

**Charles County Department of Fiscal  
& Administrative Services  
Standard Operating Policy and Procedure**

<b>Title:</b>	Controlled Asset Accounting and Control Procedures (less than \$5,000)	<b>SOP #:</b>	FAS.2.005
<b>Division:</b>	All Departments & Agencies	<b>Effective Date:</b>	03/29/2011
		<b>Revision Date:</b>	
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<b>Purpose:</b>	<p>The objectives of these controlled asset accounting and control procedures include the following:</p> <ul style="list-style-type: none"> <li>A. To define and maintain proper accounting controls over controlled assets acquired by the County.</li> <li>B. To assign responsibility for the safekeeping of controlled assets to the appropriate managers.</li> <li>C. To establish standard procedures for the recognition in the accounting and controlled asset program of acquisitions, disposals and transfer of controlled assets.</li> <li>D. To ensure that all information needed for insurance or warranty purposes is obtained and maintained on a current basis.</li> <li>E. To ensure that proper approvals are obtained and established procedures are followed for the transfer or disposals of controlled assets.</li> <li>F. To ensure compliance with accounting and reporting requirements as established by generally accepted governmental accounting standards.</li> </ul>		
<b>References:</b>			
<b>Procedure:</b>	<p><b>I. ASSETS TO BE INCLUDED</b></p> <ul style="list-style-type: none"> <li>A. Assets with an expected life of 1 year or more and with an original cost of less than \$5,000 per unit.</li> </ul>		

**Procedure  
Cont'd:**

- B. These assets should include, at a minimum, those assets with an original cost of between \$1,000 and \$4,999 per unit, but may also include assets that fall below the \$1,000 if the department head deems it advantageous to track these lower per unit cost assets for internal control purposes. All assets deemed to be Controlled Assets, by the Department of Fiscal and Administrative Services, Accounting Division, will be recorded in the New World System.

**II. RESPONSIBILITIES**

- A. Department Head – Ultimately, the Department Head is responsible for the accountability for all assets purchased for his or her department. The department head must therefore ensure that his or her employees are adequately trained and supervised in asset controls and procedures and adhere to established policies, and that adequate means of communication of information pertaining to asset purchases and disposals are established internally. The department head is responsible for signing the “Inventory of Controlled Asset” report in the provided form it is to be received for each completion of any physical inventory of assets.
- B. Property Officer- The Property Officer is an employee within a department who is assigned and will work with Accounting to insure all related information is maintained accurately and timely.
- C. Accounting- This division is responsible to assist, educate, and maintain the Controlled Asset listing on the computer system. This may include, but is not limited to, a review of expenditure amounts and types, general observations or walk thru of locations and items that fail to meet the definition of a Controlled Asset.
- D. Purchasing - Prior to any disposal, all departments should inquire with the Chief of Purchasing about the type of equipment or supplies they intend to dispose of, allowing for the possible re-use within County government and its agencies.

**III. PURCHASES AND DONATIONS OF ASSETS**

- A. Purchases and donations of assets, that meet the criteria established by this SOP, and agreed upon by the Accounting Division, shall be timely updated and recorded in the Controlled Asset system by the Property Officer.
- B. The Accounting Division shall be informed by the Department Heads or designee of ALL donations of controlled assets to the County and the estimated fair market value of each donated asset.

The information shall be documented on the **CONTROLLED ASSET PURCHASE FORM (Exhibit A)**.

**IV. TAGGING OF ASSETS**

- A. Due to their nature and variance, it is not a prerequisite to have all Controlled Asset items tagged. However, the possibility to tag as many items as needed by either Accounting or the owner Department can be done. A unique set of tags are available to distinguish a Controlled Asset from a Capital Asset.
- B. Items not tagged should be readily identified by description, count, cost and/or routine inspection as entered into the Controlled Asset program within New World system.

**V. TRANSFERS OF CONTROLLED ASSETS**

- A. The “transferring” department shall complete **SECTION 1 of the CONTROLLED ASSET DISPOSAL/TRANSFER FORM (Exhibit B)** and forward the form to the “receiving” department/division. The Receiving Department/Division completes **SECTION 2** of the form and forwards it to Accounting. Accounting will record all controlled asset transfers in the accounting records and in the controlled asset program.

