



FIXED ASSET ACCOUNTING AND MANAGEMENT PROCEDURES MANUAL

SECTION 5

Numbering and Tagging Fixed Assets

1 Purpose

The purpose of this section is to maintain a positive identification system for City-owned assets and to ensure that all City fixed assets and controlled items specified herein are assigned asset numbers and are issued a fixed asset tag for identification and inventory purposes.

2 Scope

Departments or Fixed Asset Control Groups will be responsible for assigning, recording, and affixing identification tag numbers to all fixed assets and controlled items.

3 Guidelines

3.1 Responsibilities

Departments will be responsible for assigning, recording, and affixing tag numbers for all fixed assets except vehicles, which will be the responsibility of Fleet Management (using shop numbers).

Asset tags will also be assigned to those items determined to be controlled items, as defined in Section 2 (Asset Valuation).

The department director will determine which assets, in addition to those specified by Citywide requirements, will be considered controlled or high-pilferage items within his or her area of responsibility.

3.2 Assignment of Fixed Asset Numbers

All fixed assets and controlled items will be assigned an asset number at the time of receipt. This serves as the record number for the asset in the City's Fixed Asset Management System (FAMS).

3.3 Assignment of Tag Numbers

All qualified fixed assets and controlled items will be tagged and assigned a tag number before the item is placed into service. This number will be used and referenced as the inventory number when physical inventories are conducted.

Tag numbers will be issued with no duplicates.



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4 Tagging Methods and Placement

Bar coded tags that clearly identify the City of Houston will be placed on all City property. All tags will be affixed to the asset in a conspicuous and convenient location that is easily accessible for scanning and inventory purposes (the upper-right front of most equipment). Asset tags will remain in this location throughout the life of the asset and will be replaced when damaged. Suggested tag locations (including typical controlled items) are as follows:

- Computers, typewriters, and copiers – Upper-right front
- Moveable or hand-held machinery – Near the manufacturer's identification plate (where the tag will not hinder normal usage)
- Stationary equipment – In front, on the right-hand side or, if necessary, in a protected area as close to the front right-hand side as possible

Where the application of a tag is not possible or practical, departments will have the option of using alternative methods of applying the assigned FAI number to the asset to account for varying environments and usage. Alternative methods include etching, engraving, dye marking, die stamping, etc., that may be used without, but preferably with, a standard fixed asset tag.

Certain assets will not be tagged physically, e.g., buildings, land, and improvements other than buildings. These assets will have a tag and or facility number assigned and supporting manual ledgers where the tag will be placed, along with descriptive information identifying the asset.

5 Fixed Asset Identification (FAI)/Tag Numbering Systems

5.1 Primary Numbering System

The primary numbering system will use bar code tags that clearly identify the City of Houston and a unique number that is prefixed with a letter designator indicating the major fund type as follows:

- *S* designates the asset as an Aviation asset.
- *C* designates the asset as a Convention & Entertainment Facilities Department asset.
- *G* designates the asset as one of the following general fund departments: Affirmative Action; Building Services; City Council; City Secretary; Controller's Office; Finance & Administration; Fire, Health & Human Services; Human Resources; Housing & Community Development; Legal; Library; Mayor's Office; Parks & Recreation; Planning & Development; or Police.



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5.2 Other Numbering Systems

Number schemes other than the above will not be assigned by a Department Fixed Asset Coordinator (DFAC) without prior approval and coordination of the numbering scheme with Asset Management (to ensure number uniqueness on a Citywide basis). The following additional numbering schemes are currently authorized.

5.2.1 Vehicles

An FAMS asset number for vehicles will be assigned by Fleet Management and will consist of a letter *V* prefix, indicating that the asset is a vehicle, followed by the vehicle's five-digit shop number.

5.2.2 Public Works & Engineering (PW&E)

The FAMS asset number for PW&E assets is a 10-digit number.

6 Tag Supplies and Inventory

The Finance & Administration (F&A) Central Stores will maintain the City's central supply of bar coded tags. Each DFAC will request a supply of additional tags from Central Stores as necessary.

