

Assets – General Guidelines

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**ASSETS – GENERAL GUIDELINES**

**GENERAL**

All requisitions for the purchase of assets must be created against **an appropriate asset expense object code** and must be within the approved budget. **No assets can be purchased against any maintenance or other expense object code - an asset expense object code (4….. object code range) must be used at all times.**

Purchase of movable items with **a unit cost/value of more than the amount as determined by Council** from time to time and **a useful life of more than 1 year** will be capitalised as fixed assets and recorded in the fixed asset register.

The **cost** of an item comprises of:

* Its **purchase price,** including **import duties** and after **deducting trade discounts and rebates** if applicable
* Any **cost directly contributable** to bringing the asset to the **location and condition necessary for it to be operating** in the manner intended, eg **delivery/handling cost, installation/assembly cost, cost for testing whether the asset is functioning properly, professional fees etc**.

Capital items purchased using **IREA funds** are considered to be **assets of the university** and will be **recorded in the fixed asset register**, and will remain the **property of the university** after termination of service of the staff member. In this regards, staff members must note that:

* Staff members **obtain the right of use, but not of ownership** of the asset
* Should a staff member **leave the service** of the university after having purchased certain capital items, the staff member **can, where practical and if available, buy it back from the university** in accordance with **existing university procedures at an amount determined by the university.**

The staff member who requested the purchase of the asset is registered as the **custodian** of the asset (asset representative). The custodian has the **responsibility** to ensure that the university’s asset in his/her possession is **safeguarded** to the best of his/her ability and to **report any changes** to the Asset Controller so that the asset record can be amended.

The **departmental managers (asset controllers)** will be **responsible** for the **physical management and control of assets**.

**Depreciation** will be **written off over the useful life of the asset** and will be done in terms of International Financial Reporting Standards and the accounting policy that forms part of the financial statements. **Even if an asset has depreciated in full, it will stay on the asset register** until such time that the **disposal of the asset is motivated and approved** by the appropriate Director/Manager/Head of Department.

**DEFINITION OF AN ASSET**

An asset is an item

* With an **economical lifespan** of **more than one year**
* Which can be **utilized independently from other assets**
* Which is made of a **durable material**

**CLASSIFICATION OF ASSETS**

Assets are divided into different **categories**. Each category is **linked** to a specific **Commodity Code and Object Code** and each category is divided into **asset types** eg Category: Computer Equipment > Commodity Code G.GB > Object Code 4205 > Asset type GGB135 = Desktop. GGB495 = Laptop etc.

|  |  |  |  |
| --- | --- | --- | --- |
| **Com Code** | **Object Code** | **Category** | **Description** |
| G.GA | 4210 | Assets<R15 000 | All furniture, office equipment, lab equipment etc. with a **unit price of less than R15 000** *(****including fixtures*** *such as fitted furniture etc. – EXCLUDING COMPUTER EQUIPMENT – this is an* ***adjustment*** *as requested by* ***the External Auditors****).* |
| G.GBA | 4213 | Comp<R5 000 | All computer equipment with a **unit price of less than R5 000.** ***Replacement*** *of damaged items such as a keyboard, screens etc. as well as the purchase of* ***individual items (not as part of the purchase of the original asset)*** *such as a mouse, additional memory, laptop bag, memory stick etc. with a* ***unit price*** *of less than R5 000 are deemed to be* ***upgrading/add-ons*** *and will* ***not be capitalised*** *– use commodity code K.KM and object 2452.* |
| G.GB | 4205 | Computer Equipment | All computer related equipment such as laptops, desktops, scanners, tablets, iPads etc. with a **unit price** **of R5 000 or** **more**. When, for e.g., a new laptop is purchased **including accessories** such as a bag, mouse etc., the laptop and accessories will be regarded to be **a single asset** and the **total cost will be capitalised**. *If* ***accessories*** *are purchased at a* ***later stage****, it will be regarded to be* ***upgrading/add-ons******unless*** *the* ***unit cost*** *of the item is* ***more*** *than R5 000 in which case the item must be* ***added*** *to the original asset.* |
| G.GBB | 4209 | Computer Equipment: Other (Servers and Printers) | All server and printer related equipment with **a unit price of R5 000 or more***.* All **accessories included** when the item is **purchased initially**, will be seen as part of the asset and everything will be **capitalised as a single asset**. *If* ***accessories*** *are purchased at a* ***later stage****, it will be regarded to be* ***upgrading/add-ons******unless*** *the* ***unit cost*** *of the item is* ***more*** *than R5 000 in which case the item must be* ***added*** *to the original asset.* |
| G.GC | 4204 | Furniture | All furniture items with **a unit price of R15 000 or more** *(****including fixtures*** *such as fitted furniture etc. – this is an* ***adjustment*** *as requested by* ***the External Auditors****).* |
| G.GD | 4202 | Laboratory Equipment | All equipment used in a laboratory with **a unit price of R15 000 or more** *(****including fixtures*** *such as fitted equipment – this is an* ***adjustment*** *as requested by* ***the External Auditors****).* |
| G.GDA | 4203 | Specialised Equipment | All equipment with **a unit price of R200 000 or more** |
| G.GE | 4207 | Office Equipment | All office equipment with **a unit price of R15 000 or more**, ***including fitted/mounted equipment*** *such as projectors, TV’s, security cameras etc. - this is an* ***adjustment*** *as requested by* ***the External Auditors****).* |
| G.GF | 4208 | Commercial Vehicles | All vehicles of which the **primary purpose is not the transport of people** (see object 4206), e.g. trucks, LDV’s, tractors etc. |
| G.GFA | 4206 | Passenger Vehicles | All passenger vehicles such as busses, sedans, mini busses etc. |
| G.GG | 4101 | Land | All land purchased by the university. |
| G.GH | 4102 | Buildings | All buildings purchased or erected by the university. |

