Chief Executive Financial Instruction No. 6

Control and Management of Assets

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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 and ethical 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), or greater than $100 (excluding GST) if the item is portable and attractive.

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. It should also be read in conjunction with the Agency's Asset Accounting Policy.

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.

Managers and staff are therefore accountable to the 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.

The procedures assist staff in meeting their obligations under the *Financial Management Act 1996 (FMA Act)* and this Instruction.

2. Overview of Assets

2.1 Responsibilities

All Agency employees and people engaged to represent the Agency are accountable to the Chief Executive Officer under this CEFI.

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

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 Agency. An asset is then recognised in the Financial Statements when both the conditions below are met:

- it is probable that any future economic benefit associated with the asset will flow to the Agency; and
- something that possesses a cost or other value that can be reliably measured; and the initial value to the entity of the item is greater than or equal to $5,000 GST exclusive.

Assets that do not meet the above criteria, but have an initial value greater than $100 and are portable and attractive are recognised in the Agency's portable and attractive register, but aren't included in the Financial Statements.

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

Agency assets may include different classes of assets including; inventory, heritage and community assets; infrastructure assets, leased assets, leasehold improvements, plant and equipment, intangibles and portable and attractive assets. For reference to detail and policy for assets refer to the **Agency's Asset Accounting Policy.**

2.4 Recognition

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 to the Agency of the item is greater than or equal to $5,000.

If an asset doesn't meet the above threshold, but is greater than $100 and is portable and attractive, it is recognised as a portable and attractive asset.

3. Instructions for Assets

3.1 Responsibilities

Role	Responsibilities	Positions
Custody, Control and PrImary Use of assets	Compliance with policy	All staff within the Agency
Maintenance of the Portable and Attractive Register assets	Adding and Removing assets to and from the register as required	Cost centre owners
Maintenance of SLA Asset Accounting Policy	Ensuring the policy is relevant	Senior Director, Commercial Finance
Coordination and compliance review of the Portable and Attractive annual stocktake	Annual review of the Portable and Attractive Register, and Agency Asset Register	Senior Director, Commercial Finance
Maintenance of the Agency Asset Register	Adding and Removing assets to and from the register as required	Director, Financial Statements and Budgets
Oracle postings and assets register	Recording asset movements (journals) in oracle	Senior Director, Shared Services Finance

3.2 Acquisitions

Asset acquisition information will be recorded on the Assets Register as set out in the procedures below. Capital works in progress will be monitored through the relevant cost centre for each project.

Step	Action
1	Goods received and invoice approved.
2	Invoice sent to accounts payable and entered onto ORACLE.
3	Asset Addition/Transfer/Write-off detail with a clearly marked copy of the invoice is sent to the Senior Director, Shared Services Finance.

3.3 Transfers

All asset transfers should be reflected on an Asset Addition/Transfer/Write-off form which should be signed by both the transferring and receiving officers, and forwarded to the Senior Manager, Shared Services Finance.

Surplus property (land and buildings) must be dealt with in accordance with the 'ACT Government Surplus Property Policy'.

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

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 is influenced by a range of factors, including:

- items are beyond their economic life;
- items are no longer required for their original purpose;
- 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 disposal action is required to:

- determine the condition of assets for disposal and set reserve prices;
- examine the disposal options and recommend a disposal method; and
- for control and probity reasons, not to be the officer approving the disposal.

The approving officer 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 management, audit and review purposes.

Cost centre owners must organise the disposal of the asset and ensure any proceeds received as a result of the disposal are correctly recorded in the accounting records. To provide the authority for removal of the asset from the asset register the cost centre owners must complete the Asset Disposal Form. The completed and authorised form must be forwarded with any supporting documentation to the Director, Financial Statements and Budgets. If the asset is included on the cost centre's portable and attractive register, the register should be updated with disposal information.

Cost centre owners must consider whether the asset being retired can be utilised by other Business Units within the Agency.

