



Illawarra Region Sporting Venues Authority

ASSET MANAGEMENT POLICY

SUBJECT: Asset Management Policy
Policy No: IVA 035

ISSUE	ISSUE/REVIEW DATE	REVIEWED BY	APPROVED BY MANAGER	
		NAME	NAME	SIGNATURE
1	22/01/2010	Peter Lanyon	IRSVA	Signature on file
1a	06/05/2010	Updated to show name changed		

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1 PURPOSE AND CONTEXT

The Illawarra Region Sporting Venues Authority (the Authority) has a significant investment in its fixed assets. As a NSW Government agency, various legislation, policy and guidelines establish the framework under which the Authority must operate to ensure that this investment is properly managed, controlled and recorded.

2 DEFINITIONS

A *fixed asset* (also known as a non-current asset) is any item of plant or equipment which has a life expectancy (i.e. usage period) of more than one year. Items with a life expectancy of one year or less are considered to be *consumable items*.

Physical assets are items such as land, buildings, information technology, infrastructure, equipment or vehicles, owned or controlled by an agency as a result of past transactions or events, providing future economic benefits and having a definite business function or supporting the delivery of services.

As per NSW Treasury guidelines, expenditure on the acquisition of physical assets is generally *capitalised* when the cost incurred is greater than \$5,000. Assets or parts of an asset with acquisition cost of less than \$500 are charged as an expense in the year of acquisition. The question of capitalisation of assets that cost between \$500 and \$5,000 is a matter for professional judgement based on materiality.

Portable and attractive items are physical assets that cost less than \$5,000 which through attractiveness for personal use are considered to be prone to misappropriation.

3 POLICY STATEMENT

The Authority maintains a central record of fixed assets within the Corporate Services Office. A record of assets and their values is required to:

- a. Provide information to the Authority as to the assets under their control.
- b. Provide information for management decision-making purposes.
- c. Provide information for external reporting and audit purposes.
- d. Enable the Authority to calculate annual depreciation and losses/gains on the disposal of assets to allow us to comply with statutory requirements.

This central record of fixed assets is known as the Asset Register. It lists such details as description of the asset, original cost, supplier, acquisition date, estimated useful life, depreciation rate, registration/serial number (if applicable), asset identification number (if applicable), asset location, current depreciated value, depreciation written off to date, and residual value.

The assets of the Authority are classified under the following headings:

- a. Land - recorded at fair value, and generally re-valued every 5 years.
- b. Buildings (includes buildings and inclusions such as air-conditioning, electrical and plumbing installations, car parks and underground services) - recorded at fair value, and generally re-valued every 5 years.
- c. Plant & Equipment (comprises stage, chairs, tables, curtains, speakers, vehicles etc.) – recorded at depreciated historical costs.
- d. Leases (includes forklift, computers) – recorded at amortized historical cost

4 AUTHORITY TO PURCHASE ASSETS

The Authority to Purchase assets is vested in nominated personnel as outlined in the Authority’s Charter of Governance and Purchase Order Procedure, and is subject to the conditions as outlined in those documents.

The procurement action that must be followed generally depends on the level of expenditure involved, namely:

Table 1

Cost	Action	Approvals
Less than \$500	No Quotes or Purchase Order required pre -purchase	Responsible Manager & GM
Greater than \$500, less than \$5,000	Purchase Order required, unless exceptional circumstances	Responsible Manager & GM
Greater than \$5,000, less than \$50,000	Three (3) written quotes and Purchase Order required	Responsible Manager & GM
Greater than \$50,000	Three (3) written quotes and Purchase Order required	GM & Chairperson

4.1. Special Conditions

All motor vehicle purchases should be coordinated according to the NSW Government Motor Vehicle Policy.

Where a NSW Government Contract is in existence covering goods and services, Authority personnel may purchase under the Government Contract without seeking quotes. Procurements under Government Purchase Contracts with a value in excess of \$500 must still be referred to the General Manager for approval.

Where it is necessary under special circumstances to purchase goods or services with a value in excess of \$5,000 without calling or invitation of quotations or tenders, such action can only be authorized by the General Manager and for goods and services to the limit of his approved delegations. All such action must be reported to the next meeting of the Authority Authority of Management.

5 RECORDING OF ASSETS

Assets costing less than \$500 – the cost is expensed in the year of acquisition and not recorded in the Asset Register.

Assets costing \$500 - \$5,000 – a professional judgement based on materiality is made on whether the item is capitalised or not. If capitalised, the asset is recorded in the Asset Register, and assigned a useful life and depreciation rate. Assets that are deemed to be portable and attractive items are recorded in the Asset Register.

Assets costing greater than \$5,000 –the item is capitalised and recorded in the Asset Register, and assigned a useful life and depreciation rate.

The Asset Register is maintained by the Accounts/ Admin. Officer.

6 IDENTIFICATION OF ASSETS

When assets are recorded in the Asset Register, a professional judgement is made as to whether they should be assigned a unique asset identification number. The judgement will take into account asset risk, potential for losses and practicality. The

asset identification number will assist in effectively locating these assets when undertaking a stocktake or during an audit check.

Generally, all assets that are deemed to be portable and attractive items will be assigned an asset identification number. The number and location of the asset will be recorded in the Asset Register.

7 UPDATING THE ASSET REGISTER

New assets purchased by way of a Purchase Order or payments made through the Accounts Payable section are automatically identified as part of the operational processing within the Corporate Services Office.

