

SOPP# 400 <u>(Fixed Assets)</u>	<u>Prepared By:</u> Financial Reporting
<u>Effective Date:</u> October 1, 2011	<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 & Intangible property and/or equipment, such as land, buildings, construction-in-progress, vehicles, furniture, office equipment, computers, machinery, computer software applications, 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 will not be considered for depreciation. However, items with a unit price between \$500.00 to \$4,999.00 will be tracked by the Department of Property and Procurement (DP&P). • A Requisitions for the purchase of a tangible fixed asset/s, must be completed, populated by line item/s, and include the following field/s: <ol style="list-style-type: none"> 1. Quantity 2. Description 3. Unit Price 4. Total 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 DP&P. • 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 tangible fixed assets received by departments or agencies must be tagged with a property tag depending on the funding source/s (blue purchased with federal funds, red tag if purchased with local funds.) Contact DP&P's fixed assets team member to have the item's tag. • The Department or agency head, for the purpose of proper segregation of duties, 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. The designated receiving and data entry clerk cannot be the same person.

- 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>. Once the asset has been received, update this form to include the asset tag number.
- The only exception to this rule would be in 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.
- Noncapital 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 recorded as a non-capitalized and non-depreciable asset.
- Leased equipment is purchased under a *capital lease* will it be recorded as capitalized and/or depreciable.
- For purposes of properly identifying capital assets across GVI, a capital asset is defined as tangible and intangible property and/or equipment that cannot easily be converted into cash, and which is held for a period greater than 12 months. The established categories, along with the useful life and thresholds for these assets are as follows:

Class of Asset, Useful Life, Threshold	Useful Life	Threshold
Land	Indefinite	Any
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

- 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.) The receiving clerk obtains a copy of the PO (i.e., MUNIS system printout from the Department of Property & Procurement), the Vendor's Packing Slip, and Commercial Invoice and/or Driver's Bill of Lading (B/L) which comes with the Vendor's delivery driver.
- 2.) He or she physically check-off the items delivered against the Vendor's delivery Packing Slip (and/or Commercial Invoice). This is to ensure that the items received match the Vendor's Packing Slip and/or commercial invoice.
 - Open cartons/packages (if applicable) 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.

3.) Physically sign, date, and record the quantity received on the following:

- Packing slip
- Commercial Invoice
- Bill of Lading

4.) The receiving clerk, using a "Rubber stamp" (or handwritten) signs, date, and record the quantity received on the Vendor's Bill of Lading, Packing Slip, and/or Commercial Invoice.

5.) 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. The 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.

6.) Contact DP&P Fixed assets team member to have your assets tag. A DP&P employee will visit your department or agency to tag your asset. 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.

7.) 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.

8.) The receiving clerk's signature and date on the vendor bill of lading, packing slip, and/or commercial invoice is the vendor's proof of delivery. The department or agency of the GVI now owns and has accountability for the goods.

9.) The data entry clerk updates the number of items received from the purchase order in MUNIS.

10.) For all CIP completed projects, a project manager (an employee from DPW or procuring department or agency) determined by the agency's 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 and/or Substantial Letter of Completion," and "Release of Claims" documents from the contractor.

11.) 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
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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
	12/21/2021	Approved	BB