



UNIVERSITY *of*
RWANDA

ASSET MANAGEMENT POLICY

APPROVED BY THE BOARD OF GOVERNORS ON 18th July 2019

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I. Aim of this Policy

This policy on the University of Rwanda Assets Management is provided to assist Executive Management and Officials of University of Rwanda on Asset related issues and to ensure consistent, effective and efficient asset management principles.

The objective of this policy is aimed at:

- To ensure the effective and efficient control, utilization, safeguarding and management of University of Rwanda's property, plant and equipment.
- To ensure Senior managers are aware of their responsibilities with regards to moveable and immovable assets
- To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilization.
- To specify the process required before expenditure on property, plant and equipment occurs.
- To prescribe the accounting treatment for property, plant and equipment in University of Rwanda including:
 - ✓ The criteria to be met before expenditure can be capitalized as an item of property, plant and equipment,
 - ✓ The criteria for determining the initial cost of the different items of property, plant and equipment,
 - ✓ The method of calculating depreciation for different items of property, plant and equipment,
 - ✓ The criteria for capitalizing subsequent expenditure on property, plant and equipment,
 - ✓ The policy for scrapping and disposal of property, plant and equipment,
 - ✓ The classification of property, plant and equipment.
- To emphasise a culture of accountability over University's fixed assets
- To ensure that effective controls are communicated to management and staff through clear and comprehensive written documentation
- To provide a formal set of financial procedures that can be implemented to ensure University of Rwanda financial asset policies are achieved and are in compliance with the International Accounting reporting standards.
- To set criteria for the future revaluation of assets.
- To set procedures for the scraping and sale of assets.
- To set procedures for the management and control of assets.
- To establish procedures for the annual physical verification of assets
- To set procedures on the treatment of assets held under finance leases
- To set procedures on the handling of inventory assets.

This policy compliments all financial manuals instructions that have previously been issued. Failure to comply with the prescribed policies will result in the institution of disciplinary procedures in terms of the stipulated conditions of employment of University of Rwanda.

II. Asset Management Accounting Policies

2.1. Definitions

Consistent definitions are essential for good asset management and reporting. These definitions were taken from the General Accepted Accounting Practise guidelines regarding assets:

2.2. Fixed Assets

A fixed asset is an asset with a useful life of more than one year and is used in the business of university.

Characteristics of a depreciable fixed asset are the following:

- It is estimated that the asset will be used for more than one financial period;
- Has a limited useful life;
- Is used in a process of delivering services.

“An Asset” is resources controlled by the University as a result of past events and from which future economic benefits or potential service provision are expected to flow to the university.

Property, Plant and equipment are tangible assets that:

- Are held by the University for use in production or supply of goods or services, for rental to others, or administrative purposes, and
- Are expected to be used during more than one period.

Other Assets are assets utilised in normal operations.

Examples are plant and equipment, motor vehicles and furniture and fittings

2.3. Cost

The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. The cost of acquisition will include all expenditure needed to bring the asset at the condition and position for its intended use which usually include:

- Purchase cost (less any discounts given)
- Delivery cost
- Installation cost and assembly
- Costs of testing whether the asset is functioning properly
- Professional fees, e.g. engineering fees
- Costs of site preparation

2.4. Useful Life

Useful life is either: The period of time over which an asset is expected to be used by the university or number of production or similar units expected to be obtained from the asset by the university.

2.5. Residual Value

The net amount that the university expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.



2.6. Fair Value

The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

2.7. Carrying value

Is the amount at which an asset is included in the Balance Sheet after deducting any accumulated depreciation there on.

2.8. Recoverable Amount

The amount that the university expects to recover from the future use of an asset, including its residual value on disposal.

2.9. A Finance Lease

Is a lease, which in effect transfers substantially all the risks and rewards, associated with ownership of an asset from the lessor to the lessee.

2.10. Depreciation

Is the systematic allocation of the depreciable amount of an asset over its useful life.

