QUICK REFERENCE GUIDE:
FIXED ASSET DISPOSAL

Fixed Asset Disposal

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Fixed Asset Disposal

Overview

The Fixed Asset Disposal (FD) transaction is used to dispose of all fixed assets, including stewardship resources (e.g., memo assets), and the disposition method and disposition code indicate how the asset is disposed. This quick reference guide (QRG) provides specific additional guidance for the creation of the FD transaction. Lost, stolen, and destroyed fixed assets require the additional review and approval of the General Accounting Office (GAO) before the approval by the Surplus Property Management Office (SPMO). Although the Arizona Department of Transportation (ADOT) also has authority to dispose of some vehicles, *all* lost, stolen, or missing assets including vehicles *must* go through SPMO for approval. Vehicles that are totaled and processed through Risk Management *must* also go through SPMO.

When a Risk Management Claim results in a total loss:

Submit Claim to Risk Management*	Risk Management Adjuster Reviews Loss and Assigns a Claim Number	Risk Management Proposes Total Loss Offer (TLO) to Agency	Agency Accepts Offer and Risk Management Claim Payment/Transfer is made in AZ360	Agency Processes Payment/Transfer and Submits a Surplus Property Request to SPMO

* See Risk Management's Property Loss Reporting Process, found at: https://staterisk.az.gov/property-liability. If the loss involves a vehicle total loss, Risk Management requires the agency to forward the notarized vehicle title before the payment can be issued.

After the payment has been received for a total loss settlement, the Surplus Property Request Form should be submitted within 30 days or sooner to begin the process of recording the loss and to remove the asset from AZ360.

The SPMO disposal process is required for a Lost, Stolen, Destroyed, and Missing Asset after a total loss Risk Management claim is paid or when there is no Risk Management claim:

SPMO Process	Agency Creates Surplus Property Request Form	SPMO Reviews for Completeness and Forwards to GAO	GAO Approves and Returns Request to SPMO	SPMO Updates Status to Complete and Notifies Agency

The agency initiates the fixed asset disposal process using the SPMO's online Quickbase system. Submit the Surplus Request at https://azsurplus.quickbase.com/db/bp5225i9k?a=nwr.

Next, attach required supporting documentation to the request. For detailed instructions about how to create a request, go to https://doa.az.gov/about/services/surplus-property-removal-request.

Once submitted, a request number is automatically assigned by the Quickbase system in the format of FY-XXXX and assigned the Pending Admin Approval status. The SPMO reviews and verifies the request for required documentation and, if needed, forwards a copy of the request and supporting documentation to GAO by email for approval. GAO reviews the request and supporting documentation and if approved, returns the signed Surplus Request form and supporting documentation to the SPMO. SPMO will attach the GAO's approval and change the request to Complete status in their online system.

The system notifies the requesting agency of the status change. Refer to SAAM Topic 25 for additional information.

If the SPMO request is for a total loss asset that has gone through ADOA Risk Management, the payment/transfer transaction ID information or other proof of payment must be attached to or included in the Surplus Request (e.g. ITIAD FYRMD##### or screenshot from AZ360 or Origami with the AZ360 transaction code and ID). The payment transaction ID and dollar amount must be included. Any other supporting documentation for the loss can also be attached. SPMO requests for total losses that have not yet been finalized and paid by ADOA Risk Management will *not* be approved until after the payment has been made.

The GAO-approved PDF document will appear with a Complete status in SPMO's Quickbase system. After receiving SPMO Approval, the Agency must remove the asset from AZ360:

Manual (FD) → Asset Disposal → Manually Create FD → Manually Add FD Details → Attach Completed Surplus Request and Supporting Documentation

Failure to remove the asset will result in an unfound asset when the annual physical inventory is conducted and reconciled. Per SAAM 2560, the agency should record the asset as disposed within ten (10) business days of receiving the approved Surplus Property Removal Request.

Note: SPMO does not process requests for Real Property which is defined by SPMO as land, buildings, structures, right-of-ways, fences, sidewalks, water and sewage systems, irrigation and drainage systems, easements and other fixtures or appliances when permanently incorporated in or attached to buildings and structures. Requests to dispose of real property will start with the FD transaction. The disposition authority MUST be blank, and appropriate supporting documentation MUST be attached.

