STANDARD OPERATING PROCEDURE

Fixed Asset Management SOP

Document no.	SOP-ACC-009
Revision	1.0
Owner	Controller
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To record and track fixed assets accurately from purchase through disposal, apply consistent depreciation, and confirm the physical assets on hand match the accounting records.

2. Scope

Applies to capital purchases meeting the company's capitalization threshold, and to their tracking, depreciation, transfer and disposal. Routine supply purchases are covered by other procurement processes.

Definitions

Capitalization threshold	The dollar amount set by company policy above which a purchase is recorded as a fixed asset instead of expensed immediately.
Useful life	The estimated period over which an asset is expected to provide economic benefit, used to calculate depreciation.
Fixed asset register	The detailed subledger listing every tracked asset, its cost, location, depreciation and status.

3. Responsibilities

Fixed Asset Accountant	Maintains the fixed asset register, runs depreciation and reconciles the subledger to the general ledger.
Department Manager	Requests capital purchases and reports transfers or disposals of assets in their area.
Controller	Approves capital expenditures and asset disposals.
Facilities Coordinator	Tags new assets and supports the physical inventory count.

RACI matrix

Activity	Fixed Asset Accountant	Department Manager	Controller	Facilities Coordinator
Approve capital expenditure	I	R	A	-
Tag and record new asset	R/A	I	-	R
Run monthly depreciation	R/A	-	I	-
Conduct physical inventory count	R	C	I	R/A
Approve asset disposal	R	C	A	-

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Fixed asset register or subledger
- Capital expenditure request form
- Asset tags and tagging gun
- Depreciation schedule
- Physical inventory count sheet
- Asset disposal form

5. Procedure

Step	Task	Owner	Done
5.1	**Submit a capital purchase request** The department manager submits a capital expenditure request describing the asset, business justification and estimated cost before any purchase is committed.	Department Manager	☐
5.2	**Approve the capital expenditure** The controller reviews the request against the budget and capitalization threshold and approves or declines it before a purchase order is issued. **Checkpoint:** No capital purchase is committed without a documented controller approval on file.	Controller	☐
5.3	**Receive and tag the asset** When the asset arrives, the facilities coordinator attaches a numbered asset tag and records the tag number, location and receiving department.	Facilities Coordinator	☐
5.4	**Record the asset in the register** The fixed asset accountant creates a record in the fixed asset register with the asset tag, description, cost, location, purchase date and department.	Fixed Asset Accountant	☐
5.5	**Assign useful life and depreciation method** The fixed asset accountant assigns a useful life and depreciation method to the asset based on its category, following the company's fixed asset policy.	Fixed Asset Accountant	☐
5.6	**Run monthly depreciation** Each month, the fixed asset accountant runs the depreciation calculation across the register and posts the depreciation journal entry to the general ledger. **Checkpoint:** Depreciation expense posted to the general ledger matches the total calculated in the fixed asset register.	Fixed Asset Accountant	☐
5.7	**Process an asset transfer** When an asset moves between departments or locations, the department manager notifies the fixed asset accountant, who updates the register to reflect the new location and cost center.	Fixed Asset Accountant	☐
5.8	**Conduct a physical inventory count** Periodically, the facilities coordinator and fixed asset accountant physically verify a sample or full count of tagged assets against the register, noting any asset that cannot be located. **Checkpoint:** Every asset counted is matched to a register entry, and every discrepancy is investigated before the count is closed.	Facilities Coordinator	☐

Step	Task	Owner	Done
5.9	**Investigate missing or unrecorded assets** The fixed asset accountant follows up on any asset found during the count but not in the register, or listed in the register but not found, and corrects the record once resolved.	Fixed Asset Accountant	☐
5.10	**Approve and process a disposal** When an asset is retired, sold or scrapped, the department manager completes a disposal form, the controller approves it, and the fixed asset accountant removes the asset from the register and records any gain or loss. **Warning:** An asset should never be physically removed or scrapped before a disposal form is approved and the register is updated.	Controller	☐
5.11	**Reconcile the fixed asset subledger** The fixed asset accountant reconciles the fixed asset register total to the general ledger fixed asset and accumulated depreciation accounts each month.	Fixed Asset Accountant	☐
5.12	**Review for impairment** Periodically, the controller reviews assets for indicators that their value may be impaired, such as damage or discontinued use, and directs further evaluation where warranted.	Controller	☐

6. Quality checks

- No capital purchase proceeds without documented controller approval.
- Every physical asset located during a count matches a fixed asset register entry.
- Depreciation posted to the general ledger matches the fixed asset register each month.
- No asset is removed from the register without an approved disposal form.

7. Records

- Approved capital expenditure requests
- Fixed asset register
- Physical inventory count sheets
- Approved disposal forms

8. KPIs

- Percentage of tagged assets located at physical count
- Number of unrecorded or missing assets found per count
- Fixed asset subledger to general ledger variance
- Average time from asset receipt to register entry

9. Common mistakes

- Recording an asset without a physical tag, making later counts unreliable.
- Scrapping or removing an asset before the disposal is approved and recorded.
- Skipping the periodic physical inventory count.
- Letting the depreciation schedule fall out of sync with the general ledger.

10. Revision history

Revision	Date	Description	Reviewed by

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1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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