



KARIBIB TOWN COUNCIL

FIXED ASSETS POLICY

KTC FIXED ASSETS POLICY



FIXED ASSETS POLICY (MOVABLE)

APPROVED BY THE COUNCIL

2019

PREPARED BY: _____ (MANAGER: FINANCE & ADMIN)

VERSION 1.0

KTC FIXED ASSETS POLICY

1. INTERPRETATION

In this policy document:

- 1.1. Act: shall mean the Local Authorities Act, Act 23 of 1992 as amended and any regulation or by-law made thereof;
- 1.2. Council: shall mean the Town Council of Karibib;
- 1.3. Procurement Act: shall mean the Public Procurement Act, Act 15 of 2015 and any regulations or by-law made thereof;
- 1.4. Fixed Assets: Shall refer to movable Assets ONLY;
- 1.5. Revaluation: shall refer to the action of assessing the value of a Fixed Asset again;
- 1.6. Depreciation; shall mean the reduction in the recorded cost of a fixed Asset in a systematic manner until the value of a Fixed Asset becomes zero;
- 1.7. Auction: shall mean the process of disposing Fixed Assets by taking bids and selling the Fixed Asset to the highest bidder;

2. PURPOSE AND BACKGROUND

2.1. Purchase of fixed assets

The purpose of this document 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.

2.2. Disposal of fixed assets

The purpose of this document 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:

- a) ensure that only valid fixed asset disposals are recorded and that they are accurately and completely recorded in the accounting records;
- b) Ensure that the KTC receives due compensation for the sales.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and;

- c) Ensure that council does not accumulate surplus assets;
- d) That council can account for the Fixed Assets appearing in the AR

2.3. Maintenance and safeguarding of fixed assets

The purpose of this document 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 that their

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useful life is maximised. It is also important that fixed assets are adequately safeguarded to prevent them from being misappropriated or damaged.

2.4. Keeping a fixed asset register

The purpose of this document 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).

2.5. Depreciation of fixed assets

The purpose of this document is to establish guidelines for making provision 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.

Depreciation of fixed assets is based on a straight line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

Fixed Asset	Estimated useful life (years)	Depreciation rate (%)
Office Furniture and Equipment	10	STL
Computer Equipment	5	STL
Land and Buildings	20	STL
Infrastructure	15	STL
Plant and Equipment	10	STL
Sedan Vehicles	5	STL
LDV's and Combi's	5	STL
Heavy vehicles	10	STL
Tractors and Trailers	10	STL

Land is not depreciated as it is deemed to have an indefinite life.

2.6. Revaluation

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying

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values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

2.7. Personal use of Fixed Assets

The purpose of this document is to establish guidelines for instances where KTC property shall be used for personal reasons. It is important that adequate controls are in place to ensure that only valid and authorised personal use of fixed assets occur and that fixed assets are adequately safeguarded to prevent them from being misappropriated or damaged.

3. SCOPE AND LEGAL PROVISIONS

- 3.1. This policy shall apply to all relevant departments of council, including established internal structures established through the Procurement Act;
- 3.2. Where it is clear that any clauses of this policy is inconsistent with the provisions of any Act, or the Procurement Act, the Act(s) shall take precedence;
- 3.3. Where it is clear that any clause of this policy is inconsistent with the provision of any other policy of Council, this policy shall take precedence;
- 3.4. The policy shall remain in force until such time that it is reviewed, amended or repelled and replaced by another regulations;
- 3.5. Some clauses of this policy may not be applied immediately as they are reliant to the competency and completeness of the Financial Management System the Local Authority Council of Karibib have in place;

