

# INTEGRATED SERVICES OF KALAMAZOO

## ADMINISTRATIVE PROCEDURE 08.12\_01

<b>Subject:</b> Fixed Assets	<b>Section:</b> Financial Management
<b>Applies To:</b> <input checked="" type="checkbox"/> ISK Staff <input checked="" type="checkbox"/> ISK Contract Providers	<b>Page:</b> 1 of 2
<b>Revised:</b> 11/07/2018	<b>Supersedes:</b> 06/08/2016

### PURPOSE

To formally establish the Integrated Services of Kalamazoo's (ISK) policy for recording of fixed assets.

### DEFINITIONS

#### **Fixed Assets**

A purchase will be considered a fixed asset when it has a useful life of more than one year and exceeds \$5,000 in cost unless more restrictive funding requirements apply.

### PROCEDURE

- I. An inventory system of all ISK fixed assets shall be maintained consisting of a Fixed Asset Report.
- II. Expenditures for any ISK fixed asset shall be inventoried provided they meet the following specifications:
  - A. The item has a life expectancy of more than one year.
  - B. All single assets with a purchase price of more than \$1,000 per item shall be inventoried.
  - C. These costs shall include the following:
  - D. If the cost equals or exceeds \$5,000 per item, it shall be inventoried and capitalized.
  - E. Life expectancy for all fixed assets is established by "Estimated Useful Lives of Depreciable Hospital Assets" most recent Edition.

### **III. PURCHASE APPROVALS**

Refer to procedure 08.14\_03 (Supply and Material Purchases) for ISK purchasing approvals.

### **IV. PURCHASING PROCEDURES**

- A. ISK fixed assets for purchases of \$20,000 or more must have three (3) written competitive quotes submitted with the requisition. When it is not possible to secure three quotes, a formal request for waiver must be attached to the requisition explaining the particular circumstances involved. A waiver will not be considered or approved except in those instances where solicitation of competitive quotes is impossible due to the nature of the purchase. See policies 02.01 (Procurement of MH and General Management Services) and 08.14 (Procurement Guidelines).
- B. Some ISK grant/funding requirements may be more restrictive than the above policy and the more restrictive guidelines must be followed when purchases are to be made from grant dollars.

### **V. ASSET RECORDING AND TAGGING**

The Finance Director or designee will assign the useful lives of assets over \$5,000 using the “Estimated Useful Lives of Depreciable Hospital Assets” most recent Edition. Assets will be depreciated using a straight-line half year convention methodology in order to determine depreciation expense. If material, depreciation expense will be allocated monthly.

### **VI. DISPOSAL OF FIXED ASSETS**

When an ISK fixed asset is disposed of, the disposition shall be properly recorded in the fixed asset inventory master record.

All suspected thefts of ISK property are to be reported to the appropriate police agency. The staff having possession and responsibility for the property at the time of the suspected theft shall report the occurrence to the appropriate police agency and forward a copy of the police report to the ISK Accountant for ISK fixed asset files within 10 days of the occurrence.

### **VII. EQUIPMENT INVENTORY**

A physical inventory of ISK’s Capitalized Fixed Assets will be taken and the results reconciled with the detail property records at least every two years.