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DEFINITION OF TERMS

For the purpose of this policy, the following terms are defined:

Asset Impairment: A current market value that is less than the carrying value as recorded on the University's balance sheet.

Asset: An economic resource owned by Bolgatanga Technical University (BTU) that generates benefits or service which will flow to BTU and whose costs of fair value can be measured reliably.

Capitalization: The recognition of expenditure of an asset in the financial asset register of the University.

Coding: Generating and assigning a unique number to an asset for identification and classification.

Depreciation: A non-cash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence.

Disposal: The sale, transfer of ownership or destruction of surplus or obsolete assets.

Fixed Asset/Capital Asset: All assets which cannot easily be converted into cash and which are usually held for a long period of time, including land, buildings, equipment and furniture.

Revaluation: The upward or downward adjustment of the net book value of a fixed asset to account for major changes in the fair market value of the asset.

Tagging: The process of numbering and labeling fixed assets and allowing the tracking of their movement from location to location.

The University: Bolgatanga Technical University

ABBREVIATIONS

DADF	– Donated Asset Declaration Form
DVD	– Digital Versatile Disc or Digital Video Disc
FADF	– Fixed Asset Disposal Form
FATF	– Fixed Asset Transfer Form
GRN	– Goods Received Note
IAS	– International Accounting Standards
IFRS	– International Financial Reporting Standards
PC	– Personal Computer
ROI	– Return on Investment
WIP	– Work-In-Progress

SECTION ONE: INTRODUCTION

Fixed assets are resources with economic benefits to the University that exceeds one year. The management of fixed assets enables organisations to monitor equipment, vehicles and other fixed assets, assess their condition, and keep them in good working condition. This helps to minimise lost inventory, equipment failures and improves fixed assets lifetime value.

This policy thus defines the guidelines, regulations and procedures governing the control and reporting of fixed assets. This includes accountability for the assets, meeting financial reporting needs, and generating asset management information. It is intended to assist the University in implementing and maintaining an effective fixed assets control programme. The implementation of an effective and accurate process for tracking fixed assets is necessary for several reasons, viz:

- i. The University requires to track asset cost, depreciation and disposal.
- ii. The University can also use asset records for insurance purposes. In the event of a loss, it is necessary to have an accurate record of the University's assets to ensure comprehensive insurance coverage.
- iii. Most importantly, it is for accountability purposes. It is important to have a policy that helps to account for the use of University funds.

1.1 Purpose of the Policy

This policy purports to describe required standards for recording new and existing fixed assets, changes in fixed assets and the methodology of record keeping. It also provides procedures to assist the University in safeguarding, accounting for and disposing of fixed assets. Specifically, the policy is to:

- i. establish procedures for the recording and capitalization of fixed assets;
- ii. provide methods of depreciation, impairment, diminution and amortization of fixed assets;
- iii. provide that timings for revaluations and accounting in respect of the fixed assets have been determined and documented;
- iv. establish procedures for write-off and disposal of fixed assets; and
- v. provide procedures that comply with regulatory requirements and standards on fixed assets management.

1.2 Scope of the Policy

This Policy applies to fixed assets acquired with funding originating from the University, the Government or other external sources and by gift or loan. It includes management of the University's fixed assets specifically land, buildings, plant, equipment, furniture, software, goodwill and other assets of an enduring nature which are owned and controlled by the University.

SECTION TWO: RESPONSIBILITY FOR FIXED ASSET MANAGEMENT

The responsibilities of various key officers in the enforcement of this policy are as follows:

2.1 The Vice Chancellor

The Vice-Chancellor shall have oversight responsibility for the monitoring, implementation and the enforcement of this Policy.

2.2 Deans/Directors/Heads of Departments/Units

Deans, Directors, Department/Unit Heads shall be responsible for familiarizing themselves with and sensitizing staff within their Faculties/ Directorates on this Policy. They are also obliged to ensure that:

- i. Current inventory of all fixed assets within the Faculties/Directorates is properly maintained;
- ii. They notify the Estate Manager and the Director of Finance whenever fixed assets are to be acquired, transferred, donated, impaired, stolen, lost or otherwise to be disposed;
- iii. They identify and report to the Estates Manager and Director of Finance any surplus assets which are useable but need not be in their Faculties/ Directorates, or which are beyond economic repair and need to be disposed off; and
- iv. They secure, handle with care and use assets under their custody for only official business of the University.

2.3 The Estate Officer

The Estate Officer shall be responsible for the custody, management and control of fixed assets in the University.

