice of what the Vendor says they shipped to the agency.</p> <ul style="list-style-type: none"> ➤ Open cartons/packages (as necessary) to ensure that the ordered units from the vendor are actually "inside" the carton/ ➤ Check off and notate on the packing slip and/or commercial invoice the number of pieces (cartons) delivered, short, over damaged or shipped error. ➤ Immediately advise the Director of any discrepancies between quantities counts received versus the quantity on the vendor packing slip and/or commercial invoice for each PO line item. <p>3.) Physically sign the following:</p> <ul style="list-style-type: none"> • Packing slip • Commercial Invoice • Document signature/date/quantity box <p>4.) Physically make a copy of the signed drivers' bill of lading, packing slip, and/or commercial invoice. Give the driver the original signed copy of the bill of lading. Driver leaves the receiving division with his signed paperwork. Retain one copy of the signed driver's bill of lading packing slip and/or commercial invoice.</p> <p>5.) Physically open the received packages/cartons and inspect the items received. Notate and advise the Director of any missing or damaged items. Tagged asset items with asset property tag – blue tag for assets purchased with federal funds and red tag for assets purchased with local GVI funds.</p> <p>6.) The fixed asset tracking form must also be filled out by the receiving clerk. This is to be given to the data entry clerk to be entered on the receiving record in Munis.</p> <p>6a.) With the designated receiving clerk signing of the vendor bill of lading, packing slip and. or commercial invoice as the vendor proof of delivery, the department or agency or the GVI now owns and has accountability for the goods.</p>
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	<p>7. Update the quantity of items received in the purchase order in MUNIS.</p> <p>8. For all CIP, a designated employee from DPW determined by the agency head (example, position title) will be responsible for notifying DP&P and DOF designees that a project is complete (or when phases are completed) via a bona fide "Letter of Acceptance" from the contractor.</p> <ul style="list-style-type: none"> ➤ The DOF designee will then change the information on the capital asset (depreciation flag, asset account, depreciation expense account, accumulated depreciation) so it can reflect a depreciable item of the GVI.
	<p>System Procedures</p> <ol style="list-style-type: none"> 1. For detailed procedures on entering a requisition, see MUNIS GVI Manual - Requisitioning. 2. For detailed procedure on using the Projects/Grants Accounting Module, see MUNIS GVI Manual - Grants/Project Accounting. <ul style="list-style-type: none"> • The Fixed Asset Tracking Form can be found at: https://dof.vi.gov. • All Processing Documentation can be found at: https://dof.vi.gov

Revision#	Date	Description of changes	Requested By
0	8/31/2011	Initial Release	VC,CB
1	9/6/2011	Additions to Policies	CB
2	9/17/2011	Reviewed and submitted for final distribution.	vc
3	12/21/2021	Reviewed	ES, CME, BB
4	12/21/2021	Approved	BB