



## FINANCIAL POLICIES AND PROCEDURES

### FIXED ASSETS

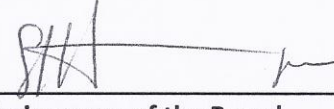
---

**POLICY TYPE:** Financial  
**POLICY TITLE:** Fixed Assets  
**RESPONSIBILITY:** Chief Operations Officer  
**APPROVED BY:** Statistician-General  
**EFFECTIVE DATE:**  
**REVIEW DATE:** August 2014

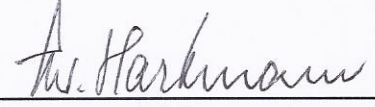
Approved and signed on behalf of the Board of Directors by:

  
\_\_\_\_\_  
Statistician-General

22/4/13  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chairperson of the Board  
Finance & Audit Committee

22/04/2013  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chairperson of the Board

25/04/2013  
\_\_\_\_\_  
Date



## FINANCIAL POLICIES AND PROCEDURES FIXED ASSETS

### Preamble

The basic goal and objective of these procedures is to define and describe a set of standard procedures and policies necessary to record and control the changes in the fixed asset system in accordance with generally accepted accounting principles.

These records are necessary to:

- ensure that the asset is adequately protected from loss, theft, etc.
- provide necessary documentation for the effective use, maintenance,
- management and reporting of the asset
- facilitate the calculation and recording of depreciation for proprietary
- fund assets, and
- provide necessary documentation for insurance purposes

### Abbreviations

Board of Directors	BoD
Statistician-General	SG
Director: Operations	D: OPS
Deputy Director: Finance & Administration	DD: F & A
Senior Financial Accountant	SFA
Financial Accountant	FA
Senior Admin & Logistics Officer	S, A & L O
Admin & Logistics Officer	A & L O

PROCEDURE	RESPONSIBILITY	FREQUENCY
<b>A. ACQUISITION OF FIXED ASSETS</b>  The purpose of these procedures is to establish guidelines for the acquisition of fixed assets. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions, as budgeted for, are done and that these acquisitions are recorded accurately, completely and timely in the accounting records. Please refer to "Budgets Policies and Procedures" for the procedures regarding budgeting for acquisitions.		

MS  
A. H.

**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

<b>PROCEDURE</b>	<b>RESPONSIBILITY</b>	<b>FREQUENCY</b>
1. Fixed assets are purchased based on the approved capital budget allocated to each department at the beginning of the financial year.	Requesting Employee	Ad Hoc
2. Fixed assets are purchased during the year when necessary	Requesting Employee	Ad Hoc
3. The employee requesting a fixed asset must complete a fixed asset purchase form for the fixed asset to be acquired. (as prescribed in the procurement policy)	Requesting Employee	Ad Hoc
4. The requesting employee must submit the fixed asset purchase form to the Head of Department to authorize the form.	Head of Department	Ad Hoc
5. The Head of Department, in conjunction with the DD: F & A must perform an analysis to determine the most beneficial option of acquisition. Options to be considered are as follows:  5.1 Purchase of a fixed asset; 5.2 Lease/rent of a fixed asset from a service provider; 5.3 Method of financing to be used for the acquisition. 5.4 Donations	DD: F & A / Head of Department	Ad Hoc
6. For fixed asset items exceeding N\$50,000 the DD: F & A and the Head of Department must perform a cost benefit analysis, also taking into account any other non-financial implications of the project.	DD: F & A / Head of Department	Ad Hoc
7. Purchases of assets under N\$ 1 000 need not to be capitalized.		
8. For assets that are not budgeted for, the requesting employee must complete a motivation letter indicating the reason to buy the fixed asset and forward it to the BoD for approval prior the acquisition process starts. The procedures are the same as mentioned below but the acquisition must also be communicated to the BoD.	Requesting Employee	Ad Hoc
9. For ordering, receiving, payment and recording of the fixed assets please refer to "procurement policies and		