Macro maintenance of buildings (eg installation of new air conditioners in a building or part of a building, replacement of carpets with tiles (not individual offices), refurbishment of lecture halls etc.) will be capitalised against the specific building on a quarterly basis. This process will be done in co-ordination with the appropriate project managers.

**ACQUISITION OF ASSETS**

The **normal purchasing procedure** must be followed (requisition > purchase order > receiving > payment). **Assets may not be purchased using a DV or any other document**. The system will block the usage of all asset object codes on these documents. Purchasing of assets must therefore be bought from PO Vendors registered on KFS.

When creating a **requisition** for the purchase of an asset, **additional information** must be completed, namely the **CAPITAL ASSET** field. This information is imported directly into the Capital Asset Management system (CAM) and the Fixed Asset Register and is the **unique record** of that specific asset – it is therefore very important that this information is correct and complete. The **final approval** of the requisition is done by **CAM** (Commodity Code Reviewer) and the requisition will be **disapproved if the Capital Asset information is incomplete or incorrect**. ***CAM*** *(Commodity Code Reviewer)* ***cannot change/add any information*** *on the requisition.* The Fiscal Officer can request the initiator to recall and change/rectify information, but **once it was approved by the Fiscal Officer no changes can be made**.

**An asset can be purchased against only one account**. If **two or more accounts contribute** to the purchase of the asset, the **requisition must be created using only one account**. Once the asset has been captured, the **cost can be split** between the accounts according to the contribution of each account by creating a **DI** document. The option “**Modify Asset**” must be selected and the asset number of the asset in question must be completed.

**How to do a DI**

Main Menu > Transactions > Financial Processing > Distribution of Income and Expense

Navigate to Accounting Lines tab

From section: complete the chart, account and object which was originally used (e.g. account 1A00661) and enter the amount (contribution applicable). Click “ADD”

To section: complete the chart, account and object to which the expense must be moved (e.g. account 1A00501) and enter the amount (contribution applicable). Click “ADD”

In **both fields** the **object** must always be the **object used in the original transaction**.

Accounting Lines for Capitalization

|  |  |  |
| --- | --- | --- |
|  | Select Line = | Tick both blocks (far right hand side on page) – *if you do not select the line, the “Modify Capital Asset” tab will not open* |
|  | Amount Distribution Method = | Select Distribute Amount Evenly |
|  | Select “Modify Asset” |  |
|  |  |  |

Modify Capital asset

|  |  |  |
| --- | --- | --- |
|  | Asset Number = | Complete the asset number which has to be modified |
|  | *Redistribute Total Amount =* | *Click on the block – if the block is not selected you won’t be able to submit the document* |

Notes and Attachments

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|  | Attach GL of original transaction and | invoice |

