

Control of Tangible Capital Assets and Inventory

Definitions

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use by the Government in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

Inventories represent items that are purchased or produced and are not immediately consumed. They are recorded as an asset until they are issued for consumption or sale, at which time they are expensed. There are two main types of inventories: Inventories Held for Consumption or Use and Inventories Held for Resale.

Inventories Held for Consumption or Use are non-financial assets that will be used or consumed in the normal course of operations. Because the primary purpose of a government's operations is to provide services, the future economic benefit of inventories held for consumption or use is embodied in their capacity to render service that furthers the government's objectives. They are not intended for sale in the ordinary course of operations.

Inventories Held for Resale are financial assets that will be sold or used to produce a product that will be sold in the ordinary course of operations.

Background

The Ministry of SaskBuilds and Procurement operates under the authority of *The Ministry of SaskBuilds and Procurement Regulations*, and other legislation and regulation, including *The Public Works and Services Act*, *The Purchasing Act, 2004* and *The Purchasing Regulations*. SaskBuilds and Procurement provides support services to the Government, including accommodations and the provision of a central fleet of vehicles. Single Procurement Service coordinates the purchase and disposal of goods for the Government.

The Director of Purchasing has authority pursuant to *The Purchasing Act, 2004* to acquire and dispose of goods. No goods are to be purchased except in accordance with *The Purchasing Act, 2004* and regulations. For more information on purchasing, refer to [Section 4505](#)

Part: **Public Money and Property**
 Section: **Property**
 Subsection: **Control of Tangible Capital Assets and Inventory**

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[Purchases of Supplies and Services](#) and [Section 4510 Contracts for Services](#).

Authority

The Financial Administration Act, 1993 (FAA) allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Treasury Board Policies

Treasury Board has approved the following policies relating to control of property:

- [Section 3805 Management of Inventories](#); and
- [Section 3810 Management of Tangible Capital Assets](#).

Applicability

These policies apply to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See [Appendix C Public Money](#).

References

[2120 GRF Accounting Policies](#)
[3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds](#)
[3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money](#)
[3805 Management of Inventories](#)
[3810 Management of Tangible Capital Assets](#)
[4505 Purchase of Supplies and Services](#)
[4510 Contracts for Services](#)

[Accounting Manual, Section 1300 Tangible Capital Assets](#)
[Accounting Manual, Section 1310 Inventories Held for Consumption](#)

[Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules](#)