



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
 STANDARD PRACTICE MANUAL

SECTION: 5		SUBJECT: ACCOUNTING FOR: MODULAR FURNITURE
POLICY NUMBER: 506		CATEGORY: CAPITAL ASSET POLICIES
REVISED DATE: 07/01/17	APPROVED BY: <i>Paul Angulo</i>	

PURPOSE: To establish standard guidelines for County departments, agencies, and special districts for the accounting for modular furniture.

SCOPE: Applies to County departments, agencies, special districts and authorities that are governed by Riverside County Board of Supervisors.

POLICY: This policy is intended to provide steps to assist County departments, agencies, special districts and authorities in the reporting and tracking modular furniture.

PROCEDURE: Guidelines to be used for properly submitting the documentation related to the yearly capital asset certification to the ACO is documented below.

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MODULAR FURNITURE CAPITALIZATION CRITERIA:

For modular furniture to be classified as a capital asset the following criteria must be met:

- 1) It must have an expected useful life of more than one year.
- 2) It must have a minimum value of \$5,000 as established by the County Auditor-Controller.

GENERAL INFORMATION:

The cost of furniture will include the purchase price plus all costs to acquire, install, and prepare it for its intended use. Note that maintenance, extended warranties, and insurances **cannot** be capitalized.

- 1) Certain furniture may consist of more than one component/item (e.g., executive office desks, conference meeting tables). The assembled components/items may be considered one item and be recorded as a single capital asset.
- 2) Furniture included during new construction or renovations of offices/buildings should be identified for proper recording in the Asset Management module, if above \$5,000. This information should be obtained from the seller, real estate agent, developer.
- 3) If furniture is included as part of the purchase of a building /office, make sure that items above \$5,000 are identified for proper recording in the Asset Management module. This information should be obtained from the selling party.

CAPITAL BUDGET EXPENSE CODES:

The acquiring department is responsible for assigning the appropriate account number when making capital assets purchases. Management must ensure that correct account numbers are being utilized in all circumstances. The capital expense code related to modular furniture is, 546140 - Equipment Office.

TAGGING FURNITURE:

Maintaining a positive identification of assets is the primary purpose of tagging. Tagging is important to:

- Provide an accurate method of identifying individual assets
- Aid in the annual physical inventory of capital assets
- Control the location of all physical capital assets
- Aid in the maintenance of capital assets and

Generally, all capital assets meeting the capitalization criterial are tagged once the ACO receives the completed Form AM-5 and distributes tags to the department. Once received, the tag should immediately be placed on the capitalized asset. Tags should be consistently placed in the same location on each similar type of asset and where the asset number can be seen easily and identified, as this will assist with the physical inventory and the annual capital asset certification process. For more information on Capital Asset Tags, review SPM 513.

DEPRECIATION POLICY:

Depreciation is the allocation of the total acquisition cost of the capital asset over its estimated useful life. Depreciation of capital assets is computed on a straight-line basis over their estimated useful lives (capitalized cost divided by useful life).

The department is responsible for assigning the useful life of assets based on usage. The estimated useful life of capitalized furniture is the period over which services are expected to be rendered by the asset. Depreciation is then calculated and recorded on a monthly basis for financial reporting purposes. For more guidance on useful lives, please review SPM 502.

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PHYSICAL INVENTORY:

The Department capital asset coordinator will provide their Department Head with a listing of all reportable capital assets at the end of each fiscal year and each time there is a change in Department Head. The purpose of a physical capital asset inventory is to verify the existence and condition and ensure the accuracy of county capital asset inventory records. Any discrepancies between the capital asset inventory listing and the physical count will be noted and investigated by the Department’s capital asset coordinator. The results of the capital asset inventory, including unresolved discrepancies must be reported to the Auditor-Controller’s Office.

DISPOSITION OF FURNITURE:

The Department capital asset coordinator is responsible for completing Form AM-7 to dispose of assets that have been recorded in the AM module.

MOVEMENT OF FURNITURE:

In the event an asset is to be moved from one location to another or from one department to another Form AM-6 must be completed. Once the asset has been moved, the location change must be noted in PeopleSoft Asset Management Module.

