

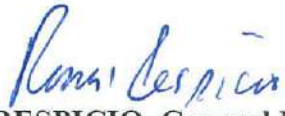


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Lourdes A. Leon Guerrero
Governor of Guam
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Lieutenant Governor

POLICY MEMORANDUM NO. 2021-GM01

To: Division Heads	Subject: Acquisition, Maintenance, Transfer and Survey of Fixed Assets
Effective Date: February 15, 2021	Revision Date:
Approved By:  RORY J. RESPICIO, General Manager	

- I. **PURPOSE:** To provide standard procedures and guidelines to facilitate accurate record keeping on the acquisition, maintenance, control, and disposition of the Port Authority of Guam property. To maintain consistency in all departments of the Port Authority of Guam and adopt standardized equipment accounting procedures for fixed assets. The combination of accurate accounting records and strong internal controls must be in place to protect against and detect the unauthorized use of Port property.
- II. **SCOPE:** The provisions of these guidelines shall be utilized and adhered to by Division Heads, Section Heads and employees who are responsible for acquiring, safeguarding, record keeping, and surveying Port properties that are classified as Fixed Assets.
- III. **DISCUSSION:** Division heads, supervisors, and employees are expected to exercise due care in the use of Port's assets and to utilize such properties only for authorized purposes. The value of fixed assets for the Port, including the very smallest ones, is substantial. Maintaining a complete and accurate accounting for fixed assets with significant value is important for several reasons.
 1. Adequate accounting procedures and records for fixed assets are essential to effective property management and control;
 2. The stewardship responsibility involved in safeguarding such a large public investment is of utmost importance to sound financial administration; and
 3. Unauthorized removal or release of Port properties from the premises is in violation of this policy.
- IV. **DEFINITIONS:** Fixed Assets (Capitalized Property) – A tangible, non-consumable property, which is capitalized. A fixed asset has an acquisition cost of at least \$1,000, has a useful life of at least one year and is used to conduct Port business. The cost of a fixed

asset includes the purchase price plus all costs to acquire (shipping & handling), install, and prepare equipment for its intended use.

V. RESPONSIBILITIES:

1. Finance Division

- a. Fixed Assets Accountant (FAA) and Property Control Officer (PCO) shall be responsible for maintaining appropriate records of all fixed assets. The duties also include conducting periodic physical counts and affixing inventory number tags to the fixed assets.
- b. Any transfer of fixed assets shall be processed through the FAA and PCO, concurred by the Financial Affairs Controller, and approved by the General Manager.
- c. Assets that are obsolete, damaged, or lost which are recommended for disposal or written off from the books must be processed through the Fixed Assets Accountant, concurred by the Financial Affairs Controller and approved by the General Manager.
- d. Documentation for the transfer and disposal of assets must have the concurrence of the Financial Affairs Controller prior to the approval of the General Manager.

2. General Manager

- a. Authorize approval for write-off when a fixed asset is lost, damaged, or obsolete, subject to compliance of lost or stolen, and property survey procedures.
- b. Authorize approval to loan assets of the Port to another Government of Guam department or agency.
- c. Authorize approval on capital expenditure (whether included in the annual Capital Expenditure Budget or outside the budget).

3. Division Heads

- a. Responsible for Port property assigned to or purchased by their division.
- b. Assign an employee as their division or section Property Contact Person (PCP) to maintain records regarding placement and movement of property. Property Contact Person for each division will communicate with the Finance Division for the initial placement or any movement of assets assigned to their section or division.

- c. Communicate with the Finance Division for receipt of property that is to be tagged.
- d. Communicate with the Finance Division for notification of loss or destruction of property.
- e. Recommend transfer or survey of assets for the General Manager's approval.
- f. Maintain warranty information and supporting documentation of the fixed asset. Inventoried property will have minimal backup information maintained in the Property records.

VI. POLICIES:

1. Acquisition of Fixed Assets

a. Approval of Fixed Assets

Acquisition of Fixed Assets will not be made unless first proposed and approved in accordance with the policies and procedures.

Prior to the procurement process of purchasing an asset, the **Application for Capital Expenditure (FA Form 01)** must be submitted. The form will be forwarded to the Finance Division for review and concurrence by the Financial Affairs Controller. Once signature has been obtained, it will be forwarded to the General Manager for final approval.

For those items included in the Port's fiscal year budget, the above process for approval must be complied with regardless if it has been initially approved in the budget.

The Application for Capital Expenditure must be submitted to the General Manager for assessment before entering the requisition in the procurement system. A copy of the approved application must be submitted to Finance and Procurement & Supply Divisions before entering a requisition.

b. Assign Asset Account Number

Upon receipt of the approved application, the division head will coordinate with the Budget Analyst to obtain the asset account. The Budget Analyst will provide the asset account with recommendation from the FAA. This account will be used when entering the asset requisition in the JDE World System.

2. Equipment Tagging

All fixed assets will be tagged with a PAG identification number.

Once the division receive an asset, they will immediately inform the FAA and/or the PCO of an asset that requires tagging. This will be counter checked by the FAA and PCO with the invoice received by Accounts Payable.

For deliveries made directly to the Supply Warehouse that is classified as an asset or Port property, the Finance division must be immediately notified.