**Additional fields to complete when creating a requisition for the purchase of an asset**:

Create the requisition as for any other transaction. Because a Commodity Code linked to an asset object code was used, additional fields will open to complete the Capital Asset information. Click on the Capital Asset tab to open the field:

|  |  |  |  |
| --- | --- | --- | --- |
| **Capital Asset >** | **System Selection** | Capital Asset System Type = | Individual Assets |
|  |  | Capital Asset System State = | New System |
|  |  | Action = | Select |
|  | **Capital Asset Items** |  |  |
|  | Capital Asset | Capital Asset Transaction = | New |
|  |  | Capital Asset Note Text = | Detail description of asset |
|  |  | Asset Type = | Select from dropdown list – the **asset type must correspond with the commodity code** e.g. if the commodity code is G.GB the asset type must also begin with GGB. |
|  |  | Manufacturer = | Click “Same as Vendor” |
|  | Location | Item Quantity = | Number of assets to be created |
|  |  | Asset Representative = | Employee number of person responsible for the asset |
|  |  | Campus = | Campus where asset is located |
|  |  | Building = | Building number where asset is kept |
|  |  | Room = | Room nowhere asset is kept |

*Click “ADD” – if you do not click “ADD” the location information will be lost and CAM will disapprove the requisition*

**WHY IS IT IMPORTANT TO COMPLETE THE CAPITAL ASSET INFORMATION ON THE REQUISITION**

1. All the information is transferred from the requisition directly into the Capital Asset Management system (CAM). The **asset record in CAM will reflect the information which was entered when the requisition was created**. If incorrect information was supplied, the asset record will be incorrect and the **asset will not be insured**. If an **asset object code is not used** (eg object 2452 – Maintenance Computer Equipment instead of 4205 – Computer Equipment) **the item will not be captured as an asset, will not be listed on the Fixed Asset Register and will not depreciate** - this is in contradiction of the International Financial Reporting Standards and the accounting policy.
2. The asset must be purchased against the correct commodity code, object code and asset type. **The commodity code and object code ensures** that the asset purchased **is categorised correctly** and the **asset type determines the depreciable** **life** of the asset (the period over which the asset will be written off). If the asset is **categorised incorrectly**, it will be very **difficult to trace** the asset – we will look for a scanner under Computer Equipment and the asset type for scanners, but if it was purchased under Office Equipment it will be very difficult to trace.
3. The **Asset Representative** information is very important because that is the person who will be **held responsible for the safekeeping of the asset**. This person must **be able to present the asset on request for verification purposes** at all times and is **personally responsible** to inform the Asset Controller of **any changes** which have to be made iro his/her assets. CAM will not be held responsible for assets incorrectly allocated to a person and all enquiries in this regard must be directed to the person who created the requisition and provided the information.
4. The **location** is the first place where an auditor will look for an asset during an asset verification process and would **expect to find it in the place as indicated on the asset record.**
5. The asset **description must be clear and complete** to help **identify the asset** at a later stage. A description such as “HP Laptop” does not mean anything, while a description like “HP ProBook 450 4G, Intel Core i3-7100U” tells you much more about the asset.

**DISPOSAL OF ASSETS**

Assets are disposed of only when:

* The asset is destroyed/broken/damaged beyond repair
* Redundant/obsolete
* Stolen/lost

Procedure for the disposal of assets:

* Send a **request** (email) for the disposal of the asset to **CAM**
* Give the **reason** why the assets must be disposed of (stolen, redundant etc.)
* In case of **theft, damage or any other reason that may qualify as a possible insurance claim**, the incident must be reported to the **Insurance Department** (Mr Riaan Prinsloo). A **SAPS case number** must be obtained in case of theft, motor vehicles accidents or any other incident that must be reported to the police. The **Insurance department must inform CAM** of the incident, request the retirement of the asset and submit all relevant documentation, even if the claim was unsuccessful.
* **Written authorisation** from the Dean/Director/Head of Department must be submitted with the request for the disposal of the asset.
* CAM will **remove** the asset from the system only when the **abovementioned information has been received.**

It remains the **responsibility of the Asset Representative** to whom the asset was allocated to ensure that **CAM is informed** of all assets that must be **disposed of** and that the correct procedure has been followed. If the **correct procedure was not followed** and **CAM was not requested to remove the asset**, the asset will **remain on the Fixed Asset Register** and the **Asset Representative will still be responsible for the asset**. The Asset Representative can be held responsible for the asset even if it was stolen, damaged etc. and can even be held responsible for damages and related costs.

**SELLING OF ASSETS**

**No** assets may be **sold directly to employees, students or any other person/institution** etc. All damaged, redundant or obsolete assets must be **removed to the store** and **sold** on a **tender** basis (for more information regarding the tender process please contact Mr David Visser).

