

POLICY ON ASSETS



TITLE AND COPYRIGHT

Title	Policy on Assets
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Author	Mrs. F. Gandiya
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1. PURPOSE

It is the policy of the University of Venda that all items purchased by the University be properly recorded, managed and controlled by the Asset Control Department.

2. DEFINITIONS

2.1 Asset register - In this document it relates to the electronic register as found in the ITS System and contains all assets purchased and registered by the University;

2.2 Asset Control Officer: An official from the Asset Control Section within the Finance Department;

2.3 GAAP - General Accepted Accounting Practices;

2.4 SARS - South African Revenue Services;

2.5 Purchase price - The price that was paid on acquisition of the asset; and

2.6 Selling Price - The highest possible price obtained during the selling of asset.

3. RULES

3.1 Assets purchased by UNIVEN shall be recorded in the electronic asset register that forms part of the ITS operational system that is used by UNIVEN.

3.2 Entries in the register shall be recorded upon payment of the full amount for such an asset or in case of buildings when they are commissioned.

3.3 Assets shall be tagged on delivery and allocated to the owner upon installation / delivery where needed.

3.4 Physical control for and movement of assets have been delegated to each staff member by the EMC and staff members shall thus be responsible for all assets under their control.

3.5 The Accounting entries arising from the acquisition and disposal of fixed assets (Property, Plant and Equipment (PPE)) must be in accordance with the balance sheet disclosure of this asset category. The binding relationship between the source of funding of this asset group and the carrying value of the related assets on the balance sheet must be apparent. Therefore, the carrying value of PPE must equal the aggregate of the balance of the 'Fixed Asset Fund' included in the equity of UNIVEN, the balance of any debt raised to acquire such assets less the aggregate of depreciation provided.

3.6 All expenditure on land and buildings must be expensed. Only expenditure incurred, which increases the economical life of land and buildings, is allowed to be capitalised against the asset.



- 3.7 All acquisitions of individual assets must be capitalised in the asset register unless it is impractical to mark and record the asset; for example, tools, glasses, tubes, etc. Individual assets acquired at a total cost not exceeding R 5 000 must be expensed in the year of acquisition. These assets should first be capitalised in the asset register, then expensed and carried at a value of R1 in the asset register to ensure proper physical control over these assets.
- 3.8 Expenditure on library collections must be expensed in the year the expenditure is incurred.
- 3.9 The carrying value must take cognisance of the 'going concern' nature of the operation and thus amounts must be provided to reflect the life cycle and the need for replacement of items within a category of PPE. The cost of utilisation of assets must be accounted for through the expense item of depreciation.
- 3.10 The asset register must be updated with all new purchases when the rights and obligations of ownership have passed to the University. All rights and obligations pass over to the University when the purchase price has been paid in full. This date is also used to start calculating depreciation on the assets.
- 3.11 A monthly printout of the General Ledger accounts 8160 to 8999 shall be used to identify all new purchases of assets during the month for purposes of reconciling the Asset Register with the General Ledger.
- 3.12 The asset register must be updated with all disposals and losses of assets after all the authorised documentation (report on losses form) has been received.
- 3.13 The asset register must also be updated after a survey to indicate when an asset was last surveyed and to determine differences between theoretical and actual assets.
- 3.14 The staff member records movement of assets from one venue to another and between cost centres on the ITS asset register. Physical movement of assets done by personnel from Procurement Services and their services are activated through the asset register.
- 3.15 Although physical security of assets is the responsibility of Security Section as well as that of the various departments, the ACS must ensure that sufficient procedures exist in this regard. Procedures to safeguard assets must be coordinated with the security department.
- 3.16 All finance leases should be capitalised according to the normal asset control procedures.
- 3.17 An asset may only be purchased by means of an official order issued by the Purchasing office within the Procurement Services department
- 3.18 Donations (Equipment) received by the University must be recorded, tagged and allocated. The asset should be recorded in the asset register at current market value.



3.19 The Asset Control section must inspect the condition of all scrapped items and prepare a list of all items in a satisfactory condition. This list must be distributed to all departments for possible reallocation. Assets that are not recyclable must be scrapped and if possible sold. Such assets must be sold by auction or through the normal tender procedures.

4. PROCEDURE

None

5. Forms

None

6 RELATED POLICIES AND DOCUMENTATIONS

Policy on assets – temporary removal
Policy on assets - disposal

7 REGULATORY FRAMEWORK

GAAP
King III report on Corporate Governance
Higher Education Act (Act 107 of 1997)

8 REVIEW DATE

This policy will be reviewed after three years or as and when the need arises.

9 RECORD OF CHANGES

REVISION	DATE	AUTHOR(S)	DESCRIPTION

10 APPROVAL



Registrar (Secretary of Council)