Procedure for Tagging Equipment

- a. Upon receipt of equipment, the Division Head and/or PCP will send an e-mail to the FAA, PCO, and Financial Affairs Controller notifying the Finance Division that an equipment has been received. The e-mail should contain a summary of the equipment received (description, manufacturer, model) along with unique identifiers (serial number).
- b. A copy of the purchase order will be sent electronically.
- c. The FAA and/or PCO will visit the location of the asset to inspect and tag the equipment. Employee who is responsible for the asset must read and sign the **Property Receipt (FA Form 02)**.
- d. A tag bearing the identification number should be affixed on the top left corner, next logical location or other conspicuous position. Any additional identification by a division should be applied in a manner that avoids confusion with the Port property number. Should the identification number be accidentally or mistakenly removed, the property will be retagged. The original property record will reference the new identification number assigned to the property.
- e. Assigned identification numbers are recorded on all applicable receiving, shipping, disposal documents, and other record that are related to the property control system.

3. Location/Relocation of Property

The location of each item of equipment is recorded into the Property data base and Fixed Assets JD Edwards Financial System. Current records regarding placement and movement of equipment are maintained in such a manner that any item of equipment can be located for inspection, audit, or inventory purposes within a reasonable time. Notification of initial placement or movement of equipment should be sent to the Finance Division as soon as possible.

Regarding the bulk placement of computers/electronic equipment by the Information Technology Department, notification will be emailed to PCO with the information available in spreadsheet form.

Should the item be transferred to a different department the identification number will remain the same. The property record will be updated with the new location (**FA Form 03 – Location Transfer Form**).

4. Inventory of Property

a. Physical Inventory

The Finance Division will do a minimum of two physical inventory each year of all the assets or on the basis of sampling assigned to the division. The first inventory is during an unscheduled date within the fiscal year and will be coordinated with the division's PCP. The second inventory count will be during or prior to the fiscal year end. A printout of the property reflected in the Property database (sorted by division) (**FA Form 04 – Division Inventory Report of Fixed Asset**) and inventory instruction will be furnished to each department at inventory time.

If the sample shows gross discrepancies, the Finance Division may conduct a complete physical inventory.

b. Reconciliation

The FAA will submit to each division a summary that properly identifies all discrepancies disclosed by the physical inventory. The PCP of each division will review the discrepancies and dispute the findings to make appropriate corrections before it is finalized. Correction must be verified by the FAA. The summary will include a signed statement that physical inventory of all Port property was completed on a given date and that the official property records were found to be consistent with the physical inventory, except for discrepancies reported. The summary and signed statement will be furnished at the completion of the physical inventory.

If necessary, following the physical inventory, if items are not located the appropriate steps regarding lost/stolen property should then be executed by the responsible Division/Section.

5. Loan of Port Owned Property

a. Loans of Port owned equipment must be properly documented

- i. Loans of Port Equipment from One Department to Another. If equipment is loaned to another division/section for a short period, a Property Loan Agreement (FA Form 05) should be filed with the Finance Division.

- ii. Loans of Port Equipment to External Organizations, Employees or Other Individuals. Any loan of Port equipment to an external organization or to an individual, including employees, must have prior approval by the General Manager. All loaned equipment shall be listed on a **Property Loan Agreement (FA Form 05)** form and filed with the Finance Division.

b. Inter-Division Transfers

When equipment is transferred between divisions, Location Transfer Form - FA Form 03 must be completed and signed by the division head transferring the equipment. This form should then be forwarded to the division/section that has accepted the equipment. The accepting division should record the new location of the equipment. The division head of the accepting division/section will sign the form. The completed form should be forwarded to the Finance Division. The Finance Division will then update the Property database to reflect the transfer.

6. Property Survey

In order to remove or dispose of items from the Fixed Assets/Property Inventory Records, any and all items must be surveyed according to the following process.

- a. A memo request for property survey to dispose of surplus property must be prepared and submitted to the Financial Affairs Controller for concurrence, then General Manager for approval. A complete description of the item, the item number and serial number, if available, should be indicated to include findings and/or recommendations. Once completed and signed by the General Manager, the request is then forwarded to the PCO. The PCO will complete the Report of Survey form furnished by the Department of Administration for the General Manager's signature.
- b. Once completed, the Finance Division will transfer the property record from the Main Inventory database to the Archive database.
- c. The Finance Division will submit a work order to either the Transportation Division or Facility Maintenance Division to remove the property from the division and place it in a storage/controlled area until ultimate disposition occurs through the General Services Agency (GSA).

The proposed disposal of property, be it cannibalizing, junking, or surveying of these items must also be recorded.

7. Lost or Stolen Property Procedures

As soon as possible after determining the Port property has been lost or stolen, the division of record should contact the Port Authority Police or local Police Department to

file a police report. The employee or division must then complete a **Property Loss Report (FA Form 06)** to submit to the Finance Division. A property survey request should also be submitted in addition to the Property Loss Report to the Finance Division.

Employees will be charged with any loss or damages to Port property due to their negligence or unauthorized use.

VII. ENTIRE POLICY:

All prior policies or memoranda in conflict with this policy are hereby rescinded.

List of Property Control Forms

1. FA Form 01 – Application for Capital Expenditure
2. FA Form 02 – Property Receipt
3. FA Form 03 – Location Transfer Form
4. FA Form 04 – Division Inventory Report of Fixed Asset
5. FA Form 05 – Property Loan Agreement
6. FA Form 06 – Property Loss Report