Exceptions to the rule:

* **Computer equipment such as laptops, desktops and iPads** which are **outdated** and **no longer utilised** in the department, can be **sold** to **employees and students**. The **IT guideline** (IT Guideline – Re-use and Retirement of Workstations) in this regard is updated on a regular basis and determines the **age** of outdated equipment as well as the **price** for which it can be sold.
* **CAM** must **confirm the age** of the equipment before it can be sold. Once CAM has **confirmed the age** of the equipment, **received the authorisation** as set out in the IT Guideline together with the **proof of payment**, the asset will be **removed** from the Fixed Asset Register. Payments must be made using the **account against which the assets was originally bought and either object 6551 (VAT) or 6553 (No VAT**) – please ensure that the correct object is linked to the account before payment is made.
* IT Guideline – Re-use and Retirement of Workstations – is attached for your attention.
* Assets obtained using **IREA funds** may be bought by the employee on **termination of service** at a **price determined by the university**. **CAM** must be **informed** of the intention of the employee to buy the asset so that **the asset can be evaluated and a price be determined.**  The asset will be retired once proof of payment has been received.
* The IREA Guideline is attached for your attention.

**TRANSFER OF ASSETS**

An asset can be **transferred** (sold, carried over, donated) **from one department to another**. If there is **money** involved, a **Transfer of Funds** must first be done before the asset can be transferred. The Transfer of Funds must be **done by the departments involved** and once that is finalised, **CAM** must be provided with the transfer of Funds **document number**, the **Org and Account** numbers involved, the **new Asset Representative and location information** and requested to do the Asset Transfer. If there is **no money** involved, only an “**Asset Transfer**” needs to be done. **CAM must be provided with the information and will do the asset transfer**. It is very **important** to do the Asset Transfer to ensure that the asset is now **linked to the correct Org and Account.**

**How to do a Transfer of Funds**

Main Menu > Transactions > Financial Processing > Transfer of Funds

Navigate to Accounting Lines tab

From section: complete the chart, account and object (4301) from which the funds must be transferred (object 4301 must always be used when transferring funds iro capital expense). Click “ADD”

To section: complete the chart, account and object (6151) to which the funds must be transferred (object 6151 must always be used when transferring funds iro capital expense). Click “ADD”

Attach documentation and submit.

Inform CAM about the transfer so that the Asset Transfer can be done.

**ASSETS PURCHASED AGAINST INCORRECT ASSET OBJECT CODES**

When the requisition for the purchase of an asset was created, the purchase price was more than R15000 and Commodity Code G.GC and object 4204 was used which was correct at that stage, but when the **asset was captured** after the payment went through, discount could have been given resulting in the purchase price being less than R15000. This **asset must now be** **moved to the correct category and object** (4210 in this case) by doing a GEC. This can be done by selecting the option “**Modify Asset**” and completing the asset number.

**How to do the GEC**

Main Menu > Transactions > Financial Processing > General Error Correction

Navigate to Accounting Lines tab

From section: complete the chart, account and object which was originally used (e.g. 4204) and from which the expense must be moved. Click “ADD”

To section: complete the chart, account and object to which the expense must be moved (the asset object code e.g. 4210). Click ”ADD”

*In both fields the “Reference Origin Code” will always be 01, the “Reference Number” must be the document number of the original (incorrect) document and the “Line Description” must be a detail description of the asset*.

Accounting Lines for Capitalization

|  |  |  |
| --- | --- | --- |
|  | Select Line = | Tick the block (far right hand side on page) – *if you do not select the line, the “Modify Capital Asset” tab will not open* |
|  | Amount Distribution Method = | Select Distribute Amount Evenly |
|  | Select “Modify Asset” |  |
|  |  |  |

Modify Capital asset

|  |  |  |
| --- | --- | --- |
|  | Asset Number = | Complete the asset number which has to be modified |
|  | *Redistribute Total Amount =* | *Click on the block – if the block is not selected you won’t be able to submit the document* |

Notes and Attachments - Attach GL of original transaction and invoice

**ASSETS PURCHASED AGAINST EXPENSE OBJECT CODES**

Assets may **only be purchased using an expense object** code under **exceptional circumstances** e.g. when an employee who is located overseas must buy a laptop, he/she may buy the laptop and claim the expense from the university or if an asset is damaged during e.g. a fieldtrip and it has to be replaced in order to complete the fieldwork. In this case a **DV will be created** using an **expense object code** (e.g. 2452) and a **GEC** will have to be created afterwards to **move** the expense to the **asset object code** (e.g. 4205) to enable CAM **to capture the asset**. The person who created the DV is also **responsible to create the GEC** as soon as the DV is finalised.