Central Stores will issue a block of 100 to 500 tags per request and will maintain a log of the number block issued, the issue date, and the department to which the tags were issued.

The DFAC will implement adequate controls over the department tag inventory. When it is impossible or impractical (e.g., unusual configuration, extreme environmental conditions) to affix a tag number to an asset, a bar coded tag number will still be assigned to the asset. The physical tag will be filed and stored with the source documentation for the asset, or maintained in a Non-Tag (NT) Number Log Book by the DFAC.

7 Cross References in the Fixed Asset Management System (FAMS)

The FAMS recognizes that assets may be recorded in other tracking systems for maintenance management or other purposes. In addition, it is common to associate an acquired asset with a Capital Improvement Program (CIP) project number or an ordinance number. Therefore, the FAMS will provide additional fields to track these cross-reference numbers as follows:

- *FAMS Asset Number* – The primary record identifier in FAMS; synonymous with the FAI/tag number or NT number.
- *FAMS Alternate Tag #* – The primary identifier of the asset in an alternate tracking system, e.g., maintenance management, property management.



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- *FAMS Old Tag #* – A previously assigned asset number.
- *FAMS Project #* – The project number associated with the asset.
- *Ordinance #* – The number of the ordinance/action authorizing the asset.
- *Council Motion #* – The number of a City Council or board motion authorizing the asset.

The following numbers may be recorded in the FAMS for each asset classification.

7.1 Land Assets

- *FAMS Asset Number* – The FAI number (an NT number).
- *FAMS Alternate Tag #* – The parcel number that the PW&E Real Estate Division assigns to identify the property.
- *FAMS Old Tag #* – Left blank for land assets.
- *FAMS Project #* – The CIP project number associated with the parcel acquisition.
- *Ordinance #* – Used to identify the ordinance or action authorizing the asset.
- *Council Motion #* – Used to identify a City Council or board motion authorizing the asset.

7.2 Buildings and Improvements

- *FAMS Asset Number* – The FAI number (an NT number).
- *FAMS Alternate Tag #* – Left blank for buildings and improvements.
- *FAMS Old Tag #* – Left blank for buildings and improvements.
- *FAMS Project #* – The CIP project number associated with the acquisition or construction project.
- *Ordinance # – User-Defined Field 1* – Used to identify the ordinance or action authorizing the asset (if applicable).
- *Council Motion # – User-Defined Field 2* – Used to identify the City Council or board motion authorizing the asset (if applicable).

7.3 Machinery and Equipment

- *FAMS Asset Number* – The FAI number (an NT number).
- *FAMS Alternate Tag #* – The primary identifier of the asset in an alternate tracking system (e.g., maintenance management, property management).
- *FAMS Old Tag #* – A previously assigned asset number (if applicable).



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- *FAMS Project #* – The project number the asset was associated with (if applicable).
- *Ordinance # – User-Defined Field 1* – Used to identify the ordinance or action authorizing the asset (if applicable).
- *Council Motion # – User-Defined Field 2* – Used to identify the City Council or board motion authorizing the asset (if applicable).

7.4 Vehicles and Rolling Stock

Note: Fleet Management will assign FAI numbers for all vehicles and rolling stock as outlined in subsection 10.4 in this section.

- *FAMS Asset Number* – The FAI number assigned by Fleet Management.
- *FAMS Alternate Tag #* – Left blank for vehicles and rolling stock.
- *FAMS Old Tag #* – A previously assigned asset number (if applicable).
- *FAMS Project #* – The project number the asset was associated with (if applicable).
- *Serial #* – The number on the asset.
- *Ordinance # – User-Defined Field 1* – Used to identify the ordinance or action authorizing the asset (if applicable).
- *Council Motion # – User-Defined Field 2* – Used to identify the City Council or board motion authorizing the asset (if applicable).