**VI. DISPOSAL OF CONTROLLED ASSETS**

- A. Section 203-11 of the Charles County Code of Public Local Laws addresses the policies for disposition of surplus property, which states that “the Purchasing Agent is responsible for the disposition of surplus, obsolete, and scrap supplies and equipment.” Disposition may be made in any of the following ways:
  - 1. Request vendor to substitute for other material,
  - 2. Return to supplier for credit,
  - 3. Outright sale via advertised bid, online, & auction,
  - 4. Scrapped – with proceeds,
  - 5. Scrapped – without proceeds.
  - 6. Trade-in,
  - 7. Salvage for parts.
  - 8. Donated.
  - 9. Other – must be explained in detail.
- B. All agencies shall periodically submit to the Chief of Purchasing a listing of any supplies and equipment which are no longer used or which have become obsolete or worn out. At a minimum, this must

be done once a year, hereby designated as March 31<sup>st</sup>, and the departments working papers forwarded to Accounting for retention and audit purposes. This listing should include a full description, and when and where the item(s) can be inspected. The Chief of Purchasing, or his/her designee, will review all lists to determine the possible use of any surplus by another agency. Purchasing will decide and coordinate with the department for the proper disposal method. **No asset, regardless of original or remaining scrap value, may be disposed without the approval of the Chief of Purchasing regarding the method for disposal.**

- C. The department/division shall complete Section 1 of the **CONTROLLED ASSET DISPOSAL/TRANSFER FORM** for ANY controlled asset disposal. This form is then forwarded to the Inventory Control Coordinator (if vehicle or heavy equipment) or directly to Purchasing (if not vehicle or heavy equipment). The actual disposal will be coordinated through Purchasing. After the controlled asset is disposed of, Purchasing forwards the form to Accounting for processing. Accounting shall record the disposal of the asset in the accounting records and in the controlled asset program, and shall inform the department of the change made to their controlled asset property listing as applicable.
- D. When controlled assets are “traded-in” during the purchase of a new asset, the **CONTROLLED ASSET DISPOSAL/TRANSFER FORM** should be used to record the disposal of the old asset at the “trade-in value” *and* the **CONTROLLED ASSET PURCHASE FORM** should be used for the purchase of the new asset at the sale price - not the net price. Please note that “trade-ins” are disposals and the proper authorization must be obtained from Purchasing prior to the transaction.
- E. Controlled assets which are lost, stolen or damaged and deemed un-repairable or “totaled” by an insurance company and/or County personnel are to be treated as being disposed and the above procedures should be followed. These items should be reported to the Risk Management Accountant for removal from the insurance policy, where applicable. The Safety Officer must be informed should the event result in employee or civilian injury. A detailed summary report of the event’s investigation reviewed and initialed by the Department Head must be attached to the **CONTROLLED ASSET DISPOSAL/TRANSFER FORM**.
- F. Controlled assets that were originally purchased with any grant funds and subsequently disposed of, must meet the specific grant guidelines in terms of any funds received as a result.

**VII. EXCEPTION REPORTS**

Controlled asset listings are subject to audit at any time. Exceptions noted will be reported to the department heads and property managers, who shall then submit a resolution report to the auditor. Violations of procedures or unexplained exceptions shall be reported by memorandum by the Department of Fiscal and Administrative Services to the County Administrator.

**VIII. CONTROLLED ASSET INVENTORY REPORTS**

Controlled Asset Inventory Reports may be obtained upon request from the Accounting Division. In addition, these reports shall be distributed by Accounting annually to all Department heads or as considered necessary.

For the closing of a fiscal year, reports will be distributed as early as July 1 for the previous fiscal year. Ultimately, Assets on all listings are the responsibility of the Department Head. The Department Head must submit a letter to the Accounting Division stating that the June 30 Controlled Asset Inventory Report has been reviewed within 30 days of receipt. Any discrepancies identified in the report, as well as any related supporting documentation, should be provided describing the discrepancy under separate cover from the Department Head to the Accounting Division.

