

Volume No. 1—Policies and Procedures	TOPIC NO	31010—Cardinal
Section No. 31000—Reporting	TOPIC	Summary Users
	DATE	January 2020

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Overview

Introduction The purpose of this topic is to provide guidance to agencies accounting for capital asset activity using a system other than the central Fixed Assets Accounting and Control System (FAACS). These type of agencies are referred to as "Summary Users." The majority of the policies and procedures contained with Function No. 30000, *Capital Asset and Lease Accounting*, apply to summary users. The major difference involves the interface requirements to both FAACS and recording in Cardinal, and the support role provided by the Department of Accounts (DOA).

Policy

General All summary users are responsible for maintaining systems which:

- Provide for the proper control of capital assets;
- Provide for General Accepted Accounting Principles (GAAP) basis financial reporting in the appropriate format; and
- Provide internal controls which satisfy the audit requirements of the Auditor of Public Accounts (APA).

Summary users operating out of governmental type funds, such as the general fund, special revenue fund, dedicated special revenue fund, etc. are required to submit summary entries to the DOA central FAACS Financial Reporting File via Summary Financial Data entries (Form 4). Even though data flows into FAACS, the agency-based system is considered the official system and users are responsible for reconciling all detailed transactions to their internal system.

Summary users operating out of higher education, enterprise and internal service funds will utilize their agency-based systems to reconcile data, provide capital asset information for agency financial statement templates and submit data to DOA for inclusion in the Comprehensive Annual Financial Report (CAFR) of the Commonwealth. For these users, the official record for capital asset activity will be the agency-based system and NO data will flow through either FAACS or into Cardinal.

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Requirements for Summary FAACS Users

Introduction

The use of agency-based systems does not eliminate the need for agency personnel involved with property management to review and fully understand overall capital asset accounting requirements as outlined throughout CAPP Function 30000, *Capital Asset and Lease Accounting*.

These requirements include topics, for example, such as

- proper classification as either capitalized or controlled (CAPP Topic No. 30305, *Capitalized or Controlled Assets*);
- proper categorization (CAPP Topic 30310, *Asset Categorization*);
- proper accounting for assets acquired with Federal funds (CAPP Topic No. 31105, *Federal Requirements*);
- tagging assets and performing periodic inventories (CAPP Topic No. 30505, *Physical Inventory*; and,
- Reconciling balances between the internal accounting system, FAACS and Cardinal (CAPP Topic No. 30905, *Requirements*).

Agency-Based Systems Requirements and Maintenance

Agency-based systems must be able to calculate, summarize and report depreciation, where applicable, on a basis consistent with FAACS. See CAPP Topic No. 30610, *Depreciation Methods and Calculations*.

Agency-based systems must be capable of meeting all reporting requirements detailed in the annual Comptroller's Directive Compliance Guidelines.

Detail records must be properly maintained in the agency-based system and all activities must be properly reconciled quarterly with FAACS and Cardinal.

System maintenance is the total responsibility of summary users, as DOA does not provide support.

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Requirements for Summary FAACS Users, Continued

The following detailed information is recommended at a minimum for each individual asset maintained in agency-based systems in order to ensure adequate control, stewardship and reporting.

- Asset category (See CAPP Topic No. 30310)
 - Disposal date
 - Inventory (Tag) number
 - Disposal method (See CAPP Topic No. 30805)
 - Acquisition date
 - Voucher number
 - Acquisition cost (See CAPP Topic No. 30210)
 - Availability code (See CAPP Topic No. 70325)
 - Responsible Position or Person
 - Ownership status (See CAPP Topic No. 70325)
 - Useful Life (See CAPP Topic No. 30605)
 - Serial number
 - Accumulated depreciation
 - Location
 - Method of Acquisition (See CAPP Topic No. 30205)
 - Description
 - Basis of determining Acquisition Cost (See CAPP Topic No. 30210)
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Internal Control

General

Each agency and institution should implement cost beneficial internal control procedures to ensure that:

- Assets are adequately controlled and safeguarded.
- Proper reconciliation procedures are in effect and corrections made in a timely manner.
- All necessary financial reporting for both State and Federal requirements is done in a timely and accurate manner.
- All depreciation, where appropriate, is calculated, summarized and reported on a basis consistent with GAAP.

Internal controls are established to support asset and depreciation amounts reported.

Records Retention

General

Records should be maintained for a period of at least three years or longer, if necessary, to be in compliance with policies established by the Records Management Section, The Library of Virginia. The retention period generally starts at the close of the fiscal period.

For pending, ongoing or unresolved litigation, audits or claims, retain documentation until completion, resolution or negotiation of settlements and retain according to standard schedules. Provide for the periodic destruction of records not subject to permanent deposit in accordance with policies and procedures established by the Records Management Section, Virginia State Library and Archives.

DOA Contact

Contact

Financial Reporting Project Lead

 (804) 225-2257

FAX (804) 225-2430

 faacs@doa.virginia.gov

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Subject Cross References

References

CAPP Topic No. 30205, *Acquisition Method*
 CAPP Topic No. 30210, *Acquisition Valuation*
 CAPP Topic No. 30305, *Capitalized or Controlled Assets*
 CAPP Topic No. 30310, *Asset Categorization*
 CAPP Topic No. 30505, *Physical Inventory*
 CAPP Topic No. 30605, *Useful Life*
 CAPP Topic No. 30610, *Depreciation Methods and Calculations*
 CAPP Topic No. 30805, *Disposal Management*
 CAPP Topic No. 30905, *Requirements*
 CAPP Topic No. 31105, *Federal Requirements*
 CAPP Topic No. 70325, *Data Entry*