8 Location Assignment Tags

In addition to the FAI tags, Asset Management will maintain a supply of location assignment tags. These tags will have a unique six-digit number, prefixed with an *L* (for location), and will be used, at the department's discretion, to identify a location. These tags are generally placed in the doorjamb of rooms to facilitate annual inventories.

9 Responsibilities for Assignment of Numbers and Tagging

9.1 Department Fixed Asset Coordinator (DFAC)

- Has ultimate responsibility for the assignment of FAI numbers and tags as follows:

Land – The DFAC may assign an NT number as outlined in subsection 6 in this section. The parcel number that the PW&E Real Estate Division uses to identify the property will be stored in the FAMS as the Alternate Tag Number or as the FAI number.



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Buildings and improvements – The DFAC will assign an NT number as outlined above.

Machinery and equipment – The DFAC will assign and affix an FAI tag number (or, if necessary, an NT number) as outlined above.

- Develops department-level responsibilities and procedures (in City departments where responsibilities are delegated by the DFAC) to ensure that fixed assets and controlled items have FAI numbers assigned and tags affixed in accordance with this procedure.
- Decides whether number assignment and physical tagging are delegated to remote/individual receiving locations within the department or performed by a central fixed asset group.
- Documents specific receiving and tagging responsibilities for the DFAC's department. A copy of the assigned responsibilities will be provided to Asset Management.

9.2 Fleet Management

- Assigns the FAI number to all vehicles and rolling stock.
- Maintains a hard copy file on each vehicle and other rolling stock asset throughout the life of the asset. The file will include license plate data, the assigned shop number, and the Capitalization Form–Data Entry Form Fixed Asset Acquisitions (FA-1).

9.3 Asset Management

- Monitors the overall number assignment and tagging processes of all purchased fixed assets and controlled items to ensure that all assets are properly recorded and identified.
- Is responsible for controlling and approving other numbering schemes for uniqueness when NT numbers must be assigned.
- Assists departments in implementing fixed asset management tagging policies and procedures.
- Monitors pending and completed capitalization to ensure that all purchased assets are entered into the FAMS.
- Provides periodic reports to the DFAC when a pending capital purchase is received in the City's Financial Management System (FMS) but is not entered into the department FAMS within a reasonable period of time.



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10 Procedures for Assigning Numbers and Tagging

As a rule, only machinery and equipment will be physically tagged. Buildings, land, improvements other than buildings, and rolling stock will have FAI numbers assigned but normally will not be physically tagged.

The FAI numbering procedures below are **applicable to both capitalized fixed assets and controlled items**, as defined in Section 2 (Asset Valuation).

10.1 General Procedure

1. The DFAC will attempt to assign FAI numbers in sequential order. Where this is not possible due to decentralized receiving or delegation of tagging responsibility, the DFAC will be responsible for accounting for the tags.
2. The DFAC will establish and maintain a department procedure to monitor the procurement and receiving process within the DFAC's department and will provide for the timely assignment of an FAI number and affixing of the tag to all fixed assets and controlled items received by the department.

Sample departmental approaches and procedures for assigning FAI numbers and applying tags are included in subsection 12 at the end of this section. Departments will modify one of the sample approaches to suit their needs, consistent with applicable City policies and procedures. Samples are provided for two types of situations:

- Departments where tagging and number assignment is the responsibility of a central Fixed Asset Group or DFAC (the preferred approach)
 - Departments where responsibility for tagging and number assignment is delegated to remote receiving locations
3. Once an FAI number has been assigned, the DFAC will initiate an FA-1 and proceed with the capitalization procedure for purchased assets, as appropriate.

10.2 Procedure for Land, Buildings, and Improvements

1. Land, buildings, and improvements (both constructed and purchased) generally will not be physically tagged. However, a tag number will be assigned by the DFAC to each such asset when the asset is placed in service.
2. Departments will receive the report on property acquisition from the PW&E Real Estate Division as official notification that the land or property has been acquired and placed in service.



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3. Departments will receive the FMS Final Close-Out Summary from the PW&E Resource Management Division as official notification that the constructed building or improvement has been placed in service.