Leased Assets - assets which are subject to an operating Lease (where the ownership of the assets is deemed to be with the Authority) are entered into the Asset Register.

Additions to existing assets - Upgrades or additions to existing assets over \$5,000 in value and upgrades or additions that will take the original asset value over the \$5,000 threshold by its inclusion are added to the Asset Register.

Constructed Assets - Assets which are constructed are entered into the Asset Register when the value of that asset exceeds \$5,000.

Major Periodic Maintenance (MPM) - MPM which equates to the replacement of a component asset e.g. replacement of a discrete sub-asset is capitalised. MPM which increases an asset's originally assessed standard of performance or useful life will also be capitalised.

8 ASSET MANAGEMENT RESPONSIBILITIES

Acquisition - In making the decision to acquire an asset the following fundamental principles should be carefully considered:

- a. The purpose for which the fixed asset is required is in keeping with the objectives of the Authority and will provide significant, direct and tangible benefit to it.
- b. The purchase is absolutely necessary as there is no alternative Authority asset that could be upgraded or adapted.
- c. The fixed asset is appropriate to the task or requirement and is cost effective over the life of the asset.
- d. The fixed asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources.
- e. Space and other necessary facilities to accommodate the asset are in place.
- f. The most suitable and appropriate type, brand, and model etc. has been selected.

Utilisation - All assets should be used for the purposes they were acquired. Asset performance should be regularly reviewed to identify under-utilised and under-performing assets. The reasons for this should be critically examined and appropriate action taken.

Maintenance and Repairs - All plant and equipment should be maintained in good working order by care and servicing as recommended in manufacturer's manuals. The most efficient repair and maintenance strategy needs to be established and adopted. An operation and maintenance plan establishing responsibility and standards for the level of use, condition, servicing and performance should be developed.

Supplier maintenance contracts should be obtained where considered to provide the most economic servicing and repair. A record of such contracts should be maintained to avoid needless expenditure on non-contracted repairers. Similarly, warranties applying should also be recorded.

Safeguard - Managers are responsible for the security of assets under their control. This includes ensuring that assets are used only by authorised persons, safeguarded against theft and damage and only removed from Authority premises with approval.

All staff are responsible for the care and protection of Authority assets. Every person who utilises the property of the Authority should do so with utmost care and consideration and in a manner which ensures the property will be subjected to the minimum wear and tear or damage.

The safeguard of equipment such as PCs, laptops and video cameras is particularly important not only because of their attractive and portable nature but also because of the confidential information that they may contain. Steps must be taken to limit the risk of loss or theft including:

- a. keeping offices locked when unattended and when travelling:
- b. not leaving items unattended in public places, particularly in motor vehicles
- c. in the case of laptops by transporting them in other than normal laptop bags or cases and removing all confidential information not required for the trip.

9 **STOCKTAKING**

A stocktake of fixed assets appearing on the Authority's Asset Register will be undertaken on an annual basis, normally just prior to audit. This will provide an accurate record of assets that can meet statutory requirements.

Stocktakes are the responsibility of the Manager Corporate Services. Where practicable, the stocktake will be undertaken by two (2) people. If an item cannot be located during the stocktake, it will be listed as 'Not Found'.

10 **DEPRECIATION OF ASSETS**

Depreciation is the accounting process used to allocate the cost to particular accounting periods of 'using up' the service potential of the asset over its useful life. It is not a process that provides funding for future asset purchases. The Authority depreciates those assets deemed to be depreciable on a straight-line basis i.e. over time basis with the following asset classes and depreciation rates applying:

Table 2

Asset Class	Estimated Useful Life	Depreciation Rate
Buildings	40 years	2.5%
Computer hardware	3 Years	33.33%
Plant & Equipment	4-10 years	25.0% - 10.0%
Motor Vehicles	3-10 years	33.33% - 10.0%

11 PERIODIC VALUATIONS

Asset values and their remaining useful lives need to be regularly reviewed to ensure that they reflect a true financial position. Assets that do not lend themselves easily to a depreciation calculation will be valued periodically.

The Manager Corporate Services arranges for valuation, by an independent professional valuer of the Authority's land and buildings every five (5) years. Any changes resulting from the periodic valuation is reflected in the Asset Register and depreciation provision.

12 DISPOSAL OF ASSETS

The delegated authority to dispose of assets is vested to the Authority's General Manager. All asset disposals are to be approved by the General Manager, through the use of the Authority's Asset Disposal Form.

Asset disposal can be carried out by a variety of methods such as sale, tender, auction, donation, trade-in, destruction and write-off. The disposal method should be subject to whichever offers the best return to the Authority.

When an asset is disposed, the Asset Register will be amended to reflect the disposal.

13 THEFT AND LOSS OF ASSETS

The Manager Operations & Facilities is to be notified immediately of cases of theft or malicious damage of the Authority's assets. The Manager Operations & Facilities is to prepare a written submission seeking approval for write-off action (if applicable) and to undertake subsequent insurance claims (if applicable). The report should cover all relevant matters including a recommendation to refer the matter to the Police if appropriate.

14 RECONCILIATION TO GENERAL LEDGER

The Accounts/Admin Officer is responsible for reconciling the Asset Register with the General Ledger asset accounts on an annual basis. Any discrepancies arising are investigated and corrective action taken to bring the two records into balance.