1. Purchase of fixed assets		
1.1 All purchases of fixed assets should be in accordance with the budget approved by the Council. No unauthorized capital expenditures will be incurred by council;	Council	Continuously
1.2 It is the responsibility of each Head Of Department & Division own specific capital expenditure requirements as part of the annual budgeting process.	HoDs	Annually
1.3 The Manager Finance, in conjunction with the Chief Executive Officer must perform an analysis to determine the most beneficial option of acquisition. Options to be considered are as follows: a) Purchase of a fixed asset; b) Lease/rent of a fixed asset from a service provider. c) Hire purchase	Manager Finance CEO	Ad-hoc
1.4 Prior to making commitments for capital expenditure, even though previously approved by the Council, the clearance of the Chief Executive Officer should be obtained to ensure the availability of funds. Normal purchasing (procurement) procedures must be followed in respect of all capital expenditure (refer to procurement policies and procedures).	Chief Executive Officer	Continuously
1.5 Assets costing less than N\$ 1, 000 will be expensed (charged directly to the appropriate budget). They will not be recorded in the central fixed assets register but each will be treated as Inventories where each office will be maintaining its records through the supervision of the Stores Clerk: - the date of purchase; - the cost; - the location of the asset; - the expected useful life and; - in due course the date of disposal or obsolescence. The assets must be clearly marked as KTC property.	Accountant	Continuously

1.6 All assets costing more than N\$ 1, 000 must be clearly marked as KTC property and recorded in the fixed assets register maintained by the Accountant. They must be capitalized and written off over their useful life. The writing down of the book value of assets will be carried out by the Accountant.	Accountant	Continuously
1.7 All items of a material value received by way of a grant shall be recorded as fixed assets in the accounting records at its fair value in line with the provisions of the Act	Accountant	Ad-hoc
1.6 The Manager: Finance must attach fixed asset numbers 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.	Manager: Finance	Continuously
1.8 The Manager: Finance 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 regarding the procedures of taking out insurance cover.	Manager: Finance	Continuously
1.9 Each year, Line Managers will be asked to confirm the existence and location of all fixed assets for which they are responsible.	Line manager	Annually
1.10 For recording of acquisitions in the accounting records refer to section 5.	Manager: Finance	Continuously
2. Disposal of fixed assets		
2.1 Disposal should take place when one of the following circumstances exist: a) Damaged or broken; b) Obsolete; c) Stolen/Missing; d) Item reached the end of its useful life. e) Asset is being declared a surplus Asset		Ad-hoc
2.2 The employee, responsible for the custody over an asset, must inform the Line Manager of the relevant department if any damaged, broken,	Employee	Continuously

obsolete or stolen/missing assets have been identified within 24 hours of the incident.		
2.3 The person recommending the disposal of fixed assets should, as far as possible, justify: a) the reason for disposal; b) the need for replacement (if any); and c) indicate the estimated net realisable value of the asset at the time of the disposal and the estimated replacement cost.	Line manager	Continuously
2.4 The Line Manager of the respective Department shall make a recommendation by submitting a motivation letter, supported by adequate documents motivating the decision for disposing of the fixed asset to the Chief Executive Officer. The information to be provided shall include: • the date of purchase; • cost price; • accumulated depreciation; • book value; • serial number; • model and; • the reason why the item is to be disposed of.	Line managers CEO	Continuously
2.5 The disposal of assets can only be undertaken with the Recommendation of the Procurement Committee and approval by the Chief Executive Officer.	Procurement Committee CEO	Continuously
2.6 Based on the document approved by the Chief Executive Officer, the Manager Finance must decide on one of the following methods to dispose of the fixed asset: a) Sale of fixed asset; b) Transfer of fixed asset; c) Scrapping of fixed asset (i.e. disposing the fixed asset without receiving any compensation for it); d) Donation for charity	Manager Finance	Continuously