**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

<b>PROCEDURE</b>	<b>RESPONSIBILITY</b>	<b>FREQUENCY</b>
<p>procedures" document.</p> <p>10. Acquisition of assets &gt;N\$50,000 require authorisation by the BoD</p> <p>11. Acquisition of assets &lt;N\$50,000 is required by the SG</p> <p>The authorisations mentioned in 10 and 11 relates only to the authorisation of the acquisition and not to the authorisation for payment and signing of the cheque for payment.</p> <p>12. For recording of acquisitions in the fixed asset register refer to the section "Fixed Asset Register".</p>	Two of the authorised signatories	Ad Hoc
<p><b>B. DONATIONS</b></p> <p>NSA have received various assets (furniture and vehicles) as a donation from National Planning Commission to assist with the successfully implementation of the agency's function. The following guidelines should be carefully implemented to ensure proper handing over occurred and the correct assets were received and properly accounted for in the fixed asset register of NSA.</p> <ul style="list-style-type: none"> <li>• The list of assets received are verified against the physical assets received</li> <li>• Vehicles are verified against the registration certificate and the vehicle make, model, engine and chassis number.</li> <li>• Vehicles are registered in NSA's name timely</li> <li>• To determine the true market value of these assets the services of a registered qualified valuator needs to be used and a valuation certificate should be issued and filed.</li> <li>• The value as per valuation certificate will be used to update the fixed asset register.</li> </ul>	<p>D: Ops</p> <p>MA</p>	<p>Ad hoc</p> <p>Ad hoc</p>
<b>C. DISPOSAL OF FIXED ASSETS</b>		

MS

**FINANCIAL POLICIES AND PROCEDURES  
FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
<p>The purpose of these procedures is to establish guidelines for the disposal, i.e. sale, scrapping or write off of fixed assets. It is important that adequate controls are in place to:</p> <ul style="list-style-type: none"> <li>ensure that only valid fixed asset disposals occur and are recorded and that they are accurately and completely recorded in the accounting records;</li> <li>ensure that NSA receives due compensation for the sales.</li> </ul> <p>1. Disposal of a fixed asset should take place when one of the following circumstances exist:</p> <ul style="list-style-type: none"> <li>Cost of maintenance or spares parts is higher than the cost of replacing the asset.</li> <li>Damaged or broken;</li> <li>Obsolete;</li> <li>Stolen/Missing.</li> </ul> <p>2. The employee who is issued with an asset remains responsible for the custody over an asset, must inform the Head of Department if any of the circumstances mentioned in paragraph 1 above have been identified.</p> <p>3. The person recommending the disposal of fixed assets should complete a disposal form and in detail justify:</p> <p>3.1 the reason for the disposal;</p> <p>3.2 the need for replacement (if any); and</p> <p>3.3 indicate the estimated net realisable value of the asset at the time of the disposal and the estimated replacement cost.</p> <p>4. Sale: Assets can be sold in one of the following ways:</p> <ul style="list-style-type: none"> <li>Closed tenders,</li> <li>public tenders or</li> <li>advertising may be used but proof must be given that the best possible price was negotiated.</li> </ul> <p>5. The DD: F &amp; A must establish a selling price and a reserve price for the asset (by obtaining quotations from relevant dealers dealing in the specific asset). The book value and market value should be used as guideline. If the anticipated market value exceeds N\$ 10 000, experts in relevant</p>	<p>Employee</p> <p>Employee</p> <p>DD: F &amp; A</p>	<p>Ad hoc</p> <p>Ad Hoc</p> <p>Ad Hoc</p>

M5  
Kw.88



**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
<p>industries should be used to establish the selling price.</p> <p>6. Once the reserve price has been determined the asset are offered to third parties (via a tender in the newspapers) and staff (via email) to determine the best price offered.</p> <p>7. If an appropriate selling price was not offered by third parties and staff, an auction will be arranged to sell the asset.</p> <p>If the asset cannot be sold via an auction, any alternative methods can be discussed with the D: Ops in consultation with the relevant Head of Department to get a written approval from him for alternative selling methods.</p>	D: Ops	Ad Hoc
<p><b>D. SCRAPPING:</b></p> <p>1. The DD: F &amp; A must investigate the possibility of selling the fixed asset as scrap and the D: Ops has to recommend the selling process.</p> <p>2. If the fixed asset can be sold, refer to "sale of assets" above for further guidelines on the procedures for a sale of a fixed asset.</p> <p>3. If the fixed asset cannot be sold, the DD: F &amp; A must decide on the manner of discarding the fixed asset and take appropriate action.</p> <p>4. The source document to support the scrapping is approved by the SG.</p> <p>5. The SFA must prepare the journal to record the scrapping in the general ledger and fixed asset register based on the document as mentioned above, and provide it to the DD: F &amp; A for approval.</p> <p>6. The DD: F &amp; A must approve the journal and return it to the SFA who is responsible for the monthly processing of journals to update the fixed asset register and the general</p>	<p>DD: F &amp; A/ D: Ops</p> <p>DD: F &amp; A</p> <p>SG</p> <p>SFA/ DD: F &amp; A</p> <p>SFA/ DD: F &amp; A</p>	<p>Ad Hoc</p> <p>Ad Hoc</p> <p>Ad hoc</p> <p>Ad hoc</p> <p>Ad Hoc</p>

