



**Australian Government**

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**Office of the Australian Building and  
Construction Commissioner**

# **Finance Direction 18**

## **Non-financial Asset Management**

**Process Owner:** Chief Financial Officer  
**Version Number:** 2.0  
**Effective Date:** 22/8/2011

## Change History

Update the following table as necessary when this document is changed:

Date	Nature of Change
June 2007	Procedure Drafted
May 2008	Approved version
January 2011	Position titles amended
August 2011	Procedure Updated for New Organisational Structure

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# 1. Commissioner's Instruction (CI)

The Chief Financial Officer is to maintain an 'Asset Register' as the basis for physical control over non-financial assets and for reporting assets in the financial statements.

The approval of a Delegated Official must be obtained prior to the purchase, sale, trade-in or write-off of non-financial assets.

Managers have responsibility for managing non-financial assets within their area of responsibility.

# 2. Introduction & Objectives

The purpose of this procedure is to provide guidance on the management of non-financial assets including the purchase, sale, trade-in, write-off, lease, hire, loan, maintenance, loss or damage and stock-take of ABCC non-financial assets, that is, property, plant, and equipment.

# 3. Supporting Information

## 3.1 Related References & Pronouncements

<b>FMA Act 1997:</b>	Sections 41-44
<b>FMA Regulations:</b>	N/A
<b>Related Finance Directions:</b>	Finance Direction 2 – Delegations
<b>Other References:</b>	N/A

### 3.2 Responsible Officers and Contacts

Position/Title	Level	Responsibility
Chief Financial Officer (CFO)	SES1	Overall responsibility for overseeing the non-financial asset management function.
Director, Finance	EL2	Oversee Accounting Services responsibilities, which include ensuring that monthly non-financial asset reconciliations are completed and reviewed.  Ensure appropriate accounting treatment and compliance of non-financial assets with Finance Minister's Orders and general Australian Accounting Standards.
Regional Office Managers	Various	Overall responsibility for the maintenance and stock-take of non-financial assets in the respective regional offices.

### 3.3 Forms

The following forms are required:

Report/Form:	Contact	Location:
ABCC Finance Manual – Assets.	Accounting Services	Intranet Policies and Procedures
Asset Action Form (AAF).	Accounting Services	Refer Appendix A

### 3.4 Definitions & Terms

Term	Definitions
Asset Register	Database containing data on acquisition, identification, accountability, performance and disposal of non-financial assets. The ABCC's 'Asset Register' is maintained on SAP and is centrally managed by Accounting Services.
Depreciation	The expense associated with the consumption, during the reporting period, of future economic benefits embodied in non-financial assets with limited useful lives.
Disposal	Sale, transfer, gifting or destruction of non-financial assets due to obsolescence, under performance, surplus or unserviceability.
Expensed	Costs recorded as an expense in the current accounting period. "Expenses" are consumptions or losses of future economic benefits.
Loss	Physical loss of public property including destruction or damage.
SAP	<b>S</b> ystems <b>A</b> pplicable <b>P</b> roduct - Accounting package used to house and manage Asset Register.
Stock-take	A process of physically sighting an non-financial asset and checking the details of the asset against the information recorded in the SAP Asset Register.
Thresholds	Set by the ABCC to assist in defining the various categories of non-financial assets.

## 4. Guidelines

### 4.1 Acquisition

- 4.1.1 Non-financial assets are recorded in the SAP asset register only when they meet the designated threshold. All thresholds are exclusive of GST. If acquisition is below the threshold, the purchase is treated as an expense.

Asset Classes	Thresholds
Computer Equipment	>all computers regardless of value and $\geq$ \$2,000 for all other computer accessories
Office furniture and equipment	$\geq$ \$2,000
Fitout	$\geq$ \$20,000
Assets under construction (transferred to applicable asset class upon completion)	No threshold

