

University of Idaho Asset Accounting Office
Computer Software Additional Information on the Three Stages

Preliminary Project Stage:

The concept/process for the development of an internally generated intangible asset (software) has been formulated and begun.

1. Determine the specific objective of the project and the service capacity that is expected to be provided upon completion of the project.
2. Demonstrate the technical or technological feasibility to complete the project so that the asset will provide its expected service capacity.
3. Demonstrate the current intention, ability, and presence of effort to complete the project. In the case of a multiyear project, demonstrate the continued development of the project.
4. Complete the conceptual formulation and evaluation of alternatives.
5. Determine the existence of the needed technology.
6. Complete the final selection of alternatives for the development of software. This would include the purchase of the software from a vendor or the determination that it will be coded or modified in-house.

All of the activities in the Preliminary Project Stage will be expensed as occurred. The required criteria have been met to start **capitalizing** activities in the Application Development Stage.

Application Development Stage:

Proceed when the Preliminary Project Stage has been completed.

1. Complete the necessary software configuration and coding activities.
2. Install the software to the hardware.
3. Complete ALL testing and parallel processing activities.
4. Complete data conversion activities ONLY IF it is necessary to make the software operational. Otherwise data conversion activities belong in the Post-Implementation and Operation Stage.

All of the activities in the Application Development Stage will be **capitalized**. What this means is all personnel working on activities in this stage will need to keep track of the hours spent on this project. They need to be turned in to the Asset Accounting Office at the end of the project AND at the end of each fiscal year in the case of a multi-year project.

Post-Implementation and Operation Stage:

These are activities which occur at the point the computer software is substantially complete and operational.

1. Complete any remaining data conversion activities which were NOT necessary to make the software operational.
2. Complete any application training activities which are necessary.
3. Any software maintenance activities which occur are part of this stage.

All of the activities in the Post-Implementation and Operation Stage will be expensed as occurred.