**FINANCIAL POLICIES AND PROCEDURES  
FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
ledger.		
<b>E. WRITE-OFF (due to theft etc)</b>		
1. The disposal document to support the write-off is approved by the SG.	SG	Ad Hoc
2. The SFA must prepare the journal to record the write-off in the General ledger and fixed asset register based on the document as mentioned above, and provide it to the DD: F & A for approval.	SFA/ DD: F & A	Ad Hoc
3. The DD: F & A must approve the journal and return it to the SFA who is responsible for the monthly processing of journals to update the fixed asset register and the general ledger.	DD: F & A/SFA	Ad Hoc
4. The DD: F & A must ensure that all procedures for aspects related to claiming the loss from the insurance company are addressed.	DD: F & A /	Ad Hoc
<b>F. MAINTENANCE AND SAFEGUARDING OF FIXED ASSET</b>		
The purpose of these procedures is to establish guidelines for the maintenance and safeguarding of fixed assets. It is important that adequate controls are in place to ensure that fixed assets are regularly serviced to ensure their lifespan is maximised. It is also important that fixed assets are adequately safeguarded to prevent them from being misappropriated or damaged.		
1. The <b>MA</b> must attach fixed asset numbers (bar codes) to all fixed assets when they are received to ensure easy identification of the fixed asset. These numbers must be of a permanent nature and it must not be possible to remove them easily. These numbers must be recorded in the fixed asset register against the corresponding asset. The location of the asset should also be updated in the fixed asset register.	<b>FA</b>	Ad Hoc
2. The <b>S, A &amp; LO</b> must add the additions to the insurance cover by communicating the details of the additions in writing to the insurer. Please refer to Insurance policies for details	<b>S, A &amp; LO</b>	Ad hoc



**FINANCIAL POLICIES AND PROCEDURES  
FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
<p>regarding the procedures of taking out an insurance cover.</p> <p>3. The individual who has custody over an asset(s) is responsible for safeguarding the assets. These procedures should include, where applicable:</p> <ul style="list-style-type: none"> <li>• Prevent unauthorized access to NSA premises;</li> <li>• Lock/safeguard moveable assets;</li> <li>• Protect outdoor assets to prevent damage from weather etc.</li> </ul> <p>Each Head of Department is responsible to ensure that all assets in his/her department are regularly serviced and maintained (as specified in the fixed asset register) in order to keep them in a good condition (frequency of service depends on type of asset and recommendation of supplier).</p>	<p>Individual responsible</p> <p>Head of Department</p>	<p>Ad hoc</p> <p>Continuously</p>
<p><b>G. FIXED ASSET REGISTER</b></p> <p>The purpose of these procedures is to establish guidelines for maintaining a fixed asset register. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions and disposals are recorded in the fixed asset register and that these transactions are accurately, completely and timely recorded. The fixed asset register plays an important role in the management of assets (including confirming the existence of assets).</p> <p>1. The <b>MA</b> must maintain a detailed and comprehensive fixed asset register(NSA is using Pastel so the fixed asset register will be updated and maintained on Pastel) and must record the following information for each asset:</p> <ul style="list-style-type: none"> <li>• Date of purchase or date completed and commissioned for use;</li> <li>• Purchase price or total cost of construction</li> <li>• Any additional capital expenditure subsequent to commission for use</li> <li>• Date of disposal and its disposal price or date of writing off</li> <li>• Description of the fixed asset;</li> <li>• Fixed asset number;</li> <li>• Serial number/registration number (if applicable);</li> </ul>	<p><b>MA</b></p>	<p>Ad hoc</p>