chairperson of the Procurement Committee e) If the predetermined reserve price has been offered, the asset will be sold to the highest bidder. f) If the reserve price was not offered, the asset must be sold via a public Procurement, unless otherwise the Procurement Committee indicates otherwise		
<i>2.7.4 Public Procurement Procedures</i> a) The list of the items for sale approved by the Chief Executive Officer is formally advertised in at least 2 daily newspapers for a period of two weeks for the public to make formal bids for the listed items. b) When disposing of assets an advertisement should be placed in the media, or a recognised auctioneer should be used. The asset should be sold to the highest bidder. c) Refer to paragraph 2.7.3 b) to e) above for the Procurement process. d) If the reserve price was not offered, the assets will be sold to the highest bidder overall (closed internal Procurement and public Procurement). e) A formal confirmation of the price and item sold to the individual is sent to the specific individual.	PMU PMU Procurement Committee Procurement Committee Procurement Committee	Ad-hoc Ad-hoc Ad-hoc Ad-hoc Ad-hoc
<i>2.7.5 Auction procedures</i> a) No obsolete equipment or vehicles shall be sold without the authorization of Council	Procurement Committee/ Council	Ad-hoc Ad-hoc

b) The services of professional auctioneers will be used to conduct auctions.	Procurement Committee/ PMU	Ad-hoc
c) All obsolete equipment or vehicles need to be transferred to the demarcated store area or Auction Yard. Goods will be kept locked up until such time as it will be disposed of on public auction or public Procurement.	Procurement Committee/ PMU	Ad-hoc
d) The Procurement Committee and the procurement officer (PMU) or his/her nominated representative is the only persons authorized to have keys for the Auction Yard or demarcated store area. No person shall have access to the Yard or demarcated store area without the necessary approval.	Procurement Committee	Ad-hoc
e) All obsolete equipment or vehicles need to be accompanied by a report signed by the relevant manager, indicating the asset code, quantity, description, value and reason why the equipment or vehicle seems to be obsolete. The Procurement Committee or his/her nominated representative will be responsible for the receipt of the obsolete equipment or vehicles and need to keep an obsolete fixed asset register.	HoD Procurement Committee Manager Finance	Ad-hoc
f) The Chief Executive Officer at the recommendations of the PMU or Procurement Committee will be responsible to appoint an auctioneer.	CEO Manager Finance Procurement Committee	Ad-hoc
g) The Procurement Committee, will provide reserve prices on lots or items to the auctioneer where deemed necessary.	Auctioneer	Ad-hoc
		Ad-hoc

h) The Auctioneer must sort all material in the Auction Yard into lots and prepare documentation so as to clearly indicate the prices obtained for every lot.	Procurement Committee	Ad-hoc
i) The Procurement Committee maintain the right to stop auctions at any time or to withdraw lots or parts thereof at any time.	Procurement Committee Manager Finance	
j) Articles subject to reserve prices may be withdrawn by KTC if offers equal to the reserve prices or higher are not received.		
k) All obsolete equipment or vehicles presented for sale shall be sold as is, and neither KTC nor the Auctioneer is responsible for any errors in description, quality and quantity since no guarantee is given for any lot. Lots will be displayed for examination on the day before the auction and buyers should ensure that they are acquainted with the contents.		
l) The auctioneer may, if he deems fit, demand a deposit from buyers to serve as a partial payment or as security, which will be refunded if no purchases are made by the buyer. In the event of purchases being made the deposit will then be set off against the sale price. Furthermore it must be understood that this is solely an agreement between the auctioneer and the buyer, and must not be seen as a condition of sale issued by KTC.		
m) All potential buyers shall register before the sale commences and complete and sign a form being the agreement with the auctioneer relating to the conditions of sale. Buyers will receive a list of		