Create a Fixed Asset Disposal (FD) Transaction

Follow the steps below to create a Fixed Asset Disposal (FD) transaction. The FD transaction should not be submitted until *after* approval is received from SPMO, and the approved Surplus Request *must* be attached to the FD transaction.

Note: Requests with a disposal status of "On-site destruction" are approved at the SPMO level and are not required to be reviewed by the GAO prior to being entered in to AZ360 under the "WO" (Written Off) disposition method and "Destroyed" disposition code.

Log in to the AZ360 **Home Page**. Create an FD transaction.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter *FD.*

4. In the drop-down menu that generates, select **FD Fixed Asset Disposition**. The FD Financial Transaction page will generate.

5. Click the **Create** button.

6. In the **Transaction Dept** field, enter the user's department 3-digit code.

7. Click **Auto Number** checkbox to generate a unique ID or enter a unique transaction number.

8. Click **Continue**. A new transaction generates.

9. A new FD transaction will generate and opens to the Header tab. Note that the transaction is in **Draft**, the **Version** number is **1**, the **Function** is **New** and the **Status** is **Held**.

Complete the **Header** tab.

1. At minimum, on the **General Information** section, enter the appropriate information in the following fields:

   a. In the **Transaction Description** field, enter a reason for the FD transaction.

   b. In the **Fixed Asset Number** field, enter the user's department fixed asset number of the asset being disposed.

   c. In the **Asset Status** field, select the appropriate value from the pick list.

   d. In the **Event Type** field, enter *FA04* (Dispose of a Fixed Asset). This is the default value.

2. In the **Disposition** section:

   a. In the **Disposition Date** field, enter the date the asset was disposed. This is the approval date of the disposition authority, *NOT* the current date of the entry.

   b. In the **Disposition Method** field, select the accurate reason for the asset's disposal from the pick list. Verify that the correct disposition method is used based on the tables below. Note: Total loss claims processed through Risk Management *MUST* be recorded as ACCD and not SOLD.

Disposition methods are found in AZ360 on the Fixed Asset Disposition Method (FADM) table:

Disposition Method	Disposition Method Short Name	Use of Disposition Codes
ACCD	Vehicle Accident	Optional
FRFL	Fire or Flood	Optional
LOST	Lost	Optional
SOLD	Sold	Optional
THEF	Theft/Vandalism	Optional
TRAD	Traded	Optional
TRAN	Transferred	Optional
WO	Written Off/Worn	*Required*

Definitions for common disposition methods are:

Disposition Method	Used when:
ACCD	A vehicle accident or other total loss claim is processed through Risk Management.
SOLD	The asset is going to State Surplus Property Management Office (SPMO) or auction. Do *NOT* use for total loss claims processed through Risk Management.
TRAD	An asset is being returned to a vendor or traded in.
TRAN	Recording an asset transfer to another state agency (does *NOT* include SPMO).

   c. In the **Disposition Code** field, select the appropriate option from the drop down menu (Required for Disposition Method of WO).

   d. In the **Disposition Authority** field, enter the disposition authorization. The Disposition Authority is the SPMO assigned Surplus Property Request number (e.g. 24-1234 or FY-####). This is *NOT* the agency's internal disposition authority number.

   e. In the **Selling Price** field, enter the amount of all funds received for non-memo assets. The selling price is required to properly report the gain or loss on the asset. Examples of funds received include but are limited to: funds received when the asset is sold, settlements received from Risk Management due to a loss, funds received from the sale/disposal from SPMO if applicable, etc.

> If this is a total loss being processed as a claim through Risk Management, enter the Risk Management transfer or payment transaction ID in the **Disposal Reason** field.
>
> The Selling Price can only be entered for capitalized assets and cannot be entered for memo assets. The selling price must remain blank on memo assets.

3. Click the tab **3-dot** menu, and under **Related Actions**, click the **Auto Apply** button.

4. In the **Responsibility Center** section:

   a. Verify the COA inferred from the Fixed Asset Registry tables.

   b. Verify the Location field is inferred from the registry tables.