2.4 The Finance Officer

The Director of Finance shall be responsible for coordinating fixed assets audits and physical inventories with the Estate Officer as well as recording capital fixed asset acquisitions, transfers and disposals. Where necessary, the Director of Finance shall recommend the review of the Policy subject to approval by the Academic Board in order to improve fixed assets management and comply with changes in the financial reporting standards.

SECTION THREE: CLASSIFICATION OF FIXED ASSETS AND CODES

3.1 Fixed Assets Categorization

Fixed Assets shall be classified as follows:

- i. Land
- ii. Buildings
- iii. Furniture
- iv. Equipment
- v. Fixtures and Fittings
- vi. Plant (e.g. Generator sets)
- vii. Intangible Assets
- viii. Vehicles

3.2 Procedure for Updating the Fixed Assets Register

- i. Key Officers, Academic and Administrative Heads shall make their request to the Estate Officer through yearly budget.
- ii. The Estate Officer shall compile the request from the various offices, departments and faculties for consideration by the Vice Chancellor after conducting needs assessment.
- iii. The decision on these requests shall be forwarded to the Director of Finance and the Procurement Officer.
- iv. All purchases shall be done by the Procurement Officer in accordance with the requirements of the Procurement Law.
- v. The Internal Audit Directorate with the user department shall inspect all the items and certify that they are the appropriate fixed assets requested.

- vi. All procured items received shall be coded (Appendix I) and captured in the fixed assets register.

SECTION FOUR: CAPITALIZATION

4.1 Capitalization Procedure

- i. This involves establishing criteria and/or threshold(s) for classifying an item as a fixed asset.
- ii. Appropriate capitalization thresholds for fixed assets are to be determined by the University using appropriate methods.
- iii. The University acquired assets can either be complete units ready for use (direct acquisition) such as vehicles, computers, equipment and projectors or through project expenditure for fixed assets like buildings and roads (indirect acquisition).

4.2 Capitalization Guiding Principles

The capitalization thresholds shall be as follows:

- i. Lands, buildings and motor vehicles shall be capitalized regardless of the cost.
- ii. Fixed assets additions, repairs, replacements or expansions expenditures that enhance or extend the useful economic life of the fixed assets shall be capitalized.
- iii. Completed projects ready for use shall be moved from work in progress (WIP) costs into the appropriate fixed assets classification.
- iv. Expenditure incurred in acquiring Information Communication Technology (ICT) equipment (such as laptops, notebooks, desktop computers, servers, printers) shall be

capitalized. Where there is additional expenditure to improve/upgrade existing equipment, the expenditure shall be capitalized.

- v. Furniture and equipment acquired with expected lifespan of five (5) years shall be capitalized. However, equipment of household nature such as utensils acquired for use in administrative offices will not be capitalized.
- vi. When fixed assets are capitalized, the University shall assign a fixed asset number and arrange for the fixed asset to be tagged with the fixed asset number for control purposes.
- vii. Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the fixed asset or increase the fixed asset's future service potential are not capitalized. These costs are expensed as repairs or maintenance.

SECTION FIVE: FIXED ASSET VALUATION AND REVALUATION

The responsibility to undertake valuation and revaluation of fixed assets lies with the Director of Finance and the Estate Officer.

The objectives of valuation are to:

- i. ascertain fair values of fixed assets for accounting purposes, disposal or other purposes.
- ii. facilitate reconciliation of the fixed asset register and the physical inventory of fixed assets.
- iii. establish replacement costs for purposes of insurance and general replacement of fixed assets.
- iv. establish and advise on the expected useful life in years for the fixed assets from the date of revaluation.
- v. enable proper internal reconstruction, such as to decrease the ratio of debt to equity.

5.1 Valuation of Fixed Assets

- i. Valuations of land when carried out by a certified valuer(s) are the most appropriate methods of obtaining land values. Using the concept of current cost, land will be valued at market value.
- ii. Anything done on land to improve its utility, service potential or make it ready for an identified use that has a limited useful economic life should be included in the land improvements. The valuation basis most appropriate to land improvements will be replacement cost.
- iii. Land improvement when considered to have an unlimited life shall be valued as part of the land rather than as a separate component, as the two items may be difficult to separate.
- iv. For building structures, the determination of current market value will generally be established by a certified valuer(s).
- v. Furniture and equipment, computers, motor vehicles and academic gowns are valued at cost.