conditions of sale which must be studied before the auction. n) Payment shall only be accepted by means of cash in local currency or Electronic fund transfer EFT. o) VAT is payable in all purchases except when a tax clearance certificate can be produced. p) The buyer is the highest bidder whose offer was accepted by the auctioneer. q) As soon as an offer for a particular lot is accepted, the responsibility for the safety of such a lot becomes that of the buyer. All reasonable precautions shall, however, be taken to safeguard the buyer's purchases. r) If any dispute arises between two or more bidders, the relevant lot may be re-auctioned or the auctioneer may indicate the buyer. s) Buyers are to remove lots at their own cost and risk, immediately after the auction or as agreed upon with the relevant KTC officials concerned with the auction. Only after obtaining a sales advice as proof of ownership, which will serve as a gate pass, may any property be removed from the premises. If buyers fail to remove lots within 14 days, KTC has the right to remove or do away with such lots, as it deems fit, and at the buyer's expense. t) Buyers, their representatives or employees, are only allowed on KTC property at their own risk and KTC accepts no responsibility for their safety. No buyer, his	Auctioneer Procurement Committee PMU	Ad-hoc Ad-hoc Ad-hoc
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representative or employee, may, for any purpose whatsoever, remain on the relevant KTC property at times other than normal working hours. u) All articles in a lot shall be removed, irrespective of the condition thereof, and no sorting of lots will be allowed on the auction premises. v) After the auction the Auctioneer must submit a report of the revenue obtained and invoice to the Procurement Committee who will then arrange for payment of the Auctioneers' services via the normal procurement procedures. w) It is the responsibility of the Auctioneer to collect all proceeds from the Auction. Revenue collected is to be paid to KTC within 7 days after the Auction.	Procurement Committee Auctioneer	Ad-hoc
2.7.5 The Accountant must raise an invoice for the sale, based on the successful Procurement's price.	Accountant	Ad-hoc
2.7.6 The Accountant receives the consideration for the disposed asset. For procedures regarding receipts, please refer to the Accounts Receivable policies and procedures.	Accountant	Ad-hoc
2.7.7 Arrangements regarding the removal of the sold asset from the premises must be made by the Procurement Committee with the new owner of the asset only when full payment has been received.	Procurement Committee	Ad-hoc
2.7.8 Movement of Assets		
2.7.8.1 The Accountant must be informed before any movement of assets can take place. Should this procedure not be followed the original owner would be held responsible for the items, even though they are no longer	Accountant	Continuously

in his/her possession. Any asset to be moved from room to room or building to building at the KTC shall be reported to the Senior Officer, who shall record the movement before and after it occurs 2.7.8.2 The notice to move assets must include information such as the asset number and description, the justification for the transfer, and the old and new destinations 2.7.8.3 The Accountant must make the changes in the assets register according to the movements 2.7.8.4 The receiver of the transferred item(s) will now assume full responsibility for the safeguarding and protected of such item(s)		
2.7.9 All donations and Alienation of Assets will be aligned to the provisions of the Local Authorities Act, Act 23 of 1992 as amended 2.7.9.1 All alienations and donations of assets shall be authorized by the CEO who may consult the Procurement Committee or Council/Management/, as and when appropriate. 2.7.9.2 The Manager Finance must be informed of all proposed donations of assets to external institutions after approval has been obtained. 2.7.9.3 Should the asset be fully depreciated, the Manager Finance will make a recommendation to the CEO, on what could be a realistic monetary value for the asset, after which the parties may agree on an amount that will serve as a minimum price for the donation or sale of the item.	Manager Finance CEO Manager Finance Manager: Finance Accountant	Continuously Continuously Continuously

2.7.9.4 After the alienation (donation or sale), the Manager: Finance will adjust the assets register and also forward the profit or loss of the alienated assets to the Accountant for any adjustments in the ledger.		
2.7.10 Return of assets to KTC premises		
2.7.10.1 On return of the asset previously removed from the KTC office, the official will report such return to the Accountant. Both these officials should sign the Removal Form	Accountant	Continuously
2.7.10.2 The Accountant shall ensure that the assets are in the same condition it was when it was removed from the KTC Office. Any damage or alteration to the asset shall be reported to the Manager Finance immediately.	Accountant	Continuously
2.7.10.3 Upon resignation, each employee is required to complete the Exit Form. Hereon, Line Manager should indicate whether all outstanding assets (if any) have been returned. If not, this should be reported to the Accountant immediately.	Line Manager	Continuously
2.7.11 The Accountant must record the disposal of the asset in the general ledger.	Accountant	Ad-hoc
2.7.12 The Manager: Finance must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds.	Manager: Finance	Ad-hoc
2.7.13 The Procurement Committee must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered.	Procurement Committee	Ad-hoc
2.8 Scrapping		

