



Fixed Asset Procedure

Procedure Number

WCDHB-PF-0014

Version Nos:

4

1. Purpose

The West Coast District Health Board (WCDHB) will ensure that it has a process that establishes the general requirements for the control of inventorial land, buildings, furnishings and equipment. The purposes of this Policy are to protect fixed assets, preserve the life expectancy of assets, avoid unnecessary duplication of assets and provide itemized listings to support reported.

2. Application/Responsibilities

This Procedure is to be followed by all WCDHB staff members and Board members.

3. Definitions

For the purposes of this Procedure:

Fixed Assets is taken to mean non current assets including intangible assets that:

- a) are held by an entity for use in the production or supply of goods and services, for rental to others, or for administrative purposes and may include items held for the maintenance or repair of such assets; and
- b) have been acquired or constructed with the intention of being used on a continuing basis; and
- c) are not intended for sale in the ordinary course of business.

4. Responsibilities

For the purposes of this Procedure:

The **West Coast District Health Board** shall:

- Ensure that WCDHB has a clear and effective system for managing it's fixed assets

The **Chief Executive Officer** (CEO) shall:

- Designate responsibility for management of the WCDHB's fixed assets;
- Report to the Board on relevant issues.

The **General Manager – Corporate Services** shall:

- Manage the WCDHB fixed assets in accordance with the requirements of this Policy.

5. Resources Required

This Procedure requires no specific resources.

6. Process

1.00 Fixed assets vested from Coast Health Care Ltd. Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Coast Health Care Ltd (a Hospital and Health Service) were vested in the West Coast DHB on 1 January 2001. Accordingly, assets were transferred to the West Coast District Health Board at their next book values as recorded in the books of Coast Health Care Ltd. In effecting this transfer, the Board has recognised the cost (or in the case of Land and Buildings the valuation) and accumulated depreciation amounts from the records of Coast Health Care Ltd. The vested assets will continue to be depreciated over their remaining useful lives.



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- 1.01 There are 13 classes of fixed assets:
- i. Land – residential
 - ii. Land – non residential
 - iii. Buildings – residential
 - iv. Buildings – non residential
 - v. Improvements to Leased Assets
 - vi. Fit out - residential
 - vii. Fit out – non residential
 - viii. Fit out - leased buildings
 - ix. Equipment
 - x. Computers
 - xi. Intangible Assets (software)
 - xii. Motor Vehicles
 - xiii. Work in progress
- 1.02 All new Fixed Assets are initially recorded at cost. The cost of subsequent additions to buildings, plant and equipment consists of all appropriate costs of acquisitions and installation including materials, labour and transport costs, in line with accounting standards (GAAP).
- 1.03 Work in progress includes the cost of direct materials, labour, and any other costs incurred. At project completion the total costs will be capitalised. It is policy to expense all assets valued at less than \$2,000 in the financial accounts. All other assets are to be capitalised.
- 1.04 Donated assets are recorded at the best estimate of net current value. Donated assets are depreciated over their expected lives in accordance with the rates established for the appropriate asset class.
- 1.05 Properties intended for sale are stated at the lower cost and net realisable value.
- 1.06 The Board Policy on Delegation sets out the delegation policy and limits of authority.
- 1.07 All buildings and major utilities/plan are to be managed in accordance with the requirements of the Building Act (1991) and subsequent and relevant statutes to ensure a safe working environment.
- 1.08 The WCDHB will operate a single numbering system for the registration all asset/equipment items so that each item has a unique identifier.
- 1.09 Asset information is to be made readily available to all staff members who have responsibility and accountability for asset management
- 1.10 The General Manager – Corporate Services is responsible for ensuring that the WCDHB develops and regularly updates an Asset Management Plan in accordance with health sector guidelines to ensure that all requirements are met. The WCDHB Asset Management Plan must include information on:
- Asset Acquisition
 - Asset Financing
 - Asset Disposal



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- 1.11 The WCDHB Asset Management Plan must also:
- i. Consider current (0-1 year), medium-term (2-4years) and long-term (>5 years) asset requirements;
 - ii. Consider adequacy of current assets to meet service delivery requirements;
 - iii. Consider drivers for change;
 - iv. Be updated regularly in accordance with health sector guidelines or as the asset base significantly changes.
- 1.12 Disposal of assets must only occur when either
- i. items are no longer required by and WCDHB service/department; or
 - ii. items are beyond economic repair judged by staff trained in the maintenance of that item.
- 1.13 Where the WCDHB chooses to dispose of an asset, it must be done in a manner that preserves impartiality and integrity.
- 1.14 The WCDHB Asset Management Plan is to incorporate an annual disposal planning process that is to:
- i. identifies surplus, obsolete assets
 - ii. establishes the rationale for, the anticipated time, and method of and the expected proceeds of safe and ethical disposal of assets;
 - iii. evaluates disposal alternatives;
 - iv. ensures asset management system records are updated;
 - v. ensures that an audit trail exists;
 - vi. minimises disposal costs;
 - vii. considers heritage value.
- 1.15 The WCDHB Finance Department must be notified of all assets sold or otherwise disposed of.
- 1.16 All assets must be made safe prior to sale or other disposal. Where assets are condemned but may be broken down as spare parts:
- i. these assets must be recorded as “disposal” in the asset register with the spare parts recorded as inventory items
 - ii. any asset kept for spare parts must be labelled with clear identification of the item’s faults.
- 1.17 All assets authorised for disposal are to be removed from within their service area and stored securely.
- 1.18 WCDHB assets may be disposed of to WCDHB staff members where:
- i. WCDHB staff members disposing of the asset do not derive any benefit from the disposal; and
 - ii. The asset is not disposed of at a discounted rate to WCDHB staff if a greater value could be realised through an alternative method of disposal.



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7. Precautions And Considerations

- All new Fixed Assets are initially recorded at cost.
- Properties intended for sale are stated at the lower cost and net realizable value.
- All assets must be made safe prior to sale or other disposal.
- Asset information is to be made readily available to all staff members who have responsibility and accountability for asset management.

8. References

Building Act (2004)

New Zealand Public Health And Disability Act (2000)

Public Finance Act (1989)

9. Related Documents

WCDHB Capital Expenditure Procedure

WCDHB Delegation Policy

Revision History	Version:	4
	Developed By:	Chief Financial Manager
	Authorised By:	Board
	Date Authorised:	May 2002
	Date Last Reviewed:	September 2009
	Date Of Next Review:	September 2011