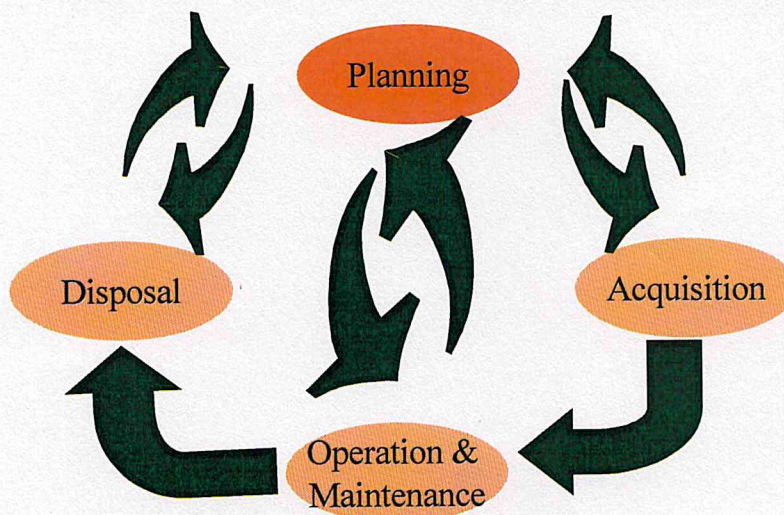
2.11. Strategic Asset Management Committee

The Strategic Asset Management Committee (SAMC) is a committee to ensure the University's asset management practices and its investment into physical infrastructure supports the strategic planning objectives and is consistent with best practice.

III. Asset Life Cycle Management

3.1. Asset Planning and Budgeting

This section discusses the detail regarding the Asset Planning and Budgeting phase. It is essential that managers treat assets from a life-cycle perspective. The physical life cycle of an asset or group of assets has four distinct phases – planning, acquisition, operation and disposal.



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Asset Planning and Budgeting is the first of the four phases through which an asset passes during its life (*see diagram below*). The phases are:

- ✓ The **identification of need**, where the requirement for a new asset is **planned** for and established;
 - ✓ the **acquisition phase**, where the asset is purchased, constructed or otherwise created;
 - ✓ The **operation and maintenance phase**, where the asset is used for its intended purpose. This phase may be punctuated by periodic refurbishment or major repair, requiring the asset to be taken out of service for periods of time; and
 - ✓ The **disposal phase**, initiated when the economic life of the asset has expired, or when the need for the service provided by the asset has disappeared.
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- By incorporating asset planning into the strategic planning framework, the long-term implications of corporate level decision-making on assets can be identified and appropriate responses developed.
 - The strategic plan should include details of proposed acquisitions of fixed or movable capital assets, planned capital investments, rehabilitation and maintenance of physical assets, and multi-year projections of the receipts from the sale of assets.
 - Matching the asset requirements of a unit to its service delivery strategy should result in assets with the necessary capacity and performance.
 - Asset planning also leads to specific actions to acquire any new assets that may be needed, to dispose of assets that are surplus and to operate and maintain existing assets effectively.
 - Asset management decisions regarding acquisition, use and disposal are to be made in accordance with Medium Term Expenditure Framework (MTEF).

3.2. Strategic Assets Management Committee (SAMC)

The SAMC responsibility is to ensure the good management of the University's assets in a systematic, efficient and coordinated manner. This ensures the assets meet the required level of service in the most cost effective manner for present and future users. The continuing role of this Committee is important in implementing, monitoring and reporting on the corporate approach to asset management.

In undertaking, these responsibilities the SAMC will:

- Implement UR Assets Management Policy
- Develop Asset Management Plans: these include acquisition, Operations, Safeguarding, maintenance and disposal plans.
- Implement a University-wide Strategic Asset Management system that delivers cost effective, sustainable, systematic and coordinated management of its physical assets;
- Ensure that the information flow for financial planning and reporting is in place;
- Receive, review of Units assets needs and propose to the Management for the approval;
- Assessment and evaluation of assets needs;

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- Developing the asset Strategy;
- Perform any other duties assigned by the University Management.