Manage Disposal Process

Some action may need to be taken in relation to assets prior to disposal. Considerations include:

- decommissioning (e.g. removing 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

Revenue from asset disposal must be treated in accordance with the relevant Australian Accounting Standards. Also, the Agency must ensure that the revenue from the disposal of its assets is being paid into the correct bank accounts.

Maintain Audit Trail
The Asset Register must be updated to reflect the disposal of assets.
Disposal of non-registered assets should be appropriately documented. The documentation should be kept for two years before being archived or destroyed (as appropriate).

3.5 Asset write-offs

The accurate and timely accounting for the write-off of assets contributes to a relevant asset register to inform decision making and reporting. The write-off of an asset may occur in a variety of ways, including:

- stolen through fraud;
- theft;
- burglary;
- damaged beyond repair by fire;
- natural disaster;
- vandalism;
- accidentally damaged rendering it irreparable; and
- loss of property for any other reason.

Cost centre owners must organise the discarding of the asset. To provide the authority for removal of the asset from the asset register the Business Unit must complete the Asset Write-Off Form. The completed form must be forwarded with any supporting documentation to the Director, Financial Statements and Budgets. If the asset is included on the cost centre's portable and attractive register, the register should be updated with disposal information.

3.6 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.

3.7 Stocktaking

Asset stocktakes are a mechanism to confirm the existence and condition of assets, and to ensure adequate control over, assets. Stocktakes also ensure that Business Units are accountable for the assets under their control including portable and attractive assets. Stocktakes assist in the identification and recovery of lost or stolen assets and assess the effectiveness of control practices signalling where improvement is required. Business Units should perform Stocktakes periodically, in order to safeguard assets. The person assigned to perform the asset stocktake should be independent of the area being counted but be sufficiently technically competent to identify assets and be aware of the procedures to be followed.

3.8 Portable and Attractive Items

Portable and attractive assets include ICT and non-ICT non-consumable items that:

- fall below the Agency's capitalisation threshold of $5,000; and
- are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale.

As these items fall below the Agency's capitalisation threshold of $5,000 they are expensed in the year of acquisition. Generally, these items would have a value between $100 and $5,000.

The following items must be included on the portable and attractive register if their cost is above $100 and below $5,000:

- audio-visual equipment;
- digital cameras;
- ipads and tablets;
- laptop computers;
- certain sales and marketing assets which satisfy the above criteria;
- promotional material;
- mobile phones;
- tools;
- televisions;
- unmanned aerial vehicles (drones); and
- whitegoods and appliances.

Other items that meet the portable and attractive definition should also be included on the register. The Commercial Finance team are able to provide guidance on whether or not a specific asset meets these criteria and will work with cost centre owners for assistance.

These items must be registered for physical control and insurance purposes. The acquisition, disposal, transfer and stocktake procedures of portable and attractive items are no different to all other Agency assets; however, they are not reported in Agency's financial statements.

It is the responsibility of each cost centre owner within the Agency to manage and report their own portable and attractive assets via a Portable and Attractive Assets register. This register must be kept up to date and the Commercial finance team will ensure annual compliance against each cost centre's register. All items that satisfy the definition of Portable and Attractive Items must be recorded on the Register:

- ID number (e.g. register or barcode number (if applicable));
- item description (e.g. brand, model, serial number etc);
- acquisition date;
- acquisition price;
- contact person or item holder;
- usual location;
- signature and date of officer accepting responsibility;
- disposal date and reason; and
- disposal method.

Leased assets that fit the Portable and Attractive criteria (such as IT equipment leased from Shared Services), must be included on the register, even though they are not depreciated at an Agency level. Laptops or ipads leased or purchased outright are included.

Each cost centre owner(s) is responsible for conducting an annual stocktake to review the accuracy of the register for their respective cost centre(s). The registers will be stored on Objective to assist with audit procedures. Cost centres with no portable and attractive assets will still be required to conduct an annual stocktake to confirm the nil balance.

The Senior Director, Commercial Finance will coordinate an annual process with each cost centre owner(s) and will ensure compliance as part of the End of Year process in conjunction with the preparation of the annual Financial Statements.

3.9 References

This CEFI should be read in conjunction with the Asset Accounting Policy.