



# State of Arizona Accounting Manual

Topic 25 Long-lived Resources  
Section 35 Stewardship

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## INTRODUCTION

Stewardship is the responsibility for or the activity of protecting something worth caring for and preserving. By virtue of their cost, all capital assets merit stewardship. However, there are also many long-lived resources, otherwise known as stewardship resources, owned by the State that, although they do not meet a capitalization threshold, represent a material investment by the State and merit a significant level of safekeeping and accounting.

The following are specific minimum requirements pertaining to capital assets and stewardship resources.

## POLICY & PROCEDURES

1. Unless otherwise expressly excluded, all of the following are stewardship resources and are subject to the policies and procedures set forth in SAAM.
  - 1.1. Any tangible or intangible capital asset.
  - 1.2. Any IT resource with a cost of two hundred fifty dollars (\$250) or more.
  - 1.3. Any weapon, whatever its cost or value.
  - 1.4. Any ammunition or explosives, irrespective of cost or value.
  - 1.5. Any controlled substance, irrespective of cost or value.
  - 1.6. Any tangible or intangible long-lived resource, not previously covered, with a cost of one thousand dollars (\$1,000) or more.
2. Unless otherwise expressly excluded, all capital assets and all stewardship resources are to be recorded in AFIS.
  - 2.1. IT resources with a cost of less than two hundred fifty dollars (\$250) may, but are not required to, be recorded in AFIS.
    - 2.1.1. IT resources, when they hold or have the capacity for holding data, must be safeguarded and controlled by the agency.
      - 2.1.1.1. A record of the existence and issuance of such resources must be kept.

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- 2.1.1.2. Any data such resources contain must be irretrievably destroyed (not merely erased) before these resources are disposed of.
- 2.2. Agencies to whom an exception has been granted must maintain a system capable of recording and reporting upon the required information.
- 2.3. In such cases, an agency's:
  - 2.3.1. Capital asset information must be provided to the GAO as prescribed in the GAO Closing Package.
  - 2.3.2. Stewardship resource information must be available and provided to the GAO upon its request.
3. Stewardship resources that have not met their capitalization thresholds, but, unless otherwise excluded, are entered into FAM and are treated as a memo entry.
  - 3.1. Certain stewardship assets, such as ammunition or prescription drugs, over which management must maintain control, but which are comprised of numerous fungible units of individually negligible value (e.g., bullets or pills), need not be entered into FAM. Agency management nevertheless remains responsible for internal control over the physical existence, location, count and security of such items.
  - 3.2. Depreciation expense and accumulated depreciation are both calculated for memo assets. However, the resulting entries are both posted to memo accounts, resulting in no effect upon the financial statements.
4. The information to be retained with respect to capital assets and stewardship resources includes, but is not limited to:
  - 4.1. Property identification numbers (property tag number, serial number, parcel number, license number, or other number specifically identifying the item).
  - 4.2. Description (model number, size, color, version, component type, program title, etc.).
  - 4.3. Location (address, building, floor, room, parcel number, cabinet, etc.).
  - 4.4. Method of acquisition (purchase, donation, escheat, internal generation, etc.).
  - 4.5. Source of funding (the fund or funds that financed the asset).
  - 4.6. Acquisition date (month and year acquired or, in the case of constructed or developed resources, the date placed into service).
  - 4.7. Purchase document number (purchase order, claim number, bid number, or any other number that can be used to identify the resource).