**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
<ul style="list-style-type: none"> <li>• Supplier of fixed asset;</li> <li>• Cost price of the fixed asset;</li> <li>• Expected total and remaining useful life of fixed asset;</li> <li>• Depreciation rate of the fixed asset;</li> <li>• Accumulated depreciation;</li> <li>• Book value of the fixed asset;</li> <li>• Valuation and impairment, if applicable</li> <li>• Tax value</li> <li>• Insurance value of the fixed asset;</li> <li>• Location of the fixed asset;</li> <li>• Timing schedule for services and maintenance.</li> </ul>		
2. Fixed assets shall be recorded in the Fixed Asset Register and recognised as fixed assets at the date of commissioning for use in accordance with IFRS requirements.	MA	Ad hoc
3. All Fixed Asset shall be adequately insured against normal business risks.	D: Ops	Ad hoc
4. From the fixed asset register, an inventory list is printed per location (e.g. regional office) by the FA. This list is distributed to each employee responsible for the assets in the specific location.	MA	Continuously
5. The employees keeping custody of a fixed asset(s) have to confirm on a 6-monthly basis that the asset(s) still exists and that it is in a good, working condition. The S A & L must ensure that he/she receives all the confirmations on a 6-monthly basis.	Responsible individual/ S A & L	Bi-annually
6. The S A & L must perform physical fixed asset counts on a surprise basis and agree the quantities on hand to the fixed asset register and the inventory lists in each office.	S A & L / DD: F & A	Ad Hoc
7. Any differences identified should be reported to the DD: F & A and the SG. Staff members will be held accountable for any differences due to their negligence.	S A & L /SG	Continuously
8. The S A & L must obtain reasons for the differences and follow-up on them. Any scrapings/write offs resulting from this should be approved by the SG.	DD: F&A/SG	Continuously

MS  
H. H.

## FINANCIAL POLICIES AND PROCEDURES

### FIXED ASSETS

PROCEDURE	RESPONSIBILITY	FREQUENCY
<p>9. The <b>MA</b> must update the fixed asset register on a regular basis i.e. when any fixed asset related transactions have taken place. The following transactions will affect the fixed asset register:</p> <ul style="list-style-type: none"> <li>• Purchases of fixed assets;</li> <li>• Sale of fixed assets;</li> <li>• Scrapping of fixed assets;</li> <li>• Write-off of fixed assets;</li> <li>• Change in useful lives;</li> <li>• Revaluation;</li> <li>• Impairment;</li> <li>• Upgrade of assets.</li> </ul>	<p>S A &amp; L</p> <p><b>MA</b></p>	<p>Ad hoc</p> <p>Continuously</p>
<p>10. The <b>DD: F&amp;A</b> must review the fixed asset register by agreeing the entries in the fixed asset register to the original documentation (invoices/receipts from supplier). The SFA must pay specific attention to accuracy, completeness and validity of the updates in the fixed assets register.</p>	<b>DD: F&amp;A</b>	Monthly
<p>11. The <b>MA</b> must reconcile the fixed asset register to the general ledger fixed assets accounts (cost as well as accumulated depreciation) on a monthly basis. Any differences identified should be investigated and necessary corrections should be made.</p>	<b>MA</b>	Monthly
<p><b>H. DEPRECIATION OF FIXED ASSETS</b></p> <p>The purpose of these procedures is to establish guidelines for providing for depreciation on fixed assets. It is important that adequate controls are in place to ensure that only valid depreciation is recorded and that these transactions are accurately and completely recorded in the financial records.</p> <p>1. The depreciation is calculated by Pastel in the fixed asset register model based on the rate of depreciation as recorded on the fixed asset register above.</p> <p>2. Depreciation of fixed assets shall be provided on all assets</p>		

MS  
A. H.



**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
(except Land) from the time the assets are brought into use and is calculated by writing off the cost of the asset on a straight line basis over their estimated useful or economic lives(cost – residual values). Depreciation ceases at the earlier date of the date when the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognised. Depreciation is not ceased when assets are idle. Where possible, each significant component included in fixed assets is to be separately recorded and depreciated. However, no depreciation shall be provided on freehold land. Freehold land shall be stated at cost as modified by revaluation.		
3. The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets. The estimated useful lives of the asset must be reviewed annually and revised if necessary, and any revision shall be approved by BoD.		
4. The MA must obtain from the Patel module the amount for provision for depreciation on a monthly basis by using the information in the fixed asset register as calculated by the system. On a selective basis, the FA should review the calculations done by the system to ensure accuracy, completeness and validity of calculations, especially on newly acquired and/or sold assets.	MA	Monthly
5. The MA must prepare/extract a summary of the depreciation per fixed asset category based on the depreciation that the system calculated.	MA	Monthly
6. The MA must prepare and process the depreciation journals	MA	Ad Hoc