**How to do the GEC**

Main Menu > Transactions > Financial Processing > General Error Correction

Navigate to Accounting Lines tab

From section: complete the chart, account and object which was originally used (e.g. 2452) and from which the expense must be moved. Click “ADD”

To section: complete the chart, account and object to which the expense must be moved (the asset object code e.g. 4205). Click ”ADD”

*In both fields the “Reference Origin Code” will always be 01, the “Reference Number” must be the document number of the original (incorrect) document and the “Line Description” must be a detail description of the asset*.

Accounting Lines for Capitalization

|  |  |  |
| --- | --- | --- |
|  | Select Line = | Tick the block (far right hand side on page) – *if you do not select the line, the “Create Capital Asset” tab will not open* |
|  | Amount Distribution Method = | Select Distribute Amount Evenly |
|  | Select “Create Asset” |  |
|  |  |  |

Create Capital asset

|  |  |  |
| --- | --- | --- |
|  | Asset Quantity = | Number of assets to be created |
|  | Asset Type = | Select from dropdown list the appropriate code and “Return Value” |
|  | Vendor Name = | Select the appropriate vendor from dropdown list and “Return Value” |
|  | Manufacturer = | Add name of manufacturer |
|  | Asset Description = | Detail description of the asset, including the employee number of the Asset Representative |
|  | Action (far right hand side of page) = | Select “add tag/location” |
|  | Serial Number = | Complete if number is noted on the invoice |
|  | Campus Code = | Select the appropriate Campus Code from dropdown list and “Return Value” |
|  | Building Code = | Select the appropriate Building Code from dropdown list and “Return Value” |
|  | Room Number = | Select the appropriate Room Number from dropdown list and “Return Value” |
|  | *Redistribute Total Amount =* | *Click on block – if the block is not selected you won’t be able to submit the document* |

Notes and Attachments - Attach GL of original transaction and invoice

**EDIT ASSET INFORMATION**

The Asset Controller has **access to edit** certain information on the asset record, e.g. the Asset Representative and Location of the asset can be changed. It is **the responsibility of the Asset Controller to ensure that the asset representative and location information is verified on a regular basis, at least bi-annually, and that the records are updated accordingly** – the Asset Controller is the person who will be **held responsible for the correctness and completeness** of the asset records of the specific department. No changes can be made without **a written request and with the consent** of person/s involved. Additional information like serial numbers and notes can also be added.

In case of **employees leaving the service** of the university, it is also the **responsibility of the Asset Controller** to ensure that all assets assigned to that employee has been **accounted for and re-assigned** to his/her successor or a temporary responsible person until a successor has been appointed.

**How to Edit an asset**

Main Menu > Lookup and Maintenance > Capital Asset Management > Asset

|  |  |  |
| --- | --- | --- |
| Asset Lookup | Navigate to “Asset Number” and | enter the asset number to be edited |
|  |  | Click “Search” |
|  | Actions > | Select “Edit” |
| Asset Detail Information | If applicable, add or change the | Model number / Serial Number / Tag Number |
| Asset Location | On Campus –if needed, change the | Campus, Building Code and Building Room number |
|  | Off Campus –if needed, change the | Campus, Name, Address, City, State, Postal Code and Country |
| Organization Information | Asset Representative Principal Name | Add employee number of new asset representative |
|  | Organization Text | Any notes can be added if needed |

Add attachments and submit – documents requesting and approving the changes must be attached.

**DONATION OF ASSETS**

**No assets may be donated** to any institution, NPO etc. All **requests** for donations must be directed to the **NWU Sustainability and Community Impact** department (Mrs Bibi Bouwman / Prem Coopoo).

**CAM CONTACT DETAILS:**

|  |  |  |
| --- | --- | --- |
| Helein Cato | Helein.cato@nwu.ac.za | Ext 994506 |
| Lizette Williams | Lizette.williams@nwu.ac.za | Ext 994505 |
| Anel Venter | Anel.vandermerwe@nwu.ac.za | Ext 994507 |

**Links:**

1. Re-use and Retirement of Workstations:

<http://services.nwu.ac.za/sites/services.nwu.ac.za/files/files/information-technology/documents/Re-use%20of%20workstations_V5.pdf>

1. Rules for the Awarding of Institutional Research Excellence Awards (IREA):

<http://www.nwu.ac.za/sites/www.nwu.ac.za/files/files/i-governance-management/policy/9P-9.2.1.6_IREA_e.pdf>