2.8.1 The Procurement Committee must investigate the possibility of selling the fixed asset as scrap.	MANAGER: F& Procurement Committee	Ad-hoc
2.8.2 If the fixed asset can be sold, refer to paragraph 2.7 for further guidelines on the procedures for the sale of a fixed asset.	Procurement Committee	Ad-hoc
2.8.3 If the fixed asset cannot be sold, the Procurement Committee must decide on the manner of discarding the fixed asset and take appropriate action.	Procurement Committee	Ad-hoc
2.8.4 The discarding of an asset which cannot be sold should be recorded in the general ledger via a journal entry.	Accountant	Ad-hoc
2.8.5 The source document to support the scrapping journal to update the general ledger is approved by the CEO as in 2.4.	Procurement Committee	Ad-hoc
2.8.6 The Accountant must prepare this journal based on the document as mentioned above, and provide it to the Manager Finance for approval.	Manager Finance	Ad-hoc
2.8.7 The Manager Finance must approve the journal and return it to the Accountant who is responsible for the monthly processing of journals to update the fixed assets and scrapping account in the general ledger.	Procurement Committee	Ad-hoc
2.8.8 The Manager: Finance must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds.	Manager: Finance	Ad-hoc
2.8.9 The Procurement Committee must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered.	Procurement Committee	Ad-hoc
2.9 Write-off		
2.9.1 The discarding of an asset which is written-off must be recorded in the general ledger via a journal entry.	Accountant	Ad-hoc
2.9.2 The source document to support the write-off journal to update the accounts in the general ledger is the request approved by the CEO as in 2.4.	CEO	Ad-hoc
2.9.3 The Accountant must prepare this journal based on the document as	Manager Finance	Ad-hoc

mentioned above, and provide it to the Manager Finance for approval.		
2.9.4 The Manager Finance must approve the journal and return it to the Accountant who is responsible for the monthly processing of journals to update the fixed assets and write-off accounts in the general ledger.	Manager Finance	Ad-hoc
2.9.5 The Manager: Finance must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds.	Manager: Finance	Ad-hoc
2.9.6 The Procurement Committee must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered.	Procurement Committee	Ad-hoc
2.9.7 The Manager: Finance must ensure that all procedures for aspects related to claiming the loss from the insurance company are addressed.	Manager: Finance	Ad-hoc
3. Assets under construction		
3.1 Separate Ledger accounts must be used for assets under construction.	Accountant	Continuously
3.2 All relevant expenditure incurred on assets under construction must be accounted for against the asset under construction accounts.	Accountant	Continuously
3.3 Monthly management information must include progress reports comparing project plans and budgets to actual expenditure for the assets under construction.	Manager: Finance	Continuously
3.4 On completion of the asset under construction: a) The Manager: Technical and Town Planning and CEO must sign off the asset under construction as completed.	Manager Finance CEO	Continuously
3.5 The Manager: Finance must ensure the transfer of the costs of completed assets from the assets under construction general ledger accounts to	Manager: Finance	Continuously

the fixed asset accounts and register by reviewing the additions as processed by the Accountant.		
4. Maintenance and safeguarding of fixed assets		
4.1 The Procurement Committee is required to take a complete inventory of fixed assets of the KTC and agree them with the fixed assets register. This should be performed twice in each financial year.	Procurement Committee	Bi-annually
4.2 A summary of any discrepancies should be prepared by the Procurement Committee. It should reflect the value of the discrepancies, the necessary action required and adjustment in the accounts. Any discrepancies in excess of N\$5,000 should be reported to the Manager Finance/CEO.	Procurement Committee	Bi-annually
4.3 The individual who has custody over an asset(s) is responsible for safeguarding the assets. These procedures should include, where applicable: a) Prevent unauthorized access to the KTC premises; b) Lock/safeguard moveable assets; c) Protect outdoor assets to prevent damage from weather etc.	Custodian	Continuously
4.4 Each Line Manager is responsible to ensure that all assets in his/her Department are regularly serviced and maintained in order to keep them in a good condition (frequency of service depends on type of asset and recommendation of supplier).	HoD	Continuously
4.5 When an asset needs to be removed temporarily from the premises, the Procurement Committee/PMU must be requested to prepare an asset removal form, recording the following information: a) Date of removal; b) Description of asset/s to be removed;	Procurement Committee CEO	Ad-hoc

