

COLLEGE OF MICRONESIA-FSM  
**ADMINISTRATIVE PROCEDURE No. 5601**

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## **Establishment of Accountability and Movement of Assets**

Date Adopted: 1 April 1993  
Date Revised:  
Date Reviewed: 22-24 March 2014  
References: GASB 35

### Set up of Accountability

1. A Receiving Report shall be prepared by the Requisitioning Department for all purchases classified as fixed asset as defined in Business Finance Policy 5.1, indicating therein the person responsible for the property. This report together with other supporting documents for payment of purchase shall be forwarded to the Business Office.
2. After payment has been processed, a copy of the Receiving Report shall be forwarded to the General Accountant for recording in the Property Ledger Card. A Property No. shall be assigned and the corresponding property label shall be prepared.
3. The Property Acknowledgement Receipt (PAR) shall be prepared in two copies. The PAR transfers the accountability of the asset indicated therein from the College to the employee concerned. The PAR together with the property label shall be forwarded to the Accountable staff for acknowledgement.
4. The Accountable staff shall retain the second copy and forward the original copy of the PAR to the General Accountant.
5. For assets that are transferred or disposed, the PAR shall be surrendered to the General Accountant for cancellation. A new PAR shall be prepared for transferred assets. Disposed Assets shall be dropped from the books.
6. The Fixed Asset Accountabilities shall be incorporated in the Clearance Form of employees who are tendering resignation, terminated, or retiring. The General Accountant shall sign in the Clearance Form, signifying that the employee is free of any accountability.

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Conduct of Physical Inventory

1. A physical inventory of all fixed assets shall be done every other fiscal year. However, for books and other materials in the library that is voluminous in nature and considering that a cataloguing system is in place to control their movement, a 100% verification is not necessary and instead periodical sampling may be employed.
2. To facilitate the conduct of inventory, a team shall be created composed of representatives from the Business Office, Maintenance Department, IT Department. Members may also be taken from the academic community. The number of members of the team shall be left to the discretion of the Comptroller, taking into consideration the volume of assets for inventory and the targeted time of accomplishment. For assets located at the campuses, a representative from the campus shall be included.
3. The General Accountant shall generate the List of Fixed Asset per record. This list shall be the starting point in the conduct of inventory. All assets that were counted shall be tagged as “Inventoried” indicating the date the inventory taking was done.
4. The team shall generate an Inventory Report. The team shall analyze any discrepancies found during the conduct of physical inventory and corresponding accountabilities shall be established.
5. Based on the report of the Inventory Team, appropriate adjustments shall be identified and recommended for approval to the Comptroller.