

D.07 Asset Purchase and Maintenance

1.0 INTRODUCTION/BACKGROUND

The Mercy Services Board is committed to ensuring that the asset base of Mercy Services grows in an accountable manner, in order to further Mercy Services objectives.

2.0 PURPOSE

The purpose of this policy is to ensure Mercy Services assets are:

- 1) purchased and approved in accordance with Mercy Services policy;
- 2) appropriately accounted for
- 3) cared for
- 4) properly tracked

The purpose of this policy is to ensure Mercy Services:

1. makes responsible asset purchases
2. maintains control over assets purchased and owned by Mercy Services;
3. provides accurate asset information for the annual financial statements of Mercy Services which is required for accrual reporting purposes;
4. accurately calculates insurance values for Mercy Services assets
5. provides for substantiation of losses in the case of insurance claims;
6. allows for audit verification of additions to and deletions from the asset register;
7. complies with NSW WorkCover requirements and any other legal obligations.

3.0 POLICY STATEMENT

The Mercy Services Board, through the General Manager, is responsible for ensuring Mercy Services acquires, uses, maintains and replaces assets to assist the organisation to meet its objectives.

Asset Acquisition

General Manager has the authority to approve Mercy Services asset purchases to the value of \$50,000. Assets above this value must be submitted to the Mercy Services Board for approval. Purchases over \$50,000 require approval from the Mercy Services Board except for: expense items listed in a Board approved budget or replacement of assets..

In making the decision to acquire an asset the following fundamental principles will be carefully considered:

- a. the purpose for which the asset is required is in keeping with the objectives of Mercy Services and will provide significant, direct and tangible benefit to it.

- b. The purchase is absolutely necessary as there is no alternative Mercy Services asset that could be upgraded or adapted.
- c. The asset is appropriate to the task or requirement and is cost effective over the life of the asset.
- d. The asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources.
- e. Space and other necessary facilities to accommodate the asset are in place.
- f. The most suitable and appropriate type, brand, and model have been selected.

Assets Register and Depreciation

The Senior Officer, Finance and Administration is responsible for maintaining the Assets Register and Depreciation Schedule. All assets must be listed on the Register with original purchase documentation – a copy only will be kept with creditors documentation.

Mercy Services depreciates in accordance with Australian Accounting Standards at a rate agreed with the Auditor. Assets purchased for specific projects are entered on the Asset Register and depreciated as Mercy Services assets, however, the full cost of the purchase is charged to the project budget.

It is the responsibility of each Manager to advise of any changes made to assets. A purchase of a component part or addition to an existing item should be added to the value of the existing asset if it increases the existing capacity or functionality of the asset or the amount is considered material. Asset disposals or changes such as upgrades to computers or changes to the location of assets, especially changes of location between Mercy Services sites are noted. This is done by informing the Senior Officer, Finance and Administration in writing. The Senior Officer, Finance and Administration will inform the General Manager and update the information on the register.

Reconciliation to General Ledger

The Senior Officer, Finance and Administration is responsible for reconciling the Asset Register with the General Ledger asset accounts on a monthly basis. Any discrepancies arising are investigated and corrective action taken to bring the two records into balance.

Asset Utilisation

All assets will be used for the purposes for which they were acquired. Asset performance will be regularly reviewed to identify under-utilised and under-performing assets. The reasons for this should be critically examined and appropriate action taken.

Asset Maintenance

All plant and equipment will be maintained in good working order by care and servicing as recommended in manufacturer's manuals. The most efficient repair and maintenance strategy will be established and adopted for each asset. An operation and maintenance plan establishing responsibility and standards for the level of use, condition, servicing and performance of each asset will be developed.

Supplier maintenance contracts will be obtained where considered to provide the most economic servicing and repair. A record of such contracts will be maintained to avoid needless expenditure on non-contracted repairers. Similarly, warranties applying will also be recorded.

Asset Security

Each Senior Co-ordinator is responsible for the security of assets under their control. This includes ensuring that assets are used only by authorised persons, safeguarded against theft and damage and only removed from Mercy Services premises with approval.

All staff are responsible for the care and protection of Mercy Services assets. Every person who utilises the property of Mercy Services should do so with utmost care and consideration and in a manner which ensures the property will be subjected to the minimum wear and tear or damage.

