

CITY OF BARRE

CAPITAL ASSETS

PURPOSE

This policy and procedure established guidelines for the process for ensuring that purchase, inventorying and disposal of capital assets are supported by adequate documentation, oversight and approvals.

PERSONS AFFECTED

City Manager, City Clerk/Treasurer, Department Heads, Finance Director, Senior Accounting Clerk

POLICY & PROCEDURES

Capital assets are considered to be commodities purchased by the City for use in its day-to-day operations. Capital assets will be purchased by the appropriate department in accordance with the City's Procurement Policy. Department heads will review all deliveries, compare them to packing receipts and invoices, and authorize payment of invoices using the procedures for Accounts Payable invoices. All Capital assets will be booked in the year in which they are purchased.

Use of capital asset items will be documented by the department using the items. Such documentation will include details of items issued, when and to which department/job issued. Usage of capital asset items by a third party will be reported to the Engineering Department, which will create a draft invoice to bill the third party for the items used. Draft invoices go to the Treasurer Office for invoice creation, distribution, tracking, and collection.

Completeness and accuracy of inventory records should be ensured through physical counts, review of purchase records, prior inventory counts, and other methods deemed necessary.

INTERNAL CONTROLS

Capital assets records are to be kept for all commodities purchased. All use of capital asset items are to be documented including details of items issued, when and to which department/job issued. Capital assets are to be monitored to ensure timely ordering of stock items and to ensure items are not over-stocked.

Annual inventory counts are to be carried out on all capital assets on hand. Inventories are to be carried out on the quantity and value of stock held for sale and/or use. Inventory is to be supervised by a responsible staff member. Average costing is to be applied to all capital assets on hand and should reflect average cost or replacement values. Discrepancies are to be investigated and any adjustments to the value of stock on hand will be made by appropriate journal entries.