IV. Evaluating Existing Assets

Before any proposal can be sent to Strategic Assets Management Committee (SAMC) for consideration, Units are required to first evaluate their existing assets so as to check if their need cannot be met by the existing assets.

The Head of each Unit should conduct this evaluation so as to:

- Determine whether the existing assets 'performance is adequate to support the delivery of intended services.
- Effectiveness of existing assets in supporting the service delivery should be determined.
- Existing asset performance evaluation needs to be performed to ensure its physical condition and functionality.

V. Risk Management plan

Asset management related risks may include risks related to the method of acquisition, asset failure due to inadequate maintenance or operation and lack of safeguarding of assets. The nature of certain assets making them most susceptible to fraud or misuse should also specifically be considered.

Specific Units should therefore prepare a risk management plan which describes the risk management strategies and actions to be implemented for the assets under their control.

VI. Asset Acquisition

This section outlines the practices the University stakeholders are to follow to acquire assets once planning phase is complete.

6.1. Purchased Assets

The purchasing and procurement of University assets shall be carried out in strict compliance with the University's procurement policy, procurement law and related instructions issued by competent authorities.

6.2. Donated Assets

Where a department receives an asset as a gift or donation, they should contact the Office Finance Department and Assets Division. Valuations of those assets are based on market value (i.e. a building would be recorded at its current market value, other items based on whether new or used etc.

VII. Recording of Assets

7.1. Asset Register

The University has developed a centrally maintained consolidated Asset Register that will meet its custodial obligations and insurance needs, as well as funding bodies' requirements. The University is also required by both External Auditors and the Controller and Auditor General to maintain an Asset Register of capitalised assets and to physically account for the existence of these assets. Under the University Reliable Assets Register, there will be common criteria for the recognition of assets that will be reconciled to the University's financial statements. The Assets Register will make it easier to account for depreciation and ensure accuracy in tracking and accounting for fully written off assets and disposals.

7.2. Individual asset information

An Asset Tag Number will be automatically assigned to each asset item that is capitalised in the Asset Register module. It will be mandatory to include the following details in relation to each fixed asset, once the Asset Tag Number has been generated:

- Item ID
- Item Description
- Location (Building, floor and room number)
- Purchase Date
- Purchase Cost
- Depreciation Begin Date
- Depreciated Value
- Current Depreciation
- Total Depreciation
- Supplier
- Value in Frw
- Month Purchased

The following items are optional fields but, in the case of certain equipment items, may assist in easier identification and verification of said assets:

- Serial Number
- Model Number
- Manufacturer
- Purchase Order Number

All movable fixed assets, which have been included in the Assets Register, should be appropriately tagged with the Asset Tag Number, to clearly identify it as being University property. Tags will be provided by the Finance Office once the asset has been appropriately set-up and recorded in the Assets Register.

7.3. Generation of assets tags

Tagging is the process of numbering assets and allows the tracking of the movement of assets from location to location.

Tagging allows the positive identification of assets. It can

- Provide an accurate method of identifying individual assets,
- Aid in the taking of physical inventory,
- Control the location of all physical assets,
- Act as theft deterrence,
- Aid in preventive maintenance of fixed assets, and
- Provide a common ground of communication for the Finance Office and the assets' users.

The tag number is entered in the asset register at the point of tagging by the Finance Office. The Finance Office will issue the asset tag itself to the asset assignee (with responsibility for the asset) for attachment to the asset. UR's asset tags are labels with bar codes.

Asset tags should be consistently placed in the same location on each similar asset type.

The tags should be placed, if possible, where they can be:

- Easily accessible for viewing
- Easily identifiable without disturbing the operation of the asset

This will assist in the audit inventory process.

7.4. Scanning of Asset Tags & Audit of Assets

An Asset Tracking System will trace existing Assets to facilitate the auditing (checking) of assets on a cyclical basis.

