FIXED ASSETS MANAGEMENT POLICY

DOCUMENT CONTROL	
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Responsible Owner	Risk Management Lead/Champion
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POLICY APPROVAL	
AFAHR CHAIRPERSON – Mr. Lucky Crown Mbewe	**Signature:**
CHIEF EXECUTIVE OFFICER – Ms Linda Dembo	**Signature:**

DATED: 26th June 2025

1. Rationale for the policy

The primary purpose of the policy is to define and outline the procedures for the acquisition, management and disposal of assets for the Malawi Scotland Partnership.

The specific objectives of the policy are as relayed below:

a) To outline procedures and guidelines on the purchase, management and disposal of fixed assets in an objective, efficient, and effective manner.

b) To ensure that the disposal of assets is in line with the laws of Malawi.

c) To ensure that personal interests do not dictate on issues of assets acquisition and disposal.

d) To promote fairness and integrity in the procurement and disposal of fixed assets.

e) To ensure that assets are fairly stated, properly authorised, accurately classified and recorded.

f) To ensure safe custody and proper upkeep and disposal of all movable and non-movable assets for MASP.

2. Definitions

PROCUREMENT (ACQUISITION) means the purchase of assets and services on behalf of MASP.

PROCUREMENT COMMITTEE means a group of individuals selected from the Board of Directors and Management entrusted with the responsibility of processing the acquisition and disposal of assets and services on behalf of MaSP.

A FIXED ASSET is an item purchased for long term use and is not likely to be converted quickly into cash, such as land, buildings, resources controlled by an entity as a result of past events and from which future economic benefits are expected to accrue to the entity.

It is an asset with a useful life of more than one year and is used in the business of MaSP.

2.1. Characteristics of a fixed asset are as follows:

a) It is estimated that the asset will be used for more than one financial year;

b) It has a limited useful life;

c) It is used in the process of delivering services;

d) The resource should have future economic benefits;

e) The future economic benefits should accrue to MaSP.

f) Fixed Assets: Items should be treated as fixed assets when they have both an estimated useful life of more than one year and a value of not less than MKW 1,000,000.

3. Useful Economic Life (UEL)

The charge expensed against an asset each year is known as depreciation and the period over which the asset is expected to be in use is known as Useful Economic Life (UEL) of the asset.

4. Authority

The directors of the board shall collectively have the overall responsibility and authority to approve any acquisition or disposal of the MaSP's fixed assets. However, this task shall be delegated to a Procurement Committee which shall be accountable to the Board on these matters.

4.1. Procurement committee composition

The committee shall comprise two directors, and any designated Officer by the Chief Executive Officer.

4.2. Duties and responsibilities of the Committee:

i. The Committee shall be responsible for vetting all capital expenditure quotations as solicited by management or its representative.
ii. Approving quotations and capital expenditure if within their limit.
iii. Recommending suppliers for consideration to the Board for particular procurement.
iv. The committee or any of its members shall at no point be involved directly in either sourcing quotations, supplying any items or actual purchase of assets unless it is felt necessary for purposes of quality and quantity assurance.

5. Asset Register

The Finance office shall keep a register of assets (fixed assets, high value inventory and attractive items) which must remain on this register throughout its UEL, even if the asset has been transferred or disposed of. This is a crucial control mechanism in safeguarding assets and for reporting about assets acquired to the donor.

The following must be included in the register:

• Asset description
• Category – fixed asset, inventory, attractive
• Finance reference (e.g. QB Ref)
• Class of asset
• Condition
• Date of purchase
• Make, model, serial number
•Book Value
• Owner
• Location
• Details of loss, disposal, sale, transfer
• Designated asset number

The register must be updated as soon as an item is acquired or disposed of. Regular checks (quarterly) made on the condition of the assets. All assets must also be numbered and the number needs to correspond with those indicated in the Register.

6. Acquisition of Assets

On acquisition of any asset, the following procedures shall be followed:

6.1. Fixed Assets:

Coded to the capital section of the general ledger at the point of purchase - Included within the register as a fixed asset and number the item

6.2. Physical Verification of Assets

A rolling physical inspection of all assets shall be carried out throughout the year to identify assets in the assets register and establish the condition of the assets. Every asset will be inspected at least quarterly through this annual process.

- All fixed assets of the MaSP shall be allocated a serial number, which shall be recorded on the physical asset in a clear manner and entered into the fixed asset card in QuickBooks and the excel spreadsheet.
- Physical verification of fixed assets will be performed on a quarterly basis and the fixed asset register and fixed asset control account in the general ledger should be updated accordingly.
- The physical verification documentation shall be filed for future reference.
- The results of the physical verification, and any corrective actions, will be reported to the Board for appreciation.

7. Physical Safeguarding of Assets

All fixed assets shall be safeguarded in secure locations with only authorized staff having access.

- Access to physical assets of the MaSP shall be restricted to authorised personnel only.

- Offices and storerooms shall be kept locked when the authorised person is absent and after office hours.
- An asset removal form shall be completed and approved by the relevant head of department or manager, where an asset is removed from the premises of the MaSP.
- The relevant department Head/Manager must follow-up on a monthly basis on all removed assets to ensure that they are returned in good condition.

8. Reconciliation

A quarterly reconciliation between the accounting record and the fixed asset register shall be performed to ensure that all items purchased and going through the accounting system are shown on the fixed asset register.