c) Reason for removal (e.g. repairs, workshop name, etc.); d) Signature and details of person taking custody of the asset; e) Approval of removal (before removal takes place) by the Line Manager of the Department; f) Date on which asset was returned (completed when asset returned); g) Confirmation of employee taking custody of the asset (to be completed when asset returned). h) The receiver of the transferred item(s) will now assume full responsibility for the safeguarding and protection of such item(s) Assets may only be removed with prior approval of the CEO.		
4.6 The Procurement Committee must review the asset removal forms on a monthly basis and follow-up on assets not yet returned.	Procurement Committee	Monthly
5. Keeping a fixed asset register		
5.1 The fixed asset register should be compiled and maintained by the Manager Finance, preferably using a suitable computerised software package.	Manager Finance	Monthly
5.2 A fixed asset register shall be updated on a monthly basis to provide details which should have separate categories for each class of asset, for example office furniture, equipment, motor vehicles, etc. or per departmental vote	Manager: Finance	Monthly
5.3 The register should show: a) the description of item (e.g. computer printer) b) identification details (serial number, registration number, make, etc.) c) the purchase cost or total cost of construction d) the date of purchase e) location (e.g. reception, Council/Management room) f) other useful information if possible such as the supplier,	Manager: Finance	Continuously

invoice number, colour, sponsoring donor, reasons for decision to purchase – how and by whom decision was made, etc. g) subsequent history – major repairs, changes in use, details of eventual disposal, etc. h) Estimated useful or economic life and its depreciation rate i) Annual depreciation and accumulated depreciation j) Any additional capital expenditure subsequent to commission for use k) Date of disposal and its disposal price or date of writing off l) Valuation and impairment, if applicable m) Tax value		
5.3 Fixed Asset shall be recorded in the fixed asset register and recognised as a fixed asset at the date of commissioning for use.	Manager: Finance	Continuously
5.4 All fixed assets shall be adequately insured against all possible risks.	Manager: Finance	Continuously
5.5 All additions to fixed assets, whether acquired through own funds or grants, should be reflected in the fixed assets register as and when they are acquired.	Manager: Finance	Continuously
5.6 A separate inventory should be maintained of items written off in the year of purchase but which have a useful life of more than one year (e.g. calculators).	Manager: Finance	Continuously
5.7 From the fixed asset register, an inventory list is printed per location (e.g. office) by the Manager: Finance. This list is distributed to each employee responsible for the assets in the specific location.	Manager: Finance	Bi-annually
5.8 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 Manager: Finance must ensure that he/she receives the confirmations on a 6-monthly basis.	Manager: Finance	Bi-annually