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- 4.8. Cost (as applicable, the actual or estimated historical cost, development or construction cost, or fair market value).
- 4.9. IT resources have special reporting requirements, some of which are set forth in SAAM 2515. ASET should be consulted concerning any addition requirements it may have related to recording and reporting IT resources.
5. Purchases of capital assets or stewardship resources should be entered into AFIS within ten (10) working days from the date of issuing the payment for the capital asset or stewardship resource or, in the case of internally generated intangible assets or the completion of a construction project, within ten (10) business days of its being placed into service.
6. Capital assets and stewardship resources that have been disposed of should be recorded as disposed of in FAM within ten (10) business days from the date of disposal. See SAAM Sections 2560 and 2561 for additional information related to the disposal of fixed assets.
7. A property identification system must be used to provide physical control of capital assets and stewardship resources and to identify them if lost, stolen or destroyed.
8. To the extent practicable, all tangible capital assets and stewardship resources must have a property tag bearing a property identification number affixed.
  - 8.1. Any capital asset or stewardship resource that cannot be physically tagged should be assigned a property number and the property tag placed on the documentation supporting its identification and acquisition. Documentation should contain sufficient information to unambiguously identify the capital asset or stewardship resource to which it relates.
  - 8.2. When practicable, tags should be used to identify assets or resources as property of the State of Arizona or one of its agencies.
  - 8.3. A desktop personal computer system is one that is intended for stationary operation. It consists of a number of separate, often interchangeable, external components including the CPU unit, monitor, cords, keyboard and mouse, as well as internal components such as the motherboard, CD drives and memory chips. Of these components, the CPU unit and the monitor should be individually tagged. The keyboard, mouse, cords and internal components need not be tagged.
  - 8.4. A laptop computer consists of a number of integrated external components including the CPU unit, monitor, keyboard, cords, a pointing device, as well as internal components such as the motherboard, CD drives and memory chips. A portable personal computer system should be tagged as a single unit. Cords and external mice need not be tagged.
  - 8.5. A docked computer consists of a laptop computer and the docking station to which it is assigned and the external monitor, if any, to which it may connected when in

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its docking station. In this configuration, the laptop, the external monitor and the docking station should be tagged. Cords and external mice need not be tagged.

- 8.6. Central and integrating components of LANs, WANs and similar systems of interconnected computer circuitry such as servers, routers and bridges with an aggregate cost of five thousand dollars (\$5,000) or more should be tagged. If the components are purchased as a single unit, it may be tagged as a single unit. If the components are purchased separately, each component should be tagged separately.
- 8.7. Cellular telephones, electronic smart devices, and similar portable digital and voice communication equipment should be tagged.
- 8.8. Audio-visual equipment, such as, camcorders, DVD players, televisions and projectors should be tagged for inventory purposes, but need not be entered into FAM unless their costs meet their capitalization thresholds.
- 8.9. State-approved thumb drives, also called flash drives or memory sticks, should be tagged, not as a matter of value, but in order to make sure that only State-approved thumb drives are connected to State-owned computers and to assist agencies in maintaining appropriate control over the data such devices may contain. The ASET website containing its statewide policies, at <https://aset.az.gov/resources/policies-standards-and-procedures>, encompasses the requirements related to a State-approved thumb drive.
9. A complete physical inventory of all capital assets and stewardship resources must be taken every year and reconciled to agency records and, if applicable, to the information entered into AFIS.
10. All cost documentation, such as vendor invoices, claims, requisitions, purchase orders, packing slips and receiving reports that support the information related to the acquisition or disposal of capital assets or stewardship resources must be retained, in paper or electronic format, for the retention period established by LAPR.
11. At the end of the fiscal year, all agencies must reconcile the total cost of capital asset acquisitions made during the year to the total expenditures recorded in AFIS as capital outlays. The required reconciliation must be submitted to the GAO as part of the agency's closing package.
12. As discussed in SAAM 2550, individual items within a group of assets may not need to be capitalized. However, such items may individually or collectively represent a significant investment of State resources. Agencies are to employ measures to safeguard items within a group of assets commensurate with the value of the assets and the risk of loss.
13. Controlled substances are subject to the rules promulgated by any administrative, legal, pharmaceutical or medical authority with jurisdiction.

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14. Though not stewardship resources, items in the possession of, though not owned by, the State impose a duty of care and protection upon their custodians since their loss or destruction may result in damage to the State's finances or reputation. Such times may include, but are not limited to:
  - 14.1. Telecommunication devices.
  - 14.2. Rented equipment of any kind, including State-contracted and rental vehicles.
15. Media of various types—CDs, DVDs, tapes, memory sticks/thumb drives/flash drives, fixed and removable storage devices, etc.—may contain confidential and/or sensitive data. Depending upon their cost, some of these devices may be capital assets, stewardship resources or IT resources. Irrespective of their cost, however, they are all data to be considered data storage devices (DSDs) and they can all be used to store, move or process data.
  - 15.1. Unless they reach the cost thresholds for capital assets, stewardship resources or IT resources, DSDs need not be recorded in FAM.
  - 15.2. Though not capital assets, stewardship resources or IT resources, DSDs are valuable for the information they contain or may contain. Special care must at all times be taken to assure that DSDs are properly safeguarded and that the data they contain are not shared with or transferred to those without appropriate authority to access such data or not copied to unsecured media.