9. Private Use of Assets

There are situations where it is considered reasonable for staff to use the organizations assets for private use in accordance with the MaSP principles with the approval of the Chief Executive Officer in line with Policy and Programmes. Private use shall be kept to a level which does not significantly shorten the life of the asset or reduce its effectiveness in the project. Availability of the asset for use in the project is paramount. Where assets are used privately, the persons concerned should expect to pay a reasonable charge for their use where appropriate and practicable. The most common uses of assets for private use and recommended systems for compensation are outlined below:

9.1. Telephones

Private use of phones in all project offices and houses shall be reviewed quarterly. Most telephone companies are now able to provide itemized bills so it is a straight forward process for delegates and staff to identify private calls. Where itemized bills are not available, it will be necessary for call log books to be used for recording private calls whose cost shall be reimbursed by the responsible officer.

Staff that are entitled to an office phone from MaSP are responsible to keep the phone safe at all times. In the instance that the phone gets lost after office hours, they will replace it, the organization will only replace the phone if it gets lost during office hours.

10. Depreciation

Procedure on Fixed Assets Register Update

On acquisition

- A capital expenditure requisition form (capex) is completed by the person requiring the asset for implementation of activities.

- The requisition is thereafter reviewed by the designated Administrator/Budget Holder/Accountant who ensures that the requisition is in line with the respective approved budget.
- The capex requisition is approved by the relevant officer (budget holder) for requisitions up to their delegated authority level.
- Any procurement of fixed assets above the officer's authority has to be approved by the next authority level e.g. Programme Manager, CEO, and Board of Directors etc.
- The CEO or any relevant authority will review the capex requisition and authorisation form and approve the purchase in accordance with the authorisation limits. The capex requisition authorisation form will then be signed by the CEO and a copy of the Board of Directors resolution will be attached, if approved by the Board. The purchasing of the fixed asset will be done according to MaSP Procurement Procedures.
- Once received, the Accountant/Administrator will process the Fixed Asset purchased in QuickBooks 1 and manually update the Fixed Asset register maintained on the Excel spreadsheet by using the capex requisition and approval form, invoices and Goods Received Note (GRN). The accountant/ administrator shall compare all details of these assets such as serial numbers to the supporting documents to ensure details are correctly recorded in the register.
- Branches will update the Excel spreadsheet and provide the necessary documentation to the Secretariat for capturing in QuickBooks.
- Depreciation is charged on straight line basis to the income and expenditure account in order to write off the cost of a fixed asset over its expected useful life. The following are depreciation rates for MaSP assets;
- A second hand motor vehicle is depreciated over a period of five years from the day it was purchased.
- Brand new Motor vehicle is depreciated over a period of ten years from the date it was purchased.
- Office Equipment (all electronic devices such as printers and Laptops) are depreciated over a period of five years.
- Office Furniture are depreciated over a period of ten years.
- When the assets fully depreciate, the procurement committee shall asses the condition of the asset and make recommendation to board through management whether to sell the item or revalue it.

11. On disposal

- All disposals of fixed assets shall be done via an approval form signed by the relevant Functional Manager (budget holder) and counter approved by the AFAHR Chairperson, PM or Chief Executive Officer.
- Disposals of an asset of a value over MKW 5,000,000.00 can only be done after the Board of Directors approval has been obtained.

a) The accountant/ administrator will only remove the asset from the fixed asset register on the basis of a duly approved disposal form which is backed up by Board of Directors Resolution or the Finance Committee if so authorised by the Board of Directors for values of over MK 5,000,000.00. These documents will also be used to process the disposal of assets in QuickBooks.
b) Branches will provide the necessary documentation to the secretariat office for capturing in system. The Fixed Assets Register in excel will be updated to reflect the disposal.

- Authority as detailed above needs to be obtained even in cases where the disposal of assets is by way of crime. In the case of theft (any other crime) the asset involved will be taken out of the register. However, any undamaged parts that can be used by MASP in the future should be recorded in stores as parts at a value of 50% of the replacement cost of the parts concerned in each case. This is conditional upon any special agreement with Insurance Company as applicable.
- Disposal of assets should be done by tender or invitation, either restricted (i.e. to employees only) or open (i.e. including members of the public).
- On receipt of a copy of the approved form, the CEO if necessary, in liaison with the accountant/ administrator and Finance Manager will invite tenders. Tenders will be received in sealed envelopes marked "Tender for purchase of (relevant item)" by the Finance Manager and deposited (folded) in the locked tender box.
- Tenders will be opened in the presence of the Management Tender Committee or a Committee appointed by Management to oversee the disposal. Tenders will be detailed on a tender schedule (similar to comparative bid analysis) and signed by at least two members of the Tender Committee. Normally the highest bidder shall be accepted.
- The signed tender schedule and a copy of the disposal memo together with the income receipt will be filed as supporting documentation for the journal entry in QuickBooks.

12. Transfers

- Asset transfers from one location to another and from one department to another shall be duly authorised and approved by the relevant accountant/ administrator within their delegated authorities.
- All asset transfers shall be supported by a duly approved asset transfer form. The asset transfer form shall be approved by the accountant/ administrator responsible and must be signed by the head of department at the new location/department.
- The asset transfer form is an accountable document and will be used by the accountant/ administrator to update the Fixed Assets in QuickBooks both in the organization from which the asset is transferred and the branch office at which the asset is received.
- The excel spreadsheet shall be updated to reflect the same change.

13. Reconciliation

- Reconciliations shall be performed on a quarterly basis between the Fixed Assets Control account in the general ledger maintained in QuickBooks and the fixed asset register maintained in Excel by the manager at respective level and the Finance Manager at national office for MaSP consolidated asset register.
- The Finance Officer shall follow-up reconciling items with the accountant/ administrator and ensure that the necessary corrections are made by accountant/administrator, where necessary.
- The Finance Officer shall date and sign the reconciliation as evidence of performance and forward it to the CEO.
- The CEO will review the reconciliation and date and sign it as evidence of review. The reconciliation shall be filed by the Finance Officer for future reference.

14. Policy review

This policy shall be reviewed after two years or as anything material occurs necessitating its review.