



Chief Executive Financial Instruction No. 6

Control and Management of Assets

Document Information

Audience

All Staff

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EXECUTIVE SUMMARY

Responsibility for the Suburban Land Agency's (the Agency) property, plant and equipment flows from the requirement that the Agency's affairs are to be managed to promote efficient, effective, ethical, economical and sustainable use of its resources.

An asset is recognised when it is probable that a service potential or future economic benefit will eventuate, it possesses a cost or other value that can be reliably measured and the initial value of the item to the Agency is greater than or equal to \$5,000 (excluding GST).

The Agency is required to revalue its land and buildings every three (3) years.

A stocktake of all the Agency's assets greater than or equal to \$5,000 will be conducted annually.

A stocktake of the Agency's portable and attractive items will be conducted annually.



1. Obligations under this Instruction

1.1 Overview

The Agency has implemented this policy to maintain its assets and safeguard them against theft and obsolescence. It also allows the Agency to meet its financial reporting requirements with regard to assets.

The principal objective of this policy is to make the most of the service potential of an asset. This applies in the phases of acquisition, use and disposal of the asset. It also applies to managing the risks and costs of the asset over its entire life.

1.2 Compliance

Failure to comply with the following procedures may result in loss to the Agency, incorrect financial statement valuations and equipment not being serviceable when required by the Agency. Non-compliance may also result in the Agency not meeting its obligations stipulated in the Accounting Standards, *Financial Management Act 1996* (FMA) or other applicable Government policy.

All Agency staff are therefore accountable to the Chief Executive Officer (CEO) for the fulfilment of their responsibilities under these procedures. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in management performance reviews.

2. Overview of Assets

2.1 Responsibilities

Responsibility for the Agency's property, plant and equipment flows from the requirement that the Agency's affairs are to be managed to promote efficient, effective, ethical, economical and sustainable use of its resources.

2.2 Custodians

Nominal custodians of assets are Agency staff having custody, control and primary use of the Agency asset items.

This includes property held in trust for, or for the benefit of a person, Agency or organisation other than the Agency.

2.3 Definitions and recognition

Consistent with the Australian Accounting Standards Conceptual Framework (AASB), an **asset** is defined as a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. An asset is recognised in the Financial Statements when the conditions below are met:

- it is probable that any future economic benefit associated with the asset will flow to the entity; and
- related costs or other value can be reliably measured.

Assets recognised by the Agency, have an initial value that is greater than or equal to \$5,000 (exclusive of GST).

This includes assets that are recorded in the Agency's Financial Management Information System (Oracle) under Property, Plant and Equipment and included on the assets register, or assets that have been recorded as minor equipment expenses but are recorded on a register of portable and attractive assets.

Consistent with the ACT Government Accounting Policy on Portable and Attractive Items., a *Portable and Attractive Asset* is defined as a non-consumable item that is valued below the Agency's capitalisation threshold (\$5,000 excluding GST), and may be susceptible to loss or theft due to their portable nature and attractiveness for personal use and resale. Laptop computers, iPads, mobile phones, cameras, drones, and other audio-visual equipment are examples of a portable and attractive asset.



2.4 Assets held in a joint arrangement

From time to time, the Agency enters a joint arrangement as prescribed in the Australian Accounting Standards Board (AASB) 11 *Joint Arrangements*. In these arrangements, the Agency is to recognise its share of assets in the manner prescribed in the agreement between the Agency and the other party(s), and in accordance with the accounting standards. Assets held in a joint arrangement are governed and managed under joint arrangement policies, procedures and governance arrangements.

3. Instructions for Assets

3.1 Responsibilities

Staff	Responsibility
All Staff	<ul style="list-style-type: none"> carry a duty of care with regard to the Agency's assets; and ensure the proper use and custody of assets.
Chief Financial Officer (CFO)	Ensuring that: <ul style="list-style-type: none"> the requirements of these instructions are current and are being met; asset revaluation exercises are conducted as appropriate; staff responsible for assets are informed of the requirements to fulfil the functions of their duties; and disposal of the Agency's property as and when required.
Finance team	<ul style="list-style-type: none"> maintain the Agency's Assets Register. This includes ensuring asset additions, deletions, transfers and the revaluation (where required) of assets are included on the register; develop the timetable and procedures for stocktakes; check the accuracy of asset and depreciation journals posted by Shared Services Finance; and recording of asset capitalisation journals.
Business Operations	<ul style="list-style-type: none"> maintain the Agency's Portable and Attractive Items Register.
Executives and Project Managers	<ul style="list-style-type: none"> ensures that staff responsible for assets have appropriate training to fulfil the functions of their duties.
Officers Recommending Disposal of Assets	<ul style="list-style-type: none"> ensures that they follow the procedures for the disposal of assets as outlined in this Instruction.
Shared Services Finance	<ul style="list-style-type: none"> recording of monthly depreciation expense journals.

