



# State Auditor's Office

## CAFR Division



### **Policy and Procedures related to Inventory Items and Capital Fixed Assets**

The Department of Administration and Information (A&I) by statute is charged with the responsibility for determining policy on items which are subject to inventory versus those items subject to capitalization as a capital fixed asset. To this end A&I, through Risk Management, and the State Auditor's Office (SAO) are presenting the following:

#### **INVENTORY**

SAO will provide a monthly report which details any purchases in the expenditure object codes 241, 242, 243, 244, 245, 246, 247 and 249, which falls within the inventory range (\$500-\$4,999). This report will pull from the journal the relevant information contained in the PRC document. Agencies will then download this report, filter as applicable, and add any additional information they may require for each item listed, including, but not limited to, location, assigned to, serial number and model number. Agencies will need to download this report monthly and append this file to their master inventory file for their agency. Agencies have the option of adding to this list those items below \$500, which they may deem to be 'walkables' and want to track as well.

For the inventory items, agencies may generate their own 'asset tag' to place on these items and will need to account for changes to these items, for example, when these items have been sent to surplus or otherwise disposed of on the master inventory list.

#### **CAPITAL FIXED ASSETS: Equipment greater than or equal to \$5,000**

Part of the master file listing for agencies will be the capital fixed asset listing, which is being provided monthly on the CAFR Division's page of the SAO's website, and which agencies should be downloading and reconciling to. Please note that items, which had been capitalized based on the previous threshold of \$500, will remain on the capital fixed asset listing until they are disposed.

#### **MASTER INVENTORY FILE**

The master inventory file is comprised of the inventory listing, as well as the capital fixed asset listing, and will be the basis for performing an annual physical inventory audit for A&I Risk Management annually during the first quarter of the calendar year.