**FINANCIAL POLICIES AND PROCEDURES  
FIXED ASSETS**

<b>PROCEDURE</b>	<b>RESPONSIBILITY</b>	<b>FREQUENCY</b>
<p>to update the fixed assets and depreciation accounts in the general ledger (this is based on the set up requirements of the fixed asset module on Pastel. If Pastel automatically generate journals this will not be necessary and the <b>MA</b> must just check that Pastel has correctly processed all journals on a monthly basis). The source document to support the monthly journals is the summarised depreciation. Refer to controls regarding journals recorded in the policy and procedure document for "General ledger and journals".</p> <p>7. The DD: F &amp; A must approve the journal after he/she reviewed it for accuracy and completeness.(If Pastel automatically generate journals this will not be necessary and the DD: F &amp; A must just review that Pastel has correctly processed all journals on a monthly basis)</p>	DD: F & A	Monthly
<p><b>I. REVALUATION</b></p> <p>Assets that were donated to NSA should be revaluated to obtain a fair market value in order to accurately account for them.</p> <p>1. Assets are revalued according to the accounting policy:</p> <ul style="list-style-type: none"> <li>• An expert must be consulted where necessary</li> <li>• The BoD reviews and approves the experts' report</li> </ul> <p>The accounting adjustments as a result of the revaluation are processed by the <b>MA</b> in the general ledger and fixed asset register with a journal according to the accounting policy.</p>	BoD/ <b>MA</b>	Ad hoc
<p><b>J. POOL VEHICLES</b></p> <p>Until a formal fleet management policy has been developed and implemented the following procedures will apply.</p> <p>1. All drivers must be in the possession of a valid driver's license.</p> <p>2. The driver's license must be a minimum of one year old.</p> <p>3. Nobody who is not employed by the company is allowed to drive pool vehicles unless it is part of a contract with the company that allows a private person to do so.</p>	S A & L O	Ad hoc



**FINANCIAL POLICIES AND PROCEDURES**  
**FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
4. All drivers of the pool vehicles must obey all traffic rules. Any transgressions will be dealt with as cases of misconduct.		
5. After hours and weekend use of the pool vehicle is strictly limited to essential services. The nature and detail of such an essential service must be clearly specified to and approved by the DD: F & A before the vehicle is used.	D: Ops	Ad Hoc
6. Any employees authorized to use the pool vehicles is not allowed to transport private passengers.		
7. Each pool vehicle is issued with a log book stating details as follows: <ul style="list-style-type: none"> <li>• Date;</li> <li>• Time when custody is taken of the vehicle;</li> <li>• Driver's name;</li> <li>• Purpose of trip;</li> <li>• The destination of the trip</li> <li>• Odometer readings at beginning of trip;</li> <li>• Odometer readings at the end of the trip</li> <li>• Time when vehicle was returned;</li> <li>• Signature of driver</li> <li>• Fuel /oil purchased.</li> </ul>		
8. The keys of the vehicle, the logbook and the fuel card are kept at the Admin and Logistics department.	S A & L O	Ad Hoc
9. Petrol is paid for with a fuel card. All proof of purchase has to be handed to the FA or the S A & L O upon return of the keys, card and logbook. If no proof of purchase can be presented by the employee, the employee is held liable for the purchases.	FA/ S A & L O	Ad hoc
10. The SFA must perform a reconciliation between the petrol card monthly statements received from the bank and the logbook.	SFA	Monthly
11. A & L O also has to perform a comparison between fuel used, expenses for services, tyres, oil, insurance and kilometres travelled to ensure reasonability. If these	A & L O	Monthly

**FINANCIAL POLICIES AND PROCEDURES  
FIXED ASSETS**

PROCEDURE	RESPONSIBILITY	FREQUENCY
comparisons are unreasonable the driver has to present an explanation or will be held liable.		
<b>K. MANAGEMENT INFORMATION</b>		
The <b>MA</b> compiles the monthly fixed asset related management information and submits it to the DD: F & A for review.	<b>MA/</b> DD: F & A	Monthly
<p>1. The DD: F &amp; A presents a summary on a monthly basis to management and to the BoD stating the following information:</p> <ul style="list-style-type: none"> <li>a) Procurement during the month <ul style="list-style-type: none"> <li>• Description of asset;</li> <li>• Budget for the item;</li> <li>• Over/under spending (if applicable)</li> <li>• Cost price;</li> <li>• Department who acquired asset.</li> </ul> </li> <li>b) Disposals during the month <ul style="list-style-type: none"> <li>• Description of asset;</li> <li>• Reason of disposal;</li> <li>• Amount received;</li> <li>• Loss/Profit.</li> </ul> </li> <li>c) Schedule summarizing the depreciation for the month and year to date.</li> <li>d) All write-offs of assets for the month;</li> <li>e) Summary of kilometers travelled with pool car and amount spent on the pool car (fuel, service, insurance, oil, tyres, etc );</li> <li>f) Project management information (including information with regards to assets under construction);</li> <li>g) Major capital projects completed and capitalised;</li> <li>h) Revaluations on assets (if any);</li> </ul>	DD: F & A	Monthly
2. Major assets damaged / stolen or sold.		