



Policy: Fixed Assets

ChildNet Number: CN 010.014

Original Approved Date: June 2, 2003

**Policy Revised Date(s): October 1, 2007; March 26, 2008; March 2010;
May 20, 2010; July 9, 2014**

Policy Sunset Date:

COA Standard(s): FIN 2, 7.04

Statement of Policy

To record ChildNet's assets according to Generally Accepted Accounting Principles (GAAP) and maintain a tracking system in order to safeguard equipment and property and provide adequate insurance coverage.

Board Chair's Signature:

Date:

07-29-14



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Procedure Sunset Date:

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Definitions

Assets/Equipment – items purchased or donated to ChildNet that are considered property of Department of Children and Families (DCF) or ChildNet.

Real Property – Land, Buildings, or improvement of buildings.

Capital Assets – all items purchased or received through donation with a value of \$1000 or more having a useful life expectancy of 1 year or more.

NetSupport DNA – Asset tracking software used to monitor the status and location of all computer related equipment owned by ChildNet. Equipment logged into the ChildNet network confirm asset validity for tracking purposes at a given point in time.

Restricted Assets – Assets purchased with DCF contract funds.

Statement of Procedure

ChildNet maintains accountability over all tangible and intangible assets having a life exceeding one year and costing \$1,000 or more, unless otherwise specified. The Finance Department maintains asset records provided by the departments, which are subject to verification by a physical inventory at least once a year. This inventory applies to assets with a cost of \$1,000 or more as well as all assets grouped costing a total of \$1,000 or more, unless otherwise specified.

Purchase of Equipment

- a. All purchases of equipment follow ChildNet's Purchasing Policies and Procedures.
- b. The cost of equipment includes: purchase price, freight and handling charges incurred; insurance on the equipment while in transit; and the cost of assembling and installation.



- c. All purchases of computer software **over** the amount of \$1,000 are capitalized and depreciated.
- d. Purchases of computer related assets **below** \$1,000 are grouped and capitalized where possible.

All purchases of other assets or group of assets, including computer hardware, furniture, equipment, and leasehold improvements over the amount of \$1,000 are capitalized and depreciated.

Expendable equipment (small tools, printers, hard-drives etc.) under \$1,000 are maintained by the finance department within the integrated modular accounting system but not capitalized per this policy.

Additions

- a. ChildNet may acquire a fixed asset via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, it is the responsibility of the Director of Finance/Regional Controller or designee to ensure this asset is entered in the Fixed Asset Module within the integrated modular accounting system.
- b. Once the fixed asset is received and/or placed in service, the Director of Finance/ or designee obtains the invoice as well as any other supporting document and enters the asset within the Fixed Assets integrated modular accounting system module. Such information that is entered includes the assigned asset number, description, cost, date placed in service, useful life, department and depreciation method. The employees responsible for the purchases of such assets do not have access to record transactions within the integrated modular accounting system.
- c. On an on-going basis, assets may be re-assigned to various custodians. When a new custodian is being assigned a Company Property Agreement (CPA) form must be signed by the new custodian.
- d. A completed copy of the CPA form is sent to the Finance Department where the fixed asset module is updated by the Director of Finance/ or designee.
- e. On a monthly basis, the Director of Finance or designee perform a reconciliation of the fixed asset module to the general ledger. Any reconciliation errors that occur are investigated and corrected, and then reviewed and approved by a supervisory level employee other than the preparer.



Donated Assets

- a. Assets are sometimes donated to ChildNet. If the donation is cash to be used in conjunction with the construction of a specific asset, the donation is reported as revenue; otherwise such donations are treated as contributed capital.
- b. If the asset donated is other than cash, its estimated fair value must be determined and recorded as contributed capital. The proper treatment of the donation of fixed assets depends upon ChildNet's plan for those assets.
- c. If the donated assets satisfy the capitalization criteria noted above, the assets are added to the fixed asset module by the Director of Finance or designee, according to the policy for additions noted above.

Transfer, Sale, Trade-In and Disposition

- a. The transfer, sale, trade-in or disposition of any piece of equipment must be reported to the Finance Department on a Transfer/Disposal of Property form.
- b. The completed form must be approved by the CFO prior to transfer, sale, trade in or disposition.
- c. The contact personnel (the District Computer System Analyst, Contract Manager and the IT Manager for the Southeast Region) at the Department of Children and Families (DCF) are notified as to the disposition of the assets acquired through DCF funding. For further information, see ChildNet's policy on the Disposal of Surplus Property (CN 002-013).
- d. Once all appropriate approvals have been obtained, the Director of Finance/ or designee makes the appropriate entries within the integrated modular accounting system.

Retirement

- a. Assets previously acquired or donated are eventually disposed of and retired from the Fixed Asset System.
- b. Assets retired from the fixed asset system require authorization from the Deputy Chief Financial Officer (CFO), CFO and the responsible personnel at DCF if applicable. For further information, see ChildNet's policy on the Disposal of Surplus Property (CN 002-013).
- c. Once approval has been obtained from the appropriate parties as identified above, the Director of Finance/ or designee make the appropriate entries in the general ledger removing these items from the fixed asset account. The fixed asset cover sheet is subsequently updated.



- d. Retirement brought about as a result of natural disasters will be reported according to GAAP.

Inventory

- a. A physical inventory is conducted annually to verify the existence and condition of all items in the fixed asset records.
- b. Assigned computers and laptops are inventoried using Lansweeper.
- c. All other assets are physically counted by a designated individual in the Management Information Systems (MIS) Department observed by a designated individual from the Finance Department.
- d. When reconciled, the inventory provides evidence that department heads are meeting their stewardship duty over their respective assets. An inventory may also help the departments plan for future purchases by identifying unanticipated wear and tear of equipment prior to equipment failure.
- e. Any reconciliation errors that occurred as a result of the physical inventory are reviewed and approved by the Deputy CFO and CFO. Once approved, the adjustments are entered into the fixed asset module by the Director of Finance/or designee and subsequently approved by the Deputy CFO.

Items not capitalized (monitors, printers, etc.) are captured on a separate inventory listing and may be subjected to the same physical inventory procedures as prescribed above at the discretion of the Deputy CFO and CFO.

Lost or Stolen Assets

- a. If an asset is deemed lost or stolen, the controlling department notifies the Finance Department via a Property Report form.
- b. If the asset is stolen, it is the responsibility of the custodian to obtain a written police report and attach it to the Property Report form along with all other supporting documentation which is sent to the Finance Department.

If the asset is lost and the item hasn't been found within 90 days, the MIS Department sends the Property Report form and related supporting documentation to the Finance Department to remove the asset from the asset inventory. Copies of the report are sent to the Deputy CFO and/or CFO for review and approval.



Depreciation

Depreciation is calculated and recorded on a monthly basis based upon GAAP. Useful life guidelines are as follows:

- a. Buildings and Building Improvements - 30 years
- b. Furniture, Equipment, Software - 3 years
- c. Vehicles - 5 years
- d. Leasehold improvements – shorter of (i) remaining years of the lease or (ii) useful life.

President's Signature: _____

Date: 02-27-18