DEPARTMENT ROLES:

- 1) Department management must review capital asset entry.
 - a. Ensure asset meets capitalization threshold,
 - b. Ensure that the proper capital asset account is used.
 - c. If an incorrect account is used, the department is responsible of making the correction.
- 2) Record capital asset in the PeopleSoft Asset Management module.
 - a. All assets should be recorded in the (Asset Management) module within 30 days from receipt of the asset.
- 3) Furniture acquired under a capital lease purchase must be entered as a capital lease and capitalized in the PeopleSoft Asset Management module. For more instructions on Capital Leases you may refer to SPM 511.
- 4) Complete AM-5 Capital Assets Form - Acquisition, Betterment & Capital Leases Form.
- 5) Submit completed AM-5 and supporting documentation to Auditor-Controller: Attention - Capital Asset Team.
 - a. Asset documentation should be submitted within 30 days of acquisition. **At year-end documentation should be submitted immediately.**
- 6) Each department is responsible for preparing an annual listing of all movable equipment.

AUDITOR-CONTROLLER’S ROLES:

- 1) Review and verify AM-5 form and transactions recorded in system.
- 2) Issue capital asset tags.
- 3) Process transactions in PeopleSoft Financial System.
- 4) Review and post depreciation through the PeopleSoft Asset Management module on a monthly basis.
- 5) The Auditor-Controller’s Office will provide to External Auditors a reconciliation of all capital asset additions in the capital Asset Module to the general ledger.

RECORDS MANAGEMENT ROLES:

Department

Retain all capital asset supporting documentation for at least 7 years as it relates to capital assets information reported on “schedule Q” and any other records that are not submitted to the Auditor-Controller.

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Auditor-Controller

The Auditor-Controller is the official Department of Record for all AM Forms and its supporting documentation that are submitted to us. The documentation is filed in accordance with the County's General Records Retention policy which states to keep the current year plus the 7 past years.

SECURITY ROLES:

In order to perform the functions discussed above the following roles must be requested:

Department:

Capital Asset Processor – this role will allow you to:

- Add capital/noncapital asset information
- Update capital asset information

Auditor Controller:

Asset Reviewer Auditor-Controller Only – this role will allow you to:

- Adjust, re-categorize, transfer, and dispose capital assets/noncapital asset information
- Review and process transactions
- Run capital and lease asset reports

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CAPITAL ASSETS FORM

Acquisition, Betterment & Capital Leases

OFFICE OF THE AUDITOR-CONTROLLER
 Complete and return to the Auditor-Controller's Office, Mail Stop #1050.

**SPM FORM
AM-5**

"*" Indicates optional field **ASSET ID:** _____

DEPARTMENT			BUSINESS UNIT		
FUND	DEPT ID	PROGRAM *	CLASS *	BGT PER	PROJ/GRANT *
CATEGORY	ACCOUNT	COST			
BOOK	FINANCING CODE	LOCATION			
ACQUISITION DATE			IN SERVICE DATE		
VENDOR CODE:			VENDOR NAME		
MANUFACTURER	SERIAL NUMBER	MODEL			
ASSET DESCRIPTION:					
DEPRECIATION METHOD		USEFUL LIFE (in months)	SALVAGE AMOUNT		
PURCHASE AUTHORIZATION			VOUCHER		
For Betterments Only:					
BETTERMENT DESCRIPTION					
TOTAL BETTERMNT VALUE					
For Capital Leases Only:					
LEASE ID#			LIABILITY AMOUNT (PRIN)		
ATTACH THE FOLLOWING AND CHECK THE BOX FOR EACH ATTACHMENT PROVIDED:					
<input type="checkbox"/>	P.O. s,	<input type="checkbox"/>	Property schedules,	<input type="checkbox"/>	Amortization schedules,
<input type="checkbox"/>	CAPITAL LEASE TEST.XLS		<input type="checkbox"/>	Financing agreements,	

Prepared by: _____ Phone: _____

Date: _____ Dept: _____

Distribution: Department and Capital Asset Section of the ACO

Standard Practice Manual – AM-5

January 2006 (This form replaces GEN FORM 34)
 Capital Assets Form (pending approval)

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CAPITAL ASSET TRANSFER

OFFICE OF THE AUDITOR-CONTROLLER

For intra-departmental and inter-departmental use. Both signatures are required when transferring an asset from one department to another. Submit completed form to the Auditor-Controller, Mail Stop #1050.