5.2 Revaluation of Fixed Assets

- i. Revaluation shall be conducted every five (5) years for land and buildings. Other fixed assets of operating nature such as: furniture and fittings, equipment, motor vehicles and academic gowns may be revalued if the University Management considers it appropriate.
- ii. The fixed assets register is to be maintained using the historical data and original cost for regulatory purposes. However, revalued fixed assets would be updated in the fixed assets register. The valuation report will be used as evidence to update the value of fixed assets in the financial statements.

SECTION SIX: DONATED FIXED ASSETS

Where a Department/Unit/Office receives a gift or donation of a fixed asset, they should fill the Donated Asset Declaration Form (DADF) (Appendix II) and forward to the Estate Officer to record in the fixed assets register.

SECTION SEVEN: CAPITAL BUDGET

Departments and Units shall prepare their budget estimates for the various capital expenditure requirements. The Directorate of Works and Physical Development shall conduct a needs assessment survey to recommend fixed assets requested by departments and units before procurement. Capital projects in the University shall be requested through the Directorate of Works and Physical Development.

The budget items shall be consolidated at the Finance Directorate and rationalized by the University Budget Committee before approval by the University Council.

Energy rating and efficiency shall be considered in every capital expenditure on fixed assets that have anything to do with energy usage.

SECTION EIGHT: FIXED ASSETS TAGGING

i. Tagging shall be done to identify fixed assets belonging to the University. The importance of tagging is to:

- a. provide an accurate method of identifying individual fixed assets;

- b. assist in taking the physical inventory;
 - c. control the location of physical fixed assets; and
 - d. aid in the maintenance of fixed assets.
- ii. The tag number is entered in the fixed assets register at the point of tagging by the officer in charge of fixed assets tagging. The fixed asset tag itself will be issued by the Estate Officer to the assignee (with responsibility for the asset) for attachment to the fixed asset.
- iii. Every fixed asset should be tagged.
- iv. Other special fixed assets to be tagged regardless of their value include such as overhead projectors, printers, televisions, DVD players, video cameras, decoders, digital cameras, fax machine, desktop computers, laptop computers, tablets and any asset that can be easily stolen.
- v. The tags should be consistently placed in the same location on each similar fixed asset type. The tags should be placed, if possible where they can be:
 - a. easily accessible
 - b. easily identifiable without disturbing the operation of the asset.

SECTION NINE: DEPRECIATION

Depreciation is charged on straight line basis calculated at cost or valuation of a fixed asset over its useful economic life. Depreciation is charged in full during the year of acquisition and nil during the year of disposal.

9.1 Fixed Assets Depreciation Rates

The annual rates of depreciation for each class of fixed assets are as follows:

- a. Buildings (5%)

- b. Motor Vehicles (25%)
- c. Furniture and Fittings (20%)
- d. Plant and Machinery (20%)
- e. Academic Gowns (25%)
- f. Software (25%)
- g. Office Equipment (20%)

9.2 Posting of Depreciation

- i. Depreciation shall be calculated annually and charged to the income statement.
- ii. The depreciation shall be effective from the day the fixed asset is capitalized.

SECTION TEN: INVENTORY OF FIXED ASSETS

- i. A register of fixed assets shall be maintained by the Estate Officer.
- ii. Title deeds, leases and contracts relating to land and buildings shall be maintained by the Director of Works and Physical Development, the Head of Legal Services and the Registrar.
- iii. The Director of Works and Physical Development and the Director of Finance shall annually conduct an inventory inspection of all fixed assets of the University.

SECTION ELEVEN: MOVEMENT OF FIXED ASSETS

When a fixed asset is transferred to another unit, the transferring unit together with the receiving unit shall fill in the Fixed Asset Transfer Form (FATF) (Appendix III) and forward to the Estate Officer to update the Fixed Assets Register.

SECTION TWELVE: DISPOSAL OF FIXED ASSETS

12.1 Fixed/Capital Assets Impairment

- i. A capital asset will be considered to be impaired when its service utility has permanently declined significantly. Events or changes that may lead to impairment include: physical damage, obsolescence and technological, legal or environmental changes.
- ii. A fixed asset shall be declared impaired by the Estate Officer in consultation with a constituted Board of Survey.
- iii. The responsibility to record the impairment of fixed assets and reversals of impairment losses lies with the Directors of Works and Physical Development and Finance.
- iv. For the purposes of Financial Statements and in compliance with International Financial Reporting Standards, impairment assessment shall be done and if impairment has occurred shall be recognised.

12.2 Fixed Assets Disposal

- i. The University shall dispose fixed assets that are in surplus, not in working condition, obsolete or dismantled as and when the need arises.