Authorized:	<i>Carleen Quinn Kelly</i>	Date: <i>3/30/11</i>
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# CONTROLLED ASSET PURCHASE FORM

cost of < \$5,000

## SECTION 1

TO BE COMPLETED BY USING DEPARTMENT AT TIME OF REQUISITION:

ASSET DESCRIPTION: \_\_\_\_\_ REQUISITION #: \_\_\_\_\_

DEPT/DIVISION: \_\_\_\_\_ LOCATION WHERE ASSET WILL BE USED: \_\_\_\_\_

ACCOUNT NUMBERS: \_\_\_\_\_

PURCHASE: \_\_\_\_\_ (Capital Outlay Account)

MAINTENANCE: \_\_\_\_\_ (if vehicle or equipment) RESP MGR: \_\_\_\_\_

FUEL: \_\_\_\_\_ (if vehicle or equipment) ASSIGNED TO: \_\_\_\_\_

OTHER INFORMATION: \_\_\_\_\_

REVIEWED AND APPROVED BY:

Signature \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

(Please forward form to PURCHASING with Requisition)

## SECTION 2

TO BE COMPLETED BY PURCHASING:

VENDOR NAME: \_\_\_\_\_ P.O. NUMBER: \_\_\_\_\_

PURCHASE  
 LEASE (If vehicle or heavy equipment - please forward form to INVENTORY CONTROL COORDINATOR with copy of P.O.)  
(CHECK ONE) (If NOT vehicle or heavy equipment - please forward form directly to ACCOUNTING)

## SECTION 3

(if vehicle or heavy equipment)

TO BE COMPLETED BY INVENTORY CONTROL COORDINATOR:

DATE RECEIVED: \_\_\_\_\_ SERIAL # or VIN: \_\_\_\_\_

MAKE: \_\_\_\_\_ MODEL: \_\_\_\_\_ LICENSE TAG #: \_\_\_\_\_

YEAR: \_\_\_\_\_ INSURANCE CODE: \_\_\_\_\_ UNIT #: \_\_\_\_\_

Inventory Control Coordinator \_\_\_\_\_ Date \_\_\_\_\_

(Please forward form to ACCOUNTING)

## SECTION 4

TO BE COMPLETED BY ACCOUNTING

HOME ORG: \_\_\_\_\_ RESP FUND: \_\_\_\_\_ ASSET #: \_\_\_\_\_

G -GENERAL ASSET CLASS: \_\_\_\_\_ ASSET TYPE: \_\_\_\_\_ COST \$: \_\_\_\_\_  
P -PROPRIETARY  
(CIRCLE ONE)

ASSET LIFE: \_\_\_\_\_ REMAINING LIFE: \_\_\_\_\_ CAPITALIZATION DATE: \_\_\_\_\_  
(MONTHS) (MONTHS)

GL DISTRIBUTION:

P	_____	19	.0000	100.00	D	_____	19	9000	100.00-
P	_____	.	0550.000	100.00-	D	_____	.	0425.000	100.00
P	_____	.	0550.000		D	_____	.	0425.000	

**CONTROLLED ASSET INVENTORY FORM**

Tag # \_\_\_\_\_

Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Manufacturer \_\_\_\_\_

Model \_\_\_\_\_

Serial # \_\_\_\_\_

Year purchased (approx) \_\_\_\_\_

Original cost (approx) \_\_\_\_\_

Location \_\_\_\_\_

Responsible Manager \_\_\_\_\_

Employee assigned to: \_\_\_\_\_

Source of funds used to purchase: \_\_\_\_\_

Other information \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONTROLLED ASSET INVENTORY FORM**

Tag # \_\_\_\_\_

Description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Manufacturer \_\_\_\_\_

Model \_\_\_\_\_

Serial # \_\_\_\_\_

Year purchased (approx) \_\_\_\_\_

Original cost (approx) \_\_\_\_\_

Location \_\_\_\_\_

Responsible Manager \_\_\_\_\_

Employee assigned to: \_\_\_\_\_

Source of funds used to purchase: \_\_\_\_\_

Other information \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# CONTROLLED ASSET DISPOSAL/TRANSFER FORM