10.3 Procedures for Machinery and Equipment

10.3.1 Machinery and Equipment Acquired by Contract

The procedure for assigning an FAI number to machinery and equipment purchased by contract will follow the same general steps as outlined in the sample approaches in subsection 12 at the end of this section.

Exception: *When an item of **capital** equipment acquired by contract has been received and accepted, the departmental Contract Administrator for the related contract will notify the DFAC to initiate the FAI number assignment process. If no specific Contract Administrator has been assigned to the contract under which the capital equipment has been purchased, the departmental purchasing Single Point of Contact will be responsible for initiating the process.*

10.3.2 Procedure for Machinery and Equipment Acquired as Part of a Capital Project

1. PW&E Capital Improvement Program (CIP) Accounting will identify and provide an itemized inventory, when available, of taggable capitalized fixed assets and noncapitalized controlled items acquired as part of a capital project.
2. PW&E CIP Accounting will provide the itemized inventory to the DFAC as part of the source documentation prepared when the asset is placed in service.
3. The DFAC will then assign FAI numbers to each of the assets and arrange for affixing the tags as appropriate.

10.4 Procedure for Vehicles and Rolling Stock

1. Fleet Management will assign an FAI number to all vehicles and rolling stock. The FAI number for FAMS purposes will consist of a letter prefix of V, followed by the shop number assigned in the Fleet Management system.
2. A tag may be affixed to vehicles or rolling stock, or decals identifying the shop number will be placed on the unit.



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3. The assigned FAI number will be provided as the FAMS asset number in the Monthly Vehicle File, which will be provided to each department for direct importation into their department FAMS from the Fleet Management system.

Note: The procurement and receiving process, along with requirements for establishing a vehicle master record and preparing a vehicle for service, are covered in the Citywide Fleet Management procedures.

4. As part of the make-ready and final delivery and acceptance process, the Department Vehicle Coordinator (DVC) will forward the FA-1 information (e.g., the closed Vehicle Work Order, the Unit Information Acceptance Form) to the DFAC so that supplemental information about the vehicle can be entered in the department FAMS. See Section 7 (Asset Acquisitions).
5. The DFAC will initiate and process the FA-1.

11 Replacing Numbers for Lost or Damaged Tags

When a new FAI number must be assigned to an asset (e.g., a tag requires replacement due to age or is missing), the DFAC will issue a new tag for the asset, noting the reason for the change on a FAMS Capitalization Form–Financial Adjustments/Other Changes (FA-3).

If an item of a type normally recorded as a fixed asset is found without a fixed asset tag during an inventory, inspection, etc., the following steps will be taken:

1. The custodial division will issue a memo to the DFAC with the model and serial number and other available descriptive data for the asset. The custodial division will work with the DFAC to identify an existing asset tag number, if possible.
2. If an existing tag number is identified, the DFAC will assign the item a new tag number to replace the lost or destroyed tag. The DFAC will then initiate an FA-3, noting the issuance of a replacement tag. The DFAC will place the completed form into the asset's master file.
3. If an existing tag number is not identified (e.g., the asset was never recorded or was received through an unauthorized interdepartmental transfer), the custodial department will notify the DFAC, who will then be responsible for assigning a tag number and completing an FA-1 in accordance with Section 7 (Asset Acquisitions) and the tagging procedures in this section.

If an original acquisition cost for an untagged item cannot be determined from City records, the DFAC will be responsible for obtaining a qualified appraisal for the item that will be used as the cost basis for capitalization and depreciation of the asset.



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12 Sample Approaches

12.1 Approach #1 (Preferred) – Assigning FAI Numbers and Tags with Responsibility Assigned to a Central Fixed Asset Group or DFAC

1. When a Purchase Order (PO) or other procurement document has been issued for an item to be tagged, a copy will be forwarded to the DFAC as notification of a pending fixed asset receipt.
2. A *pending* fixed asset file and record will be initiated. This is a “tickler” file for tracking fixed asset receipts. It can be coordinated with other purchasing or payables files as appropriate.
3. The DFAC will notify the receiving location and/or contact person designated on the PO, requesting notification when the item is received.
4. When the item is received and accepted, the receiver or PO contact person will immediately notify the DFAC of receipt using fax, phone, or an FA-1. The receiving document will be retained and a copy forwarded to the DFAC.