**SPM FORM
AM - 6**
(Policy #000)

TRANSFER AUTHORIZATION		TRANSFER OUT	
<input type="text"/>	Effective Date	Asset Number	<input type="text"/>
Department Name	<input type="text"/>	Business Unit	<input type="text"/>
Department Head or Authorized Designee Signature	<i>Provide the information above, authorized signature, and forward to the department receiving the asset.</i>		
<input type="text"/>			
Date			

ACKNOWLEDGEMENT OF RECEIPT		TRANSFER IN	
<input type="text"/>	Acquisition Date	Asset Number	<input type="text"/>
Department	<input type="text"/>	Business Unit	<input type="text"/>
Department Head or Authorized Designee Signature	Description		
<input type="text"/>	<input type="text"/>		
Date	<input type="text"/>		

Asset Class/Category	Acquisition Code	New Financing Code	New Class/Location	Serial Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Model Number	Amount	Purchasing Authority No.
<input type="text"/>	<input type="text"/>	<input type="text"/>

New Fund	New Dept ID	New Account	New Program	Fiscal Year
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

New Project/Grant	Profile ID	New Book
<input type="text"/>	<input type="text"/>	<input type="text"/>

New Salvage Value	New Service Date	New Useful Life	New DEPR Method
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

_____ _____ _____
Prepared By (Print Name) **Date** **Phone**

Auditor-Controller's Use

System Updated By:	Initials	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

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CAPITAL ASSET DISPOSITION

OFFICE OF THE AUDITOR-CONTROLLER

Complete and return to the Auditor-Controller's Office, Mail Stop #1050.

SPM FORM

AM - 7

(Policy #XXX)

PAGE ___ OF ___

Department	Business Unit	FY
_____	_____	_____

Name of Contact

Phone

Disposition Codes							
Abandonment	AB	Disappeared Asset	DIS	Missing Asset	MIS	Scrapped Asset	SCR
Cannibalize	CAN	Disposal Due to Theft	DPO	Retirement by Sale	RTR	Traded in for Other Asset	TRD
Casualty Loss	CAS	Donated to External Group	DON	Returned to Inventory	RET		

1	Category Code	Asset Number	Disposition Code	Quantity	Retire Amount	Proceeds	Removal Costs	Disposition Date
	_____	_____	_____	_____	_____	_____	_____	_____

Other Information (Description of equipment, serial number, etc.)

2	Category Code	Asset Number	Disposition Code	Quantity	Retire Amount	Proceeds	Removal Costs	Disposition Date
	_____	_____	_____	_____	_____	_____	_____	_____

Other Information (Description of equipment, serial number, etc.)

3	Category Code	Asset Number	Disposition Code	Quantity	Retire Amount	Proceeds	Removal Costs	Disposition Date
	_____	_____	_____	_____	_____	_____	_____	_____

Other Information (Description of equipment, serial number, etc.)

4	Category Code	Asset Number	Disposition Code	Quantity	Retire Amount	Proceeds	Removal Costs	Disposition Date
	_____	_____	_____	_____	_____	_____	_____	_____

Other Information (Description of equipment, serial number, etc.)

5	Category Code	Asset Number	Disposition Code	Quantity	Retire Amount	Proceeds	Removal Costs	Disposition Date
	_____	_____	_____	_____	_____	_____	_____	_____

Other Information (Description of equipment, serial number, etc.)

Authorized Signature for Deposition (Department Head or Designee)

Date

To Be Completed By the Auditor-Controller's Office

Central Asset Management Reviewer/Approver

Date

Distribution: **Original:** Auditor-Controller **Copy:** Originating Department

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