- This is particularly relevant for an organization like UR that has dispersed assets.
- Each cost centre manager will be responsible for the maintenance, transfer and disposal of assets.
- The Finance Office will periodically under-take an audit of assets, driven by a physical location, which will involve the auditor to go to that location and physically scan all assets there with a bar-code reader.
- The scanned details are then uploaded into the Asset Tracker Framework and compared to the asset details retained on the Assets Register - any variances are highlighted by pre-set enquiries and audit reports.
- All such variances are then investigated and corrective action taken. This will involve communication with the Asset Assignee and the Department/Cost Centre/Research Centre Approver where required.

VIII. Ownership

- Ownership
- Details of title deed, title conditions/restrictions



- Cost of acquisition & current valuation of asset (if available)

IX. Encumbrances

- Leases over the asset (both short and long term)
- Name of lessee
- Contact details
- Nature of lease
- Term of lease
- Expiry date of lease
- Special conditions of lease
- Rental (income per month/annum) and escalation rate and date of escalation
- Reference to lease agreement, property and debtor management systems

X. Management responsibility

Each department continues to have responsibility for maintaining their own registers of Capital Equipment on either a spreadsheet or database, especially in relation to Asset Register. The register should include the following information, in relation to each asset:

- Purchase Order Number
- Supplier Name
- Invoices No.
- Description of Asset
- Cost including VAT
- Location of equipment (Department and location within Department)
- Year acquired
- Cost centre charged
- Project charged if applicable
- Serial Number
- Tag Number (unique identifying number that the Department chooses to put on that piece of equipment)
 - User department
 - Name of responsible official
 - Cost centre
 - Expenditure
 - Type and contact details of all relevant guarantees, warranties and maintenance contracts

The SAMC can provide advice and assistance on the most appropriate way to maintain these individual asset registers.

XI. Capitalisation of Fixed Assets

11.1. Recognition of Assets

Assets will only be capitalised as an asset in the balance sheet when the following criteria are met:

- Future economic benefits or potential service delivery associated with the asset will flow to University of Rwanda
- The cost of the asset can be measured accurately, and
- The cost of the asset is determined by Financial manual issued by Ministry in charge of Finance or any other competent organ.
- All risks and rewards relating to an asset item have been passed to University and therefore the university controls the asset item.

11.2. Self constructed assets

Cost of self-constructed assets will be determined from requisitions of inventory used, timesheets of labour cost as well as from invoices of creditors and suppliers.

A self-constructed asset with a lifespan of more than a year will be capitalised as an asset when all criteria for an asset as stated above is met and will be capitalised .

The total value of the inventory or spare parts used to build the asset will be capitalised as the cost of the asset.

XII. Fixed Assets and Depreciation

The following policies will apply to existing-, purchased and other assets obtained from third parties:

12.1. Computer equipment

Will be recorded at cost and written down to the predetermined residual amount over their useful lives (4 years) by the straight-line method of depreciation.

12.2. Furniture fittings and sundry equipment

Will be recorded at cost and written down to the predetermined residual amount over their useful lives (will be determined by SAMC depending upon the asset type and usage) by the straight-line method of depreciation.

12.3. Medical equipment, cameras and audio appliances

Will be recorded at cost and written down to over their useful lives (will be determined by SAMC depending upon the asset type and usage) by the straight-line method of depreciation.

12.4. Motor vehicles

Will be recorded at cost and written down to approved residual value over their useful lives (10 years) by the straight-line method of depreciation.

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12.5. Leased assets

Fixed assets obtained under finance leases and suspense sale agreements are capitalised at cost excluding finance charges and written down to the predetermined residual amount over the period of the lease.

Lease finance charges are accrued and are written off to the Income Statement as they become due based on the effective rate of interest method.

12.6. Review of the useful life of an asset.

All assets will be investigated annually by the SAMC to ensure that the useful life of the asset is still in line with the original estimated useful life of the asset.

