



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 8 – Capital Assets 1.0	EFFECTIVE DATE: 11/19/1986
TITLE: Capital and Non-Capital Asset and Inventory Systems	REVISION DATE: 07/03/2017
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

POLICY

Department of Health Services (DHS) organizations shall have a capital asset system (found in STAR and maintained by the Bureau of Fiscal Services (BFS) Cost Allocation & Financial Reporting Section) and a non-capital asset system (maintained by each organization), which complies with federal regulations, the state self-funded insurance program, and Wisconsin Statutes, sections 16.41 and 46.014 (1). The accounting policies for assets and equipment are detailed in the *Department of Administration (DOA) Wisconsin Accounting Manual*; Section 16 DHS Organizations are responsible to assure that capital assets are used in accordance with federal laws and regulations, state statutes, and departmental policies and procedures.

This accounting policy outlines the overall requirements for the capital asset database maintained by BFS, non-capital asset databases maintained at the organizational level, and the information technology system called Cherwell Service Management – Configuration Management Database (CMDB).

1. A capital asset is defined as any asset (i.e. buildings, equipment, etc.), with an acquisition cost of \$5,000 or more and a useful life of more than one year. Intangibles, such as computer software, should be considered assets when they cost \$1.0 million or more (except for purchased software installed without modification which is capitalized when it costs \$5,000 or more). All capital assets, including tangible Information Technology (IT) assets with a cost of \$5,000 or more, must be recorded in the capital asset database maintained by BFS.
2. Most IT assets, regardless of acquisition cost, must also be recorded in Cherwell Service Management – Configuration Management Database (CMDB). IT assets include personal use equipment such as desktop CPUs, monitors, laptops, and printers, as well as network items such as routers, servers, and switches. Non-IT assets with an acquisition cost between \$1,000 and \$4,999 must be recorded on the organization's non-capital asset database. That database should include those assets purchased with a P-card.
3. Accounting procedures are separately stated in the following APP's:
 - Section 8 – Capital Assets 1.01** Accounting Procedures for Capital Assets (costing \$5,000 and over)
 - Section 8 – Capital Assets 1.02** Accounting Procedures for Non-Capital Assets (costing \$1,000 to \$4,999.99)
 - Section 8 – Capital Assets 1.03** Accounting Procedures for IT (Information Technology) Assets

The requirements specified are the minimum acceptable for the capital inventory reports. DHS organizations may use more restrictive criteria for property management. Examples of reasons for more restrictive criteria are to comply with specific federal regulations or to maintain control over sensitive assets with a unit cost under \$1,000.

4. For capitalization of DOA capital project additions and improvements see Section 8 – Capital Assets 2.1 [Capitalization of Fund 490/495 Capital Projects (Construction Projects)]. For year-end reporting procedures, see Section 8 – Capital Assets 4.0 (Year-End Capital Asset Reporting). For procedures to dispose of state-owned assets, see Section 8 – Capital Assets 5.0 (Disposition of State-Owned Assets).

REFERENCES

Wisconsin Statutes, ss. [16.41](#) and [46.014 \(1\)](#)

Trackable Assets and Capital Assets – see [WAM Trackable Assets and Capital Assets](#) (Section 16 subsection 2 and subsection 3)

[DHS APP Section 1 – Business Standards 2.0](#) (Standards of Business Conduct)

[DHS APP Section 8 – Capital Assets 1.01](#) [Accounting Procedures for Capital Assets (costing \$5,000 and over)]

[DHS APP Section 8 – Capital Assets 1.02](#) [Accounting Procedures for Non-Capital Assets (costing \$1,000 to \$4,999.99)]

[DHS APP Section 8 – Capital Assets 1.03](#) [Accounting Procedures for Information Technology (IT) Assets]

[DHS APP Section 8 – Capital Assets 2.1](#) (Capitalization of Fund 490/495 Capital Projects)

[DHS APP Section 8 – Capital Assets 4.0](#) (Year-End Capital Asset Reporting)

[DHS APP Section 8 – Capital Assets 5.0](#) (Disposition of State-Owned Assets)

CONTACTS

[Capital Asset Accountant](#)