



ANDREW W. MAYLOR  
COMPTROLLER

# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9<sup>TH</sup> FLOOR  
BOSTON, MASSACHUSETTS 02108  
TELEPHONE (617) 727-5000  
WWW.MACOMPTROLLER.ORG

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**MMARS Policy: Fixed Assets**

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## **Accounting and Management Policy**

### **Considerations**

All fixed assets regardless of acquisition method shall be accounted for, managed, and reported in accordance with all applicable laws and regulations of the Commonwealth. The method used to account for these fixed assets can vary, based upon the type of asset and/or the cost of the fixed asset.

### **Policy**

All assets, regardless if they are fixed or not, must be accounted for, managed, and reported in accordance with all applicable laws and regulations of the Commonwealth. All fiscal officers of the Commonwealth have this duty. None of the aforementioned items is more important than the other. They are all part of a singular system called "management and responsibility". Departments shall verify all acquired assets entered into the Fixed Asset component of MMARS. This verification must include a check that the information entered into the system is correct and appropriate for that particular asset. The initial entry of a fixed asset record should be verified against the supporting documentation within seven (7) business days of its entry into the system. Any changes needed shall be made on or before that time in the system. If a department needs a waiver from this verification period, submit a request for a waiver, in writing, to the Office of the Comptroller. CTR has sole discretion in granting this waiver.

### **Chief Fiscal Officer**

The Chief Fiscal Officer of each department is responsible for the management of fixed assets. Management includes an annual physical fixed asset inventory, the reconciliation of the results of that inventory, and the reporting the results of that inventory to the proper authorities. Department staff shall be properly trained on the workings of the Fixed Asset components of MMARS.

## **Annual Inventory**

There shall be an **annual inventory** taken of fixed assets owned by every Department. This inventory shall include, at a minimum, a verification of the existence and location of fixed assets owned by a Department. This inventory shall be done on or about June 30th of each year for GAAP and non-GAAP assets. All changes needed to assets shall be entered in MMARS no later than seven (7) business days after June 30<sup>th</sup> of each year.

## **Reconciliation of Fixed Asset Inventory**

There shall be a **reconciliation of the fixed asset inventory** against the books and records maintained by the Department, either on the Fixed Asset Subsystem or other documented methods. This reconciliation is to be done, at a minimum, on an annual basis. This reconciliation shall be available for audit either by the department's internal auditors, the State Auditor's Office or the Commonwealth's external auditors. Internal records must reconcile to the records available on the Fixed Asset Subsystem. A Department will maintain **supporting documentation of fixed asset transactions** available for examination by appropriate audit organizations.

## **Reporting**

All fixed assets shall be reported in accordance with requirements as they relate to each group of fixed assets. These groups are GAAP Fixed Assets and Non-GAAP Fixed Assets. Each of these groups of assets has its own reporting requirements. These Fixed Assets shall be reported to the appropriate management bodies within and outside the Commonwealth by whatever appropriate and practical means.

## **Assets Held in Trust**

Departments must properly account and report custodial obligations, as well as assets of the Commonwealth. Assets held in trust are those assets that are owned by another individual or organization, but are in the custodial care of the Commonwealth. These assets may not to be listed or recorded on MMARS by departments as fixed assets, as the Commonwealth does not own the assets. Departments must report assets to the Office of the Comptroller as required by GAAP reporting package. The CTR Financial Reporting Unit will record the asset held in trust on a consolidated basis, to the relevant agency fund.

## **Internal Controls**

**Internal Controls** regarding the safeguarding of assets and the assets' financial information shall be developed and maintained in the department's internal control plan. This policy can be carried out through a sound system of **internal controls** including: verification, an appointment of a singular, accountable, responsible officer, a periodic inventory and an independent audit and training.

## **Information Sources**

- Related Procedure – None

- Legal Authority – [M.G.L. c.7A](#)
- Attachments - None
- Links - None
- Contacts – [CTR Help Desk](#)

**November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.