Departments will also consider having the department purchasing unit (DPU) or payables unit of the department forward the receiving related paperwork for the fixed asset or controlled item to the DFAC as back-up notification in the event the actual receiving location fails to forward the required paperwork.

Note: *Asset Management will provide a monthly report to each DFAC of FMS purchases received that have a fixed asset flag setting.*

5. The DFAC will initiate the FA-1 for the receipt. See Section 7 (Asset Acquisitions) for detailed guidelines for completing and processing the FA-1.
6. The DFAC’s copy of the PO (or other procurement document) associated with the item will be retrieved from the files.
7. The DFAC will enter as much information as possible in Section 1 of the FA-1.
8. An FAI number will be assigned. The next tag number will be posted as the Asset Number on the FA-1. If the tag is to be affixed to the asset, the physical bar code tag will be attached to the form. If the tag is not to be affixed to the asset, the physical bar code tag will be filed and stored with the source documentation for the asset or maintained in an NT Number Log Book by the DFAC.



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9. The DFAC will arrange with the receiving personnel to go to the receiving location to tag the item. Whenever possible, this should be completed prior to pickup by or delivery to the owner or user in the division or section. If the DFAC cannot go to the site prior to the asset being delivered or placed into service, the DFAC will coordinate with the receiving personnel to obtain the information needed to complete the FA-1.
10. The DFAC will take the pending fixed asset file and record (along with the physical tag) to the receiving location.
11. Once at the receiving location, the DFAC will
 - identify the asset to be tagged,
 - affix the tag to the asset in accordance with the tag placement guidelines in subsection 4 in this section,
 - verify the serial number,
 - post the serial number to the FA-1, and
 - initial and date the bottom of the FA-1 (*Dept Tagging* fields).
12. Upon the return of the completed FA-1 from tagging, if all required information is completed on the FA-1, the DFAC will approve the asset for entry or enter a new asset record in the FAMS. If the FA-1 still requires additional information (e.g., awaiting invoice information), it will be refiled, pending the availability of all information.

12.2 Approach #2 – Assigning FAI Numbers and Tags with Responsibility Delegated to a Remote Receiving Location

1. When a PO (or other procurement document) has been issued for an item to be tagged, a copy will be forwarded **to the DFAC and the receiving location** as notification of a pending fixed asset receipt.
2. A *pending* fixed asset file and record will be initiated by the receiving location and the DFAC. This is a “tickler” file for tracking fixed asset receipts. It can be coordinated with other purchasing or payables files as appropriate.
3. When the item is received and accepted at the remote receiving location, the receiver or PO contact person will be responsible for initiating the FA-1 for the receipt.
4. The PO (or other procurement document) associated with the item will be retrieved from the receiving location’s file.
5. The receiver or PO contact person will enter as much information as possible in Section 1 of the FA-1. See Section 7 (Asset Acquisitions) for detailed guidelines for completing and processing the FA-1.



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6. An FAI number will be assigned. The next tag number will be posted as the Asset Number on the FA-1. If the tag is to be affixed to the asset, the physical bar code tag will be attached to the form. If the tag is not to be affixed to the asset, the physical bar code tag will be filed and stored with the source documentation for the asset or maintained in an NT Number Log Book by the DFAC.
7. The receiver or PO Contact Person at the receiving location will
 - identify the asset to be tagged,
 - affix the tag to the asset in accordance with the tag placement guidelines in subsection 4 in this section,
 - verify the serial number,
 - post the serial number to the FA-1, and
 - initial and date the bottom of the FA-1 (*Dept Tagging* fields).
8. A representative from the owner or user of the division or section will sign and date the FA-1 when custody is taken of the item.