The depreciation charge for current and future periods will be adjusted accordingly, when it is determined that the useful life of an Asset at a specific period differs significantly from the original useful life estimation of the asset.

The useful life schedule must be used for all new and existing assets unless:

- A more appropriate useful life can be motivated by Units that acquires the asset, and
- The Head of Finance has to approve the change in the useful life of the Asset as motivated by the Units.

Asset Category	Useful life (years)	Depreciation Charge	Residual Value
Motor vehicles	10	10%	TBD*
Computer Equipment	4	25%	TBD
Furniture & office equipment	TBD	TBD	TBD
Cameras and appliances	TBD	TBD	TBD
Medical Equipment	TBD	TBD	TBD
Land and building	Refer to the Rwandan Laws relating to land and building		

* **TBD: To be determined**

XIII. Repairs and improvements to fixed assets

Where repairs and maintenance are incurred to improve a specific asset (i.e. the improvement will increase capacity or extend the useful life of the asset), the cost of the improvement must be capitalised against the fixed asset affected, and written off **over the remaining life of the asset**.

Where repairs and maintenance expenses are incurred to repair or service a specific asset and it does not extend the lifespan of the asset, the cost thereof must be written off to repairs and maintenance in the income statement.

XIV. Assets Movement

The procedures required to move an asset will be as follows:

- The Head of the Department requesting the move of an asset must submit an approved Asset Move Request Form (available from the Asset Management) before an asset is moved from its original Location. Asset Management will ensure that the movement of an asset is updated and recorded in the asset register.
- The Asset Register will be regularly updated as per the plans established by SAMC
- The Asset Management will balance the asset register to the assets as stated on the general ledger on a monthly basis and follow up any discrepancies.
- Discrepancies will be communicated to the Finance Section on a regular basis.
- The Asset Management Office will report on all additions, scrapings, disposals and loss due to theft or other uncontrollable circumstances on a regular basis.
- Every head of department shall be directly responsible for ensuring that all assets are properly maintained and in a manner that will ensure that such assets attain their useful operating lives.

XV. Loss, theft, destruction, or impairment of fixed assets

Every head of Unit shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the Chief Budget Manager or delegated Office and in cases of suspected theft or malicious damage to the Campus Management and or to the Rwanda National Police.

XVI. Disposal of assets

Every head of Unit shall report in writing to the SAMC during the financial year on all fixed assets controlled or used by the Unit that needs to be disposed. This will be done in accordance with the law relating to the assets disposal.

XVII. Writing off of items

All items to be written off must comply with the law relating to State property and finances, financial manuals issued by competent organs.

XVIII. Assets handover

All University stakeholders must take responsibility for protecting UR assets in their custody and ensure that the assets are used for authorised UR purposes. Upon exit of any UR stakeholder, the line manager shall ensure a complete asset clearance form and hand over is done.

XIX. Physical verification

- All fixed assets will be identified with a unique bar coded fixed asset number and recorded on an asset inventory sheet. Management should ensure that all University of Rwanda employees keep an updated copy of the asset inventory sheet. Every employee will be notified in advance of the stock taking processes and time. It will be the responsibility of the Asset Management Unit to organise and coordinate the taking process.
- Management should ensure that all fixed assets recorded on the Fixed Asset Register are physically verified at least once a year by means of an asset audit.
- Any differences must be investigated and must be adjusted in the Fixed Asset Register, if agreed and authorised by the responsible Managers and Chief Budget Manager or delegated office. The relevant Unit must supply a written explanation of the differences.

XX. Policy review and amendment

This Policy shall be reviewed for relevance every three (3) years. Campus Assets and Services Management Units shall collect all necessary amendment information and submit them to the University of Rwanda Strategic Asset Management Committee (UR-SAMC) for assessment and submission for approval to the University of Rwanda Senior Management Council.

Prof. Philip Cotton
Vice Chancellor

