



YMCA Fixed and Non-Consumable Asset Disposal Policy

January 2020

1.0 Introduction/Background

YMCA asset disposal is the realization that the economic value has expired for the use by the organization; and that the need for services provided by the asset has changed. This policy is about the disposal of assets after the asset disposal committee has decided and the National General Secretary has approved on reasonable ground that the asset is not needed to provide any minimum services in the YMCA; and after the fair market and economic value to be disposed has been assessed.

YMCA asset disposal must be carefully planned and implemented in a transparent and cost effective manner. The policy is intended to provide management with effective mechanism for asset disposal.

2.0 Definitions

Asset: YMCA definition of Assets in this policy applies to equipment, furniture, vehicles, motorbikes, fittings on building and other forms of fixed and non-fixed assets.

Market Value: In this policy, market value means the value of an item in the market place and is regardless of its initial purchase price or remaining value.

YMCA's definition of Asset Disposal: In YMCA, asset disposal is defined as the removal of assets that have been used over very long period of time, from the YMCA's accounting records because of its depreciation level – mostly when it is substantially depreciated. Most of these assets are removed at gain or loss because they are no longer needed in the institution. On the other hand, an asset can be disposed due to unforeseen circumstances such as treat of theft.

YMCA asset disposal plan is an important component of its asset management plan. This asset disposal plan gives full account of assets costs, the duration of usage and its depreciation costs that result to recommendation for disposal.

3.0 Objectives

The objectives for YMCA asset disposal are:

- To provide the means for the disposal of fixed and non-fixed assets
- To ensure that asset disposal decisions, and the reasons for taking them, should be documented
- To ensure disposal of obsolete equipment that only takes up space and create losses for YMCA
- To ensure that disposal is based on a fair market value for each surplus item.
- Ensure transparent, effective, efficient and economical disposal of assets.
- Ascertain that assets disposal is aligned to asset acquisition and procurement plans.
- To ensure that asset disposal comprises assets that do not meet the optimal needs of YMCA for social enterprising and service delivery.

4.0 Reasons for Which YMCA dispose of Assets

- When assets are fully depreciated
- When assets occupying storage space are not being needed in the foreseeable future;

- When retaining an asset or assets brings losses to YMCA, such as continuous repairs of equipment, vehicles, motorbikes etc.
- When retention of assets exposes the organization to theft
- When assets occupying space no longer comply with workplace health and safety standards for staff
- When assets are beyond repair but able to be written off for scrap.

5.0 Types of Assets can be disposed of in YMCA *(Description of Assets that Can be Disposed)*

- Vehicles.
- Motorbikes
- Refrigerators
- Generators
- Furniture
- Equipment (e.g, computers, printers, PowerPoint projectors, cameras, modems etc)

6.0 YMCA Means of Disposal

The choice of the most appropriate means of disposal will normally be influenced by the nature or condition of the goods for disposal and by their location and market value. In all cases, assets disposed of must be reported on an 'Asset Disposal' form to ensure they are removed from the central asset register.

YMCA assets can be disposed through any or all of the three means detailed below:

- Asset disposal can be made through a raffle draw where assets are given away free of charge to individuals winning the raffle.
- Through direct sales, where assets depreciation costs are calculated and assets are priced for disposal through sales by either external bidding (involving persons outside of YMCA) or through internal bidding where staff are given opportunities to buy the assets. The type of bidding for sale of assets is based on management's decision.
- Through direct sales to staff, where assets depreciation costs are calculated and assets are priced to be sold at a