- 4.1.2 All assets under construction are allocated to Assets under Construction. These assets are not depreciated until completed and transferred to the appropriate asset class.
- 4.1.3 The acquisition of a non-financial asset is initiated through a Purchase Order (PO) raised in SAP and must be approved by a Delegated Official.
- 4.1.4 Business Services is responsible for processing the PO. The key process steps are:
- Raise PO and Asset Action Form (AAF) ref. Appendix A to be submitted to Finance for processing.
  - Accounting Services to create an Asset Shell in SAP. Asset details required by Accounting Services include the value, description, cost centre, ABCC location and any other information that may be deemed relevant. (All values entered into the asset register are exclusive of GST).
  - Accounting Services to notify Business Services of the Asset No. If the PO is to be delivered interstate, Accounting Services is to issue bar codes to the Admin Officer of the receiving state.
  - Business Services to raise the PO in SAP and link the Asset shell to the PO.
  - When the asset is delivered Business Services/IT and Performance Analysis/Regional Office is to notify Accounting Services of the serial number to enable the asset master record to be updated.
- 4.1.5 If the Asset is located in Victoria, Accounting Services is responsible for attaching the Asset ID No. barcode to the acquired asset. If the Asset is located interstate the Administration Officer is to fix the bar code to the asset. The Administration Officer is to confirm to Accounting Services of the Asset No and the serial number of the asset.
- 4.1.6 Business Services is responsible for processing the Tax Invoice. The key process steps are:
- If PO matches to Tax Invoice, Business Services is to process the goods receipt and invoice receipt. This process automatically updates and capitalises the Asset Register on SAP.
  - If PO does not match to Tax Invoice:

- **PO > Tax Invoice:** The existing PO needs to be reviewed by Business Services Team Leader and the PO value decreased if necessary or
- **Tax Invoice > PO:** Business Services to investigate the cause of the increase. If the increase is reasonable the PO should be increased in value with delegate approval. Once approved the goods receipt and invoice receipt can be processed.

4.1.7 The financial reporting process is to be completed by Accounting Services:

- Monthly asset register is reconciled to the general ledger and evidenced as independently reviewed.

## 4.2 Maintenance

4.2.1 Non-financial assets need to be fully utilised, meet functional requirements and perform at optimal levels. When an asset does not meet these requirements a decision should be made to maintain, repair or dispose of the asset. The maintenance guidelines are documented below:

4.2.2 A delegate from the Business Unit or Regional Office completes the Asset Action Form (AAF) and forwards the form to the Assistant Director, Business Services, Director, IT and Performance Analysis or Regional Office Manager.

4.2.3 The independent assessment will include the following considerations:

- If repairs can be made; and
- Future requirements of the asset.

4.2.4 Where repair or maintenance is feasible, quotations are to be obtained from the manufacturer, contracted party or independent third parties. A cost benefit analysis should consider:

- Age of asset; and
- Cost of repair versus cost of purchase.

4.2.5 Maintenance or repairs are to be approved by Manager and expenditure independently approved by the Delegated Official.

## 4.3 Disposal

4.3.1 Non-financial assets are to be disposed of when they cease to be effective. In the event that IT equipment, PCs or printers are identified as surplus to requirements they should be returned to the IT and Performance Analysis Team so that they can be re-issued if necessary. If this occurs IT and Performance Analysis are to inform Accounting Services of any returns/transfers to enable the SAP Asset register to be updated.

4.3.2 Acceptable methods of asset disposal include via sale/auction, trade-in, write-off and donations to reputable charitable institutions/public sector organisations. Assets are not to be disposed of to ABCC staff or their families, friends or associates.

4.3.3 All disposals require the initiating team to complete the Asset Action Form (AAF) and documentation detailing the reason for disposal. The Assistant Director, Business Services and the Director, IT and Performance Analysis are responsible for inspecting and confirming the requirement for asset disposal. Accounting Services are to be given a copy of the AAF and any other relevant documentation to undertake disposal action within the SAP Asset register.

