STANDARD FORMAT FOR POLICIES AND PROCEDURES

DEPARTMENT OF HUMAN SERVICES	**POLICY NUMBER: V-1** **PAGE: 1 OF 2** **SUPERSEDES: Original - 01-07-97**
CHAPTER:	**EFFECTIVE DATE: 5-15-2006** **DISTRIBUTION DATE: 5-15-2006** **SCHEDULED REVIEW DATE: 4-1-2009** **REVISED DATE: 4-1-2006**
SUBJECT: Fixed Assets	**RELATED MANDATES, STATUTES, STANDARDS, OR EXECUTIVE ORDERS:** Governmental Accounting Standards Board Pronouncements C.R.S. 24-17-102 Fiscal Rule 1-10 OMB A-87 HCPF Staff Manual Volume 8 Individual Program Requirements
APPROVED BY: Maura Livingston Hammon 5/3/06 **EXECUTIVE DIRECTOR** **DATE**	

BACKGROUND/PURPOSE

State Statutes require each department to institute and maintain systems of internal administrative and accounting controls. These controls are to include: a) an organization plan with segregation of duties to assure the proper safeguarding of state assets, b) restrictions permitting access only by authorized persons in performance of assigned duties, c) authorization and record-keeping procedures to provide effective accounting control over state assets, d) personnel commensurate with their assigned responsibilities, and e) an effective process of internal review and adjustment.

Federal regulations have requirements applicable to the safeguarding and recording of fixed assets. These requirements include elements similar to those included in State Statutes.

The department receives revenue under contractual and other arrangements which have requirements applicable to fixed assets. A primary example of this is the allowable cost recovery under Medicare and Medicaid.

POLICY

The Department of Human Services (DHS) will comply with State Statutes, related fiscal rules, federal regulations and contractual requirements that impact fixed asset control, use, disposition, reporting, and compliance with DHS Standard Policy and Procedures on Ownership and Use of State Assets (Department of Human Services Policy and Procedure Number VI-2.6).

All capital property of the DHS will be recorded in the COFRS fixed asset system. The capital property recorded in COFRS will include Land, Land improvements, Buildings, Building service equipment, Infrastructure assets, Equipment, Capitalized leases, Motor vehicles, Construction in progress and leasehold improvements.

Assets that are capital property will be capitalized in the accounting records if their cost is more than **$5,000**, and their useful life is more than one year.

RESPONSIBILITY

Responsibility for the operation of the COFRS Fixed Asset System for the Department of Human Services resides in the Office of Operations - Division of Accounting. The Office of Operations - Division of Accounting, will establish and maintain the Fixed Asset System procedures.

Each office/organizational unit will identify custodians for assets that are capital property. The custodian is the individual that assures the proper use of capital assets, and responds to periodic inventory verification. The custodian is also responsible for reporting transfers to other custodians and initiating the disposition process. This individual normally will not be in either the Accounting or Procurement Divisions but will be part of the operating units of the agency.

Receiving of fixed assets may occur at Procurement or field locations. In those cases where a fixed asset is delivered to a field location, an individual will be identified by the custodial agency, to perform the receiving function. The custodial agency must communicate the receipt information to both Procurement and Accounting.

Tagging of fixed assets is the responsibility of the fixed asset custodian; asset tags are supplied by accounting.

Tags will be controlled by the Accounting offices or Procurement and may be distributed to the receiver or custodian. Accounting offices include: the District Offices, Departmental Accounting, and Nursing Homes. Tags may be distributed to major receiving points including remote locations

The operating unit custodian of an asset is responsible for initiating the disposition process. They will make the decision that the asset is no longer needed in their operation or is in a condition that is no longer capable of providing a benefit to their operation.

The operating unit custodian of the asset bears the responsibility for control of the asset. Any change in the asset condition, location, or use must be promptly communicated to the Office of Operations - Division of Accounting. This will be accomplished by communication with the accountant assigned the duties related to fixed asset accounting.

Each custodian will receive a turnaround report annually of assets listed as under their control. They will indicate asset changes not reflected on the report such as dispositions, new assets, idle assets, condition, and any other relevant information. The custodian will verify the accuracy of the report and acceptance of responsibility for the listed assets.

The responsible accountant or Procurement staff will, on a test basis, review the custodian's performance of the inventory process. The purpose of the review will be to verify the custodian's understanding of the reporting and the accuracy of the reporting.