The safeguard of equipment such as PCs, laptops and video cameras is particularly important not only because of their attractive and portable nature but also because of the confidential information that they may contain. Steps must be taken to limit the risk of loss or theft including:

- 1) keeping offices locked when unattended and when travelling:
- 2) not leaving items unattended in public places, particularly in motor vehicles
- 3) in the case of laptops by transporting them in other than normal laptop bags or cases and removing all confidential information not required for the trip.
- 4) As far as possible all non-leased assets should be permanently marked as being the property of Mercy Services by either engraving or some other effective means.

Asset Disposal

The delegated authority to dispose of assets is vested to the General Manager. Asset Disposal may occur through auction, tender, private sale, destruction, theft or loss, and transfers to other organisations.

The method of asset disposal will be based on:

- what offers the best return to Mercy Services or
- best furthers Mercy Services objectives

The delegated authority to approve write-offs in respect of asset losses, thefts or destruction, provided that all reasonable recovery action has been taken, is vested to the General Manager for assets valued up to \$5,000.00, and to the Company Secretary for assets valued above \$5,000.00. For the purposes of this policy the monetary limit relates to the original purchase price of the plant or equipment.

All exercises of this delegation are to be reported to the Mercy Services Board.

Asset Replacement

Assets will be replaced if such replacement is in accordance with the asset acquisition principles.

4.0 PROCEDURES

4.1 Purchasing and Maintaining Equipment

When items/equipment or maintenance costing over \$100 are to be purchased, the following procedure should be followed:

- 1) Gain approval from the General Manager that it is within budgeting and funding guidelines;
- 2) Check government contract prices through the Administrative Assistant;
- 3) If purchasing outside of government contracts, obtain 3 quotes from reputable firms;
- 4) Obtain final approval from the General Manager for purchase.
- 5) Forward the approval along with a completed cheque requisition form to the Senior Officer, Finance and Administration.
- 6) Order the item
- 7) When the item arrives, ensure the Senior Officer, Finance and Administration is notified and provided with all accompanying documentation

4.2 Assets Register

Assets purchased, donated or transferred to Mercy Services with a value in excess of \$500 are recorded on the Assets Register.

For the purposes of recording on the asset register, an asset is deemed to be the whole functioning unit. This means that for items such as computers, this will include the screen, keyboard and hard drive.

A fixed asset (also known as a non-current asset) is any item of plant or equipment which has a life expectancy (i.e. usage period) of more than one year. Items with a life expectancy of one year or less are considered to be consumable items.

4.3 Stocktake

Senior Co-ordinators are required to undertake annual stocktakes of equipment. Stocktakes will occur at different dates through the year, and each Senior Co-ordinator will be advised by the Senior Officer, Finance and Administration. Proper stocktake procedures will ensure the accuracy of the asset register information and allow the data on the asset register to be verified and any discrepancies to be adjusted. All deletions and changes must be verified by the Senior Officer, Finance and Administration.

4.4 Valuations

Asset values and their remaining useful lives need to be regularly reviewed to ensure that they reflect a true financial position. Assets that do not lend themselves easily to a depreciation calculation will be valued periodically.

The General Manager through the Senior Officer, Finance and Administration arranges for valuation, by an independent professional valuer of land, buildings, and precious objects every five years. Any changes resulting from the periodic valuation is reflected in the Asset Register and depreciation provision.

4.5 Assets on Loan outside Mercy Services

Items lent to other organisations or individuals outside Mercy Services require adequate risks insurance to be taken out by the borrower and the approval of the General Manager. All expenses associated with the removal and return are at the cost of the borrower. Borrowers are personally responsible for items under their control and are also liable for any loss or damage not recoverable from the University's insurers.

Loans likely to exceed six months must be recorded on the Mercy Services Asset Register.

All items lent will be recorded on the loan register with the following details:

- a. date of loan
- b. asset description
- c. asset serial No.
- d. asset No.
- e. borrower's name
- f. borrower's signature
- g. borrower's location
- h. General Manager's signature
- i. date of return
- j. receiving staff member's signature

Assets on loan are subject to periodic stocktake and their temporary return for this purpose may be required.

4.6 Assets Kept Off-Site

Mercy Services assets may be installed/located off-site if such location is justified and is approved by the General Manager.