- ii. Fixed Assets identified for disposal shall be disposed after completing the Declaration for Disposal of Fixed Assets (DDFA) Form (Appendix IV).
- iii. The University shall dispose fixed assets where the assets are:
 - a. fully depreciated and cannot be economically used;
 - b. not fully depreciated but are damaged beyond repair; and
 - c. unserviceable or obsolete.
- iv. All disposals shall be done in accordance with the Public Procurement Law and associated regulations.

SECTION THIRTEEN: MONITORING AND EVALUATION

Upon implementation, the University Management through the Internal Audit shall annually monitor and evaluate this Policy.

APPENDICES

Appendix I: Asset Coding

BOLGATANGA TECHNICAL UNIVERSITY

FIXED ASSET CODING

1. Segment One (1) – Shall take 3 characters identifying the University i.e. BTU
2. Segment Two (2) – Shall take 2-4 characters as follows:
 - i. Two characters to identify an Office/ Department
 - ii. Two characters to identify sub-offices.
3. Segment Three (3) – Shall take 2-3 characters identifying the item type (Furniture/Equipment/ Fixture and Fittings/ Land/ Building/ Plant).
4. Segment Four (4) – Shall take 3 characters
 - i. Three characters for item quantity
5. Segment Five (5) – Shall take 4 characters
 - i. Four characters indicating year of acquisition

Examples;

1. A cabinet in Estate Office shall be coded and tagged as follows: BTU/EO/EQ/001/2022
2. An Office Desk in Estate Office shall be coded and tagged as follows:
BTU/EO/FUR/001/2022
3. A Ceiling Fan in Estate Office shall be coded and tagged as follow: BTU/EO/FF/001/2022

Land belonging to the University shall be tagged in the Fixed Assets Register as follows:

Eg. Bukere and Balungu Lands.

1. BTU/BU/L/001/2022 (Bolgatanga Technical University/Bukere/Land/Number 1/Year)
2. BTU/BA/L/001/2022 (Bolgatanga Technical University/Balungu/Land/Number 1/Year)

A Generator Set belonging to the University shall be tagged in the Fixed Assets Register as follows:

1. BTU/OL/GS/001/2022 (Bolgatanga Technical University/Old Library/Generator Set/Number 1/Year)
2. BTU/SMB/GS/001/2022 (Bolgatanga Technical University/Sumbrungu/Generator Set/Number 1/Year)

Buildings belonging to the University shall be tagged in the Fixed Assets Register as follows:

Example, Agric Eng. Block and Senior Members Bungalow Sumbrungu:

1. BTU/AGE/MC/BDG/001/2022 (Bolgatanga Technical University/Agric. Eng. Block/Main Campus/Building/Number 1/Year)
2. BTU/SMB/SU/BDG/001/2022 (Bolgatanga Technical University/Senior Members Bungalow/Sumbrungu/Building/Number 1/Year)

Appendix II: Donated Fixed Assets Declaration Form

BOLGATANGA TECHNICAL UNIVERSITY

Donated Fixed Assets Declaration Form

This form is used to add donated fixed assets to the Fixed Assets Register.

Faculty/Directorate/School/Institute/Centre:

Department/Unit:

Name of Donor:

FIXED ASSET INFORMATION

Description: Date of Donation:.....

Make/Model: Manufacturer:.....

Serial No: Part No/Vehicle Reg.:

Asset Type: Tag No:

Prepared by: Date:

Checked by: Date:

Please forward this form to the Estate Officer.

BOLGATANGA TECHNICAL UNIVERSITY

Fixed Assets Transfer Form

This form is used for the transfer of fixed assets

From:..... To:

Faculty/School: Faculty/School:

Department/Unit:..... Department/Unit:

Reason for Transfer:

FIXED ASSET INFORMATION

Description: Date of Purchase:

Make/Model: Manufacturer:

Serial No: Part No/Vehicle Reg.:

Asset Type: Tag No:

Prepared by: Date:

Accepted by: Date:

Please forward this form to the Estate Officer.

Appendix IV: Declaration Form for the Disposal of Fixed Assets

BOLGATANGA TECHNICAL UNIVERSITY

Declaration Form for the Disposal of Fixed Assets

This form is used to declare fixed assets for disposal.

Faculty/School/Institute/Centre:

Department/Unit:

Reason for Disposal: (Please tick)

Obsolescence [] Unserviceable [] Damaged [] Surplus []

Other:

FIXED ASSET INFORMATION

Description: Date of Purchase:

Make/Model: Manufacturer:

Serial No: Part No/Vehicle Reg.:

Asset Type: Tag No:

Prepared by: Date:

Authorized by: Date:

Please forward this form to the Estate Officer.