



CITY OF HOUSTON

Administrative Procedure

Subject: **Fixed Asset Management**

A.P. No:

4-7

Effective Date:

January 4, 2011

1. AUTHORITY

- 1.1 Article VI, Section 7a, of the City Charter of the City of Houston.

2. PURPOSE

- 2.1 To establish policies and procedures for the accounting, reporting and management of fixed assets.

3. OBJECTIVE

- 3.1 Ensure consistent City-wide policies and procedures governing fixed asset accounting and reporting.
- 3.2 Enhance management control and accountability over fixed assets.
- 3.3 Ensure compliance with related government regulations and requirements.
- 3.4 Improve capital expenditure planning.
- 3.5 Ensure that the City has adequately addressed risk to assets through appropriate internal controls and, where appropriate, insurance coverage.
- 3.6 Ensure proper financial accounting and reporting in accordance with standards set by the Governmental Accounting Standards Board (GASB) or other applicable government accounting standards and with Generally Accepted Accounting Principles (GAAP).

4. SCOPE

- 4.1 This policy applies to all departments and employees of the City. This policy also applies to all City funds including enterprise funds and special revenue funds, without exception.

5. DEFINITIONS

Fixed Asset - Property, plant, and equipment items that are tangible in nature; have significant value; have an economic useful life longer than 1 year, maintain their identities, either as separate entities or as identifiable components; are not repair parts or supply items; and are used in the conduct of City activities.

Approved:

Quinn D. Parker

Date Approved:

01/04/2011

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Generally Accepted Accounting Principles (GAAP) - Describes broadly the body of principles that governs accounting for financial transactions underlying the preparation of a set of financial statements. Generally accepted principles are derived from a variety of sources, including promulgations of the Governmental Accounting Standards Board, the Financial Accounting Standards Board and its predecessor, the Accounting Principles Board, and the American Institute of Certified Public Accountants. Other sources include the general body of accounting literature consisting of textbooks, articles, papers, etc.

Governmental Accounting Standards Board (GASB) - Establishes standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

6. RESPONSIBILITIES

- 6.1 The City Controller and the Finance Department shall issue City-wide Fixed Asset Accounting and Management Procedure Manuals delineating roles and responsibilities applying to fixed asset management. The Finance Department shall update the procedures, as needed.
- 6.2 All City employees are expressly directed to follow the fixed asset policies and procedures and shall exercise the utmost care and diligence in the recording, use, maintenance and protection of fixed assets.
- 6.3 Department directors are assigned custodianship of the fixed assets controlled by their departments. To this end, department directors are responsible for implementing and ensuring full departmental compliance with the fixed asset accounting policies and procedures as promulgated by the Mayor, City Controller and Director of the Finance Department.

7. PROCEDURES

- 7.1 To ensure that the City of Houston maintains adequate records of its fixed assets, it is mandatory that all departments consistently follow accounting policies and procedures.
- 7.2 Each department director of the City of Houston shall ensure that the policies established are approved by the Mayor and/or the City Controller and all procedures issued in the Fixed Asset Accounting and Management Procedures Manual (approved by the Director of the Finance Department) are followed in their respective departments.
- 7.3 From time to time, these policies and procedures may be revised to take into account statutory, systems technology, or other changes. The most recent issuance of the policy or procedure shall be the one followed by each department.
- 7.4 Exceptions to compliance with fixed assets accounting policies may be made only upon review and written authorization of the Director of the Finance Department and City Controller.

8. CONFLICT AND REPEAL

- 8.1 This Administrative Procedure supersedes Executive Order No. 1-30, which shall be of no further force or effect.