3.2 Acquisitions

Asset acquisition information will be recorded on the Assets Register as set out in the procedures below.

Step	Action
1	Goods received and invoice approved.
2	Approved invoice sent to Finance for review.
3	Finance reviews the invoice to ensure: <ul style="list-style-type: none"> codes as reflected on the invoice are consistent with the Agency's General Ledger codes for assets; and invoiced amount is accurate.
4	Shared Services Finance is notified for the invoice to be entered into ORACLE.
5	Finance enters the asset into the Asset Register.



3.3 Transfers

All asset transfers to the Agency should be reflected on a Schedule of Asset Transfer form, which must be signed by officers representing the transferring and receiving agencies and forwarded to the Agency's Finance team. Note that the Schedule of Asset Transfer form is accessed through the Agency's Estate Management Team.

Asset transfers as a result of Administrative Arrangements must be agreed between the two agencies involved. The transfer value must be the same between the two agencies. The transferring Agency is to provide all necessary asset descriptions and documentation to the receiving Agency.

3.4 Disposals

Disposals Step Guide

The following points provide a general guide through the disposal process.

Identify Surplus and Obsolete Assets

The decision to dispose of an asset can be influenced by a range of factors, including:

- items are beyond their economic life;
- items are no longer required for their original purpose;
- items can no longer be used;
- items have reached their optimum selling time to maximise returns; and/or
- items are of a hazardous nature.

Approval to Dispose of Assets

The officer recommending the disposal of an asset is required to:

- determine the condition of the asset(s) for disposal and set reserve prices, if applicable;
- examine/ investigate possible disposal options and recommend a disposal method; and
- for control and probity reasons, not to be the officer approving the disposal.

The officer with the delegated authority to approve the disposal of an asset is responsible for deciding whether:

- the disposal of the asset is appropriate;
- the method of disposal is appropriate; will achieve the best net outcome and is a fair and open process;
- appropriate action is to be taken to write-off or write-down the asset; and
- adequate records of disposal exist for audit and review purposes.

Managing the Disposal Process

Following the approval to dispose of an asset, certain actions may need to be taken prior to the disposal process. They include:

- decommissioning (e.g. removing the Agency's identification markers);
- relocating the asset to a point of disposal; and/or
- detailing the asset to increase its attractiveness to buyers.

Account for Disposal Revenue

Any revenue from the disposal of the Agency's assets must be treated in accordance with the relevant Australian Accounting Standards. The officer responsible for the disposal of an asset must ensure that the revenue from the disposal is paid into the Agency's bank account. Information relating to the Agency's bank account details can be accessed from the Finance team.

Maintain Audit Trail

The Asset Register must be updated as required and is to reflect the disposal of any of the Agency's asset(s).



Disposal of non-registered assets should be appropriately documented. The documentation should be saved in a manner consistent with the *Territory Records Act 2002*.

3.5 Revaluations

The Agency uses the revaluation basis for asset valuations in accordance with Australian Accounting Standards and ACT Accounting Policy requirements. The method of asset valuation must be consistent within an asset class.

3.6 Stocktaking

A stocktake of all Agency assets greater than or equal to \$5,000 will be conducted annually. This includes the Agency's assets held in a joint arrangement.

A stocktake of the Agency's portable and attractive items will be conducted annually.

Stocktakes will be conducted in accordance with the timetable and procedures approved by the CFO.

3.7 Portable and Attractive Items

The Agency's Business Operations team will maintain a portable and attractive item register. Business Operations will review minor assets as they are purchased and record any items which are considered portable and attractive and have a value of between \$500 and \$5,000.

A stocktake of all portable and attractive items must be undertaken annually. The stocktake is to be performed by an officer other than the officer responsible for the maintenance of the register. The results of each stocktake must be provided to the CFO who should then address any significant issues of concern. The CFO, in consultation with the relevant Business Group executive must authorise the removal of all lost and stolen items from the register.