Should a staff member holding an asset on loan or off-site leave Mercy Services, the General Manager through the Site Manager must ensure that the asset is returned prior to but not later than their last day of service.

4.7 Disposal of Assets

Motor Vehicles

All motor vehicle disposals must be coordinated through Accounts and Administration Officer (Tighes Hill).

Computing Equipment

All Information Technology asset disposals must be coordinated through the Manager: Tighes Hill.

Private Sale

This method is only acceptable in a limited number of circumstances, such as

- 1) there is only one apparent customer
- 2) there is an established market price for the asset
- 3) the cost by sale by another means would likely exceed the anticipated proceeds.
- 4) a sale to another community organisation is contemplated.

Destruction

Disposal by this method will be used when all other methods have been explored. All arrangements for destruction must be approved by the General Manager and carried out under the supervision of the Senior Officer, Finance and Administration.

Transfers to Other Organisations

Transfers to other community organisations will be considered where no sales market exists, where the costs of alternate methods of disposal exceed the expected proceeds, or where the donation will further Mercy Services objectives.

Should an asset have been purchased from funding provided for a specific service and this service subsequently is transferred to another organisation, the following conditions must apply before the assets may be transferred:

- 1) the particular grant or contract must contain a condition that the assets are not the property of Mercy Services
- 2) the assets must have been purchased from external grant funds
- 3) Agreement must be reached between Mercy Services, the funding body and the other organisation. The General Manager is delegated to commit Mercy Services in such negotiations.

Theft and Loss of Assets

The General Manager, relevant Manager and Senior Officer, Finance and Administration are to be notified immediately of cases of theft or malicious damage of Mercy Services assets. The responsible Manager is to prepare a written report for submission to the General Manager seeking approval for write-off action and for submission with subsequent insurance claims. The report should cover all relevant matters including a recommendation to refer the matter to the Police if appropriate.

Proceeds on Sale of Assets

Any revenue obtained from the disposal of an asset will in normal circumstances be credited to the Centre/Service which originally purchased the asset.

5.0 REFERENCES

1. Australian Standards	a) None identified
2. Legislation	a) Fair Work Act 2009 (Australia) b) Occupational Health & Safety Act 2000 (NSW) c) Anti Discrimination Act 1977(NSW)
3. Professional guidelines	a) None identified

4. Codes of Practice	a. None identified
5. Codes of Ethics	a) Australian Association of Social Workers Code of Ethics http://www.aasw.asn.au/adobe/about/AASW_Code_of_Ethics-2004.pdf b) Australian Psychological Association Code of Ethics http://www.psychology.org.au/Assets/Files/Code_Ethics_2007.pdf c) Code of Ethics for Nurses in Australia http://www.anmc.org.au/docs/ANMC_Code_of_Ethics.pdf
6. Evidence	a)
7. Mercy Services Values	a) Justice, Respect, Care, Unity, Service

6.0 OTHER RELATED POLICIES AND PROCEDURES

- A.02 Code of Conduct Policy
- B.02 Delegations
- C.01 Management Roles and Responsibilities
- C.06 Risk Management
- D.04 Payments
- D.05 Incoming monies
- D.09 Use of Facilities and Equipment
- D.10 Security
- D.11 Insurance
- F.06 Performance Management
- F.07 Staff Grievances
- G.11 Security at Mercy Services Centres
- G.16 Emergency Response
- G.19 Offices and Buildings OHS Management

7.0 RELATIONSHIP WITH STANDARDS

Community Care Common Standards	Disability Standards	EQUIP Standards
1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 2.1, 2.2, 2.3, 2.4, 2.5, 3.1, 3.2, 3.3, 3.5	3.3, 3.7, 6.1, 7.1, 7.7, 7.8, 8.1, 8.2, 10.1, 10.2,	1.1.1, 1.1.2, 1.1.4, 2.1.2, 2.1.3, 2.2.2, 2.2.4, 3.2.1, 3.2.5

8.0 DOCUMENT CHANGES RECORD

Dates of change	Section altered	Natures of changes made
09/12/2003	Section 15 Administration and Office Procedures	First record of administration in Policy
09/02/2010	All sections	Major revision
23/03/2011	7.0 Relationship to Standards	Replace HACCP Standards and CACP Standards with Community Care Common Standards and update to EQUIP 5 Standards
21/11/2012	All Sections	Organisation name updated
Review due 21/11/2015		