5. Click the **Component** tab.

Complete the **Component** tab of the transaction.

1. Click the **Expand** caret on the Component line.

2. In the **Disposition** section:

   a. Review the disposition details that inferred from the Header tab.

   b. Leave the Depreciation Amount field blank.

Note: If there are any component lines that should not be disposed, use the Component line row 3-dot menu and select Delete to remove them. Failure to remove the component line for any component that should still remain in fixed assets will result in the entire asset and all components being disposed. If a component is accidently disposed of, it will need to be re-added by creating a new FA transaction.

3. Click the **Accounting** tab.

Complete the **Accounting** tab of the transaction.

1. In the **COA** section:

   a. Review the COA elements that inferred from the Fixed Asset Registry tables.

Validate and submit the transaction for approval.

1. Click **Validate** to check for errors. If any errors exist, fix the errors and click **Validate** again. If the validation is successful, the following message is displayed: **Transaction validated successfully**.

2. Click **Submit** to submit the transaction for approval. If submission is successful, the following message is displayed: **Transaction submitted successfully - Pending Approval**.

Note: Transactions without Disposition Authority and certain Disposition Methods will route to GAO for approval.

After the transaction is approved and is in a Final phase, verify the updated value of the fixed asset.

Verify the **Header** tab.

1. In the **General Information** section:

    a. Verify that the Transaction Total field is updated with the original purchase price of the asset.

    b. Verify that the Transaction Depreciation field is updated with the total amount of depreciation, which reflects the period from the last mass depreciation batch job to the date of sale.

    c. Verify that the Final Accumulated Depreciation field is updated to $0.00 since the asset was disposed or sold.

    d. Verify that the Final Asset Value field is updated to $0.00 since the asset was disposed or sold.

    e. Verify that the Final Net Book Value field is updated to $0.00 since the asset was disposed or sold.

    f. Verify that the Selling Price field under the Disposition section accurately reflects any proceeds received.

2. Click on the **Component** tab.

Verify the **Component** tab.

1. In the **General Information** section:

    a. Verify the Accumulated Depreciation field reflects the total amount of accumulated depreciation for the asset.

    b. Verify that the Gain/Loss field reflects the historic asset cost less the accumulated depreciation.

2. In the **Disposition** section:

    a. Note that the Gain/Loss Account Type field is Expense and not Revenue regardless if there is a gain or loss. *Note: The Gain/Loss Account Type field is set up as a revenue or expense for each type of disposition method in the FADM table.*

      b.   Verify the Depreciation Amount field reflects the amount of depreciation from when the last mass depreciation batch job was run since the date of sale for this component.

   3.   Click the **Accounting** tab.

Verify the **Accounting** tab.

   1.   In the **General Information** tab:

      a.   Verify that the Line Amount field reflects the original purchase price for the component.

      b.   Verify the Selling Price field is accurate for the amount of funds received.

Note: In the rare circumstance, if the selling price on an FD transaction is incorrect or if additional proceeds are received at a later date, the department can then submit an FP transaction to enter the updated selling price. If proceeds are applied to the fixed asset, they will affect the overall Gain/Loss field value. The date of the FP transaction should be the date the additional proceeds were received, NOT the current date. This should NOT be the method routinely used to record the selling price for disposals. The FD document should record the selling price.

Navigate to the FAHIST table and verify that the asset information is appropriately updated, and then return to the home page.

   1.   Click the **Expand** caret next to the **Global Search** field.

   2.   Select the **Page Code** option.

   3.   In the **Global Search** field, enter *FAHIST*.

   4.   In the drop-down menu that generates, select **FAHIST Fixed Asset History**. The Fixed Asset History table will generate.

   5.   In the **Fixed Asset Number** field, enter the fixed asset number for the user's departmental fixed asset.

   6.   Click **Apply**.

   7.   The transactions processed with the fixed asset number appear. Click the record in the grid that corresponds to the FD transaction completed in the steps above.

   8.   Click the row **3-dot** menu and select **View**.

   9.   In the **Disposition Information** section:

   a. Verify that the Disposition Date and Disposition Method fields updated correctly.

10. Click **Home** icon to return to the home page.