5.9 The Internal Auditor must perform a physical fixed asset count on a surprise basis and agree the quantities on hand to the fixed asset register and the inventory lists in each office. Any differences identified should be reported to the CEO and the FM: F&A. Staff members will be held accountable for any differences due to their negligence.	Internal Auditor/ Appointed Asset verifier	Ad-hoc
5.10 The Internal Auditor must obtain reasons for the differences and follow up on them. Any scrapings/write offs resulting from this should be approved by the CEO.	Internal Auditor, CEO	Ad-hoc
5.11 The Manager: Finance must update the fixed asset register on a regular basis i.e. when fixed asset related transactions have taken place. The following transactions will affect the fixed asset register: a) Purchases; b) Sale; c) Scrapping; d) Write-off; e) Impairment; f) Revaluation.	Manager: Finance	Ad-hoc
5.12 The Accountant must review the fixed asset register by agreeing the entries in the fixed asset register to the original documentation (invoices/receipts from supplier). The Accountant must pay specific attention to accuracy, completeness and validity of the updates in the fixed assets register.	Accountant	Continuously
5.13 The Accountant must reconcile the fixed asset register to the general ledger fixed assets accounts (cost as well as accumulated depreciation and revaluations/impairment) on a monthly basis. Any differences identified should be investigated and necessary corrections should be made.	Accountant	Monthly
6. Depreciation of fixed assets		
6.1 Depreciation of fixed assets shall be provided on all assets 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. Depreciation ceases at the earlier of the date on which the	Manager: Finance	Ad-hoc

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. (also refer to council's depreciation policy)		
6.2 The estimated useful or economic lives and depreciation rates are as per the introduction of this procedures document. The estimated useful lives of the assets may be reviewed and revised, and any revision shall be approved by the Council/Management.	Council/Management	Ad-hoc
6.3 The Accountant must calculate the provision for depreciation on a monthly basis by using the information in the fixed asset register.	Accountant	Monthly
6.4 The Accountant must prepare a summary of the depreciation per fixed asset category.	Accountant	Monthly
6.5 Fixed assets fully depreciated (i.e. book value is N\$ 1.00 but the asset is still in use) are carried in the fixed asset register at N\$ 1.00 value or recognized as an inventory and should appear at an inventory list	Accountant	Continuously
6.6 The Accountant must prepare and process the depreciation journals to update the fixed assets and depreciation accounts in the general ledger. The source document to support the monthly journals is the summarised depreciation calculation.	Accountant	Monthly
6.7 The Manager Finance must approve the journal after he reviewed it for accuracy and completeness.	Manager Finance	Monthly
7. Revaluation		
7.1 Assets are revalued according to the accounting policy:	Manager Finance Council/Management	Ad-hoc

a) An expert must be consulted where necessary b) The Council/Management reviews and approves the experts' report		
7.2 The accounting adjustments as a result of the revaluation are processed by the Accountant (refer to policies and procedures for the general ledger for processing of journals).	Manager: Finance	Ad-hoc
8. Information to the chief executive officer, finance and audit committee and Council/Management		
8.1 The Manager: Finance compiles the annual management information and submits it to the Chief Executive Officer for review.	Manager: Finance	Annually
8.2 The Manager Finance must present a summary on an annual basis to the CEO and on a quarterly basis to the Audit Committee stating the following information: a) Procurement during the period • Description of asset; • Cost price; • Budget; • Department who acquired asset. b) Disposals during the period • Description of asset; • Reason of disposal; • Amount received; • Loss/Profit. c) Schedule summarizing the depreciation for the period and year to date. d) All write-offs of assets for the period; e) Summary of kilometres travelled with pool vehicle and amount spent on the pool car (fuel, service); f) Results of 6-monthly fixed asset confirmation by employees; g) Results of annual fixed asset verification.	Manager Finance	Annually
8.3 A summary of fixed asset acquisitions and disposals will be reported to the Council/Management annually.	Manager Finance	Annually
8.4 Personal use of assets		

8.4.1 Only the CEO may approve the use of KTC assets for personal use	CEO	Continuously
8.4.2 The date on which the asset must be returned must be monitored by the Manager Finance/PMU to ensure that such assets are returned on the date indicated on the removal permit	Manager Finance PMU	Continuously

4. REVIEW

4.1. This policy shall be subject to review as follow-

- (a) Annually,
- (b) Or when Council deems it necessary to review the policy

5. APPROVAL

4.1. This Policy is Approved in as per the below details;

- (a) Council Resolution: _____
- (b) Date: _____

Signature: Chairperson of Council

Chief Executive Officer