

September 2019 – Topic of the Month – Recording Fixed Assets

INTRODUCTION

GAO is introducing Topic of the Month as a resource to agencies and employees in better understanding the requirements, responsibilities and expectations that come with certain processes, positions, and functions. Each month, GAO will address a new topic that includes specific information such as applicable policies, procedures, forms, best practices, and where this information can be located.

The goal is to ensure that agencies have the knowledge to consistently comply with State and Federal law, regulations and guidelines, while reducing the risk of fraud, waste and abuse. This month's topic is *recording fixed assets in the AFIS Fixed Asset Module (FAM)*. If there are any topics that your agency is struggling with and/or would like additional information on, please contact your GAO Liaison. GAO is here to help!

RECORDING FIXED ASSETS IN FAM

What is a fixed asset?

A fixed asset is a long-lived resource owned by the State and appears on an entity's balance sheet, statement of assets, liabilities and fund balance, or similar financial statement. Examples of fixed assets include land, buildings, manufacturing equipment, office equipment, furniture, fixtures, vehicles, construction-in-progress, and software.

Is my agency required to record fixed assets in FAM?

Yes. SAAM 2505 requires agencies to record all long-lived resources (non-memo assets), including IT resources (as defined in SAAM 2515), and stewardship resources (memo assets) in the AFIS Fixed Assets Module (FAM).

When must I enter a fixed asset into FAM?

Policy requires that all fixed assets be entered into FAM within one (1) calendar month of their acquisition date.

How do I record a fixed asset in FAM?

GAO published the following two resources:

- Asset Management Training Guide
 - Provides an introduction to the Asset Management process. The Training Guide can be found at:
https://gao.az.gov/sites/default/files/AFISAM_AFIS_Asset_Management_PG_v4_3_Feb-2019.pdf
- Quick Reference Guide (QRG): Acquiring a Fixed Asset
 - Provides visuals and step by step instructions to assist agencies and employees in meeting this requirement. The QRG can be found at:
<https://gao.az.gov/sites/default/files/Aquire%20New%20FA-102418.pdf>

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Why must I record fixed assets in FAM?

In addition to the Policy requirement, recording fixed assets in FAM is part of good stewardship and accountability practices for State assets. FAM must reflect complete and accurate information to ensure that all agencies' fixed assets (non-memo) are accurately presented in the Statewide Comprehensive Annual Financial Report (CAFR). At the end of each fiscal year, agencies that meet the CAFR General Survey thresholds for fixed assets are required to submit to GAO a closing package.

What are the ramifications of not timely entering fixed assets into FAM?

Agencies not entering assets onto FAM within the same fiscal year that they were purchased will have to report the amounts on the GAO closing package and manually calculate and report depreciation for those assets, thereby requiring more work for the agencies and for CAFR reporting that affects timeliness. When these assets are added to FAM in the following year, additional work is then required within the next year's closing package to reconcile the FAM depreciation catch-up.

Where can I find additional information on fixed assets?

Policy: SAAM Topic 25 identifies fixed assets requirements and can be found at the following link:

<https://gao.az.gov/publications/saam>

Training Guide/QRG: Instructions for meeting Policy requirements and best practices can be found here:

<https://gao.az.gov/trainingevents/training-resources>

Agency Liaison: Your agency liaison can be found at the following link: <https://gao.az.gov/afis/afis-information>