## SECTION 1

### TO BE COMPLETED BY DEPARTMENT/DIVISION DISPOSING OF ASSET

ASSET DESCRIPTION: \_\_\_\_\_ ASSET/TAG #: \_\_\_\_\_  
SERIAL # OR VIN #: \_\_\_\_\_ VEH/EQUIP UNIT #: \_\_\_\_\_  
LOCATION: \_\_\_\_\_ MODEL #: \_\_\_\_\_ LICENSE TAG #: \_\_\_\_\_  
DEPT/DIVISION: \_\_\_\_\_ CONDITION OF ASSET: \_\_\_\_\_  
REASON FOR DISPOSAL REQUEST: \_\_\_\_\_  
OTHER INFORMATION: \_\_\_\_\_

PURCHASED WITH GRANT FUNDS? \_\_\_\_\_

### ALL INFORMATION IN THIS SECTION HAS BEEN REVIEWED AND APPROVED BY:

Supervisor _____	Date _____	Department Head _____	Date _____
(If asset is being TRANSFERRED - forward form to RECEIVING DEPT) (If asset is being DISPOSED is vehicle or heavy equipment - forward form to INVENTORY CONTROL COORDINATOR - PF) (If asset is being DISPOSED is NOT vehicle or heavy equipment - forward form to PURCHASING)			

## SECTION 2

### IF TRANSFERRED - TO BE COMPLETED BY RECEIVING DEPARTMENT/DIVISION

TRANSFERRED TO: (DEPT/DIVISION) \_\_\_\_\_  
ACCOUNT NUMBERS TO USE IF VEHICLE OR EQUIPMENT: MAINTENANCE: \_\_\_\_\_  
FUEL: \_\_\_\_\_

### ALL INFORMATION IN THIS SECTION HAS BEEN REVIEWED AND APPROVED BY:

Supervisor _____	Date _____	Department Head _____	Date _____
(If vehicle or heavy equipment - Please forward form to INVENTORY CONTROL COORDINATOR) (If NOT vehicle or heavy equipment - Please forward form to ACCOUNTING)			

## SECTION 3

(if vehicle or equipment)

### TO BE COMPLETED BY INVENTORY CONTROL COORDINATOR:

<b>IF TRANSFERRED:</b>	<b>IF TO BE DISPOSED:</b>	(completed by - initials)
NEW VEH/EQUIP UNIT #: _____	Tags/Titles _____	_____
NEW LICENSE TAG #: _____	Usable Equipment Removed _____	_____
(if applicable)	Decals Removed _____	_____
	Insurance Notified _____	_____
	Current Location _____	_____

Inventory Control Coordinator _____	Date _____	Chief of Environmental Resources _____	Date _____
(If TRANSFER - please forward form to ACCOUNTING) (If DISPOSAL - Please forward form to PURCHASING)			

CONTINUED ON BACK \_\_\_\_\_

# CONTROLLED ASSET DISPOSAL/TRANSFER FORM

## SECTION 4

### TO BE COMPLETED BY PURCHASING:

METHOD OF DISPOSAL:      SOLD      SCRAPPED      TRADE-IN      INSURANCE      TRANSACTION DATE: \_\_\_\_\_  
SALVAGED FOR PARTS    DONATEE    OTHER      CIRCLE ONE

SALE PROCEEDS: \$ \_\_\_\_\_      TRADE-IN APPLIED TO WHICH ASSET: \_\_\_\_\_

TRANSFERED TO: \_\_\_\_\_

OTHER INFORMATION: \_\_\_\_\_

CHIEF OF PURCHASING \_\_\_\_\_      DATE \_\_\_\_\_  
(Please forward form to ACCOUNTING)

## SECTION 5

### FOR ACCOUNTING USE ONLY:

IF TRANSFER:  
NEW HOME ORG: \_\_\_\_\_      NEW RESP FUND: \_\_\_\_\_

G - GENERAL  
P - PROPRIETARY  
(CIRCLE ONE)

#### GL DISTRIBUTION:

P	_____	19	_____	.0000	100.00	D	_____	19	_____	9000	100.00-
P	_____	.	_____	0550.000	100.00-	D	_____	.	_____	0425.000	100.00
P	_____	.	_____	0550.000		D	_____	.	_____	0425.000	

IF SALE:      GAIN/LOSS ACCOUNT: \_\_\_\_\_ 0387.000