



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 8 – Capital Assets 1.04	EFFECTIVE DATE: 03/28/2001
TITLE: Annual Physical Inventory	REVISION DATE: 03/27/2013
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

Bureau of Fiscal Services (BFS) requires the completion of an annual physical inventory of all capital assets for the following reasons:

- To ensure proper reporting in the Department’s audited financial statements
- To ensure proper internal controls

PROCEDURES

Assets Costing \$5,000 and Over (Capital Assets)

Department of Health Services (DHS) organizations are responsible for conducting their own physical inventories by June 30th. BFS/Cost Allocation and Financial Reporting (CAFR) section will provide an inventory listing of the capital assets in the capital asset database. All additions, deletions, or changes to the inventory listing should be submitted on the appropriate forms to BFS/CAFR according to Section 8 – Capital Assets 4.0 (Year-End Capital Asset Reporting). DHS Organizations are required to submit the completed Physical and Capital Inventory Compliance Certification (F-80464) to BFS/CAFR by August 1. See Section 8 – Capital Assets 4.0 (Year-End Capital Asset Reporting).

Assets Costing Less Than \$5,000 (Non-Capital Assets)

A physical inventory must be conducted of non-capital assets and all Information Technology (IT) assets regardless of acquisition cost, at least once a year (or more frequently at the discretion of the organization’s management). All items unable to be located should be investigated, resolved and a record of the disposition retained. Physical inventory records should be retained for external or internal audit purposes and for documentation of equipment transfers and disposals. Each organization is responsible for completing physical inventories of non-capital assets, including IT assets.

REFERENCES

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

CONTACTS

[Capital Asset Accountant](#)