- 4.3.4 In the event of a trade-in or write-off, the completed AAF is to be approved by the appropriate Delegated Official. The asset would be disposed of by the Business Services team, IT and Performance Analysis team or Regional Office with Accounting Services responsible for recording the disposal within SAP.
- 4.3.5 Trade-ins must be reflected in the purchase order as well as in the asset register. The PO must be raised for the full value of the new asset with a credit memo raised offsetting the PO for the trade-in value of the old asset. While creating the credit note Business Services must ensure the “Asset Retirement” box is ticked and input a reference to the traded-in asset number to update the SAP asset register. Copies of the requests for the PO and credit memo are to be attached to the AAF and given to Accounting Services to ensure the asset register is updated.
- 4.3.6 The sale of an asset requires approval from the appropriate Delegated Official. The Assistant Director, Business Services and the Director, IT and Performance Analysis are responsible for arranging the public sale of the asset.
- 4.3.7 All non-financial assets disposed are deactivated in the SAP Asset Register by the Accounting Services team except for trade-ins which are disposed of via the credit note process outlined in 4.3.4. The date of disposal is the date the asset is sold, traded-in or written off. On disposal the following are required to be clearly identified in the SAP Asset Register:
- Asset Number
  - Disposal method;
  - Revenue from sale of asset (a value must be obtained for each asset, even when sent to auction for sale), and
  - Disposal value (Accounting Services to obtain from SAP).
- 4.3.8 For revenue received from the disposal or sale of these assets, the total revenue is to be recorded in and reconciled to the General Ledger.

## 4.4 Asset loss, theft or damage

- 4.4.1 Non-financial assets can be lost, stolen or damaged through negligence, destruction, obsolescence and theft.
- 4.4.2 When a non-financial asset is lost, stolen or damaged the initial point of contact is the Regional Office Manager. The Agency Security Advisor is to be contacted within 24 hours if an asset is stolen. Investigations should commence immediately to determine the classification and severity of the reported incident. In instances where the ABCC’s public image and overall security is possibly breached, the CFO and Agency Security Advisor should be notified immediately. The CFO is responsible for informing the CEO of such incidents.
- 4.4.3 Where a non-financial asset is stolen, a police report should be made after investigations by the Regional Office Manager/or Building Security Officer in consultation with the Agency Security Advisor. The staff member involved is required to submit a report detailing the asset loss, theft or damage to the Assistant Director, Business Services.
- 4.4.4 An Asset Action Form (AAF) and possibly a Security Incident Report Form must be completed and forwarded to the Business Services/ IT and Performance Analysis team. The key responsibilities of the Assistant Director, Business Services/Director, IT and Performance Analysis are:
- Assess the insurance claim against the Comcover threshold;
  - Seek approval by the appropriate Delegated Official to deactivate the asset in the asset register;

- Liaise with Accounting Services to have the asset disposed within SAP.
- Update the Register of Losses. The Register of Losses should be made accessible to two allocated staff members;
- Ensure that AAF and all supporting documentation are filed and accessible when required.

## 4.5 Stock-take

- 4.5.1 All states/territories are to undertake an annual stock-take to account for non-financial assets within the Asset Register. This process is initiated by Accounting Services. A copy of the relevant sections of the 'SAP Asset Register' is to be forwarded by Accounting Services to the Regional Office Managers and state Admin officers. The state admin officers are to conduct the stocktake and report the results to Accounting Services to undertake any corrective action.
- 4.5.2 In Victoria the stocktake will be undertaken by Accounting Services.

## 4.6 End of Month Reconciliations

- 4.7.1 The asset register is to be reconciled to the general ledger as part of the end of month process.
- 4.7.2 Non-financial asset movements are reconciled to applicable supporting documentation as part of the end of month reconciliation process (e.g. disposals, transfers, depreciation charges etc).
- 4.7.3 Accounting Services prepares the monthly reconciliation and the Director, Finance independently reviews this reconciliation. Reconciliations are to be signed off and dated when completing the review.

## Appendix A – Asset Action Form

Office of the Australian Building and Construction Commissioner

# ASSET ACTION FORM (AAF)

(Ref. Finance Direction 18 – Asset Management)

Asset Details:									
<b>Asset No.</b>									
<b>Asset Description</b>									
<b>Asset Location:</b>	<b>State</b>			<b>Area</b>					
Transfer:									
<b>Losing Team Manager's Approval</b>							<b>Date</b>		
<b>Gaining Team Manager's Approval</b>							<b>Date</b>		
<b>New Asset Location:</b>	<b>State</b>			<b>Area</b>					
Disposal/Loss/Damage:									
(Tick)	<b>Sale</b>		<b>Trade-in</b>		<b>Write-off</b>		<b>Loss</b>		<b>Damage</b>
<b>Disposal Details</b>									
<b>Team Manager's Approval</b>							<b>Date</b>		
Delegate Approval:									
							<b>Date</b>		
Finance Unit Actioning Officer:									
							<b>Date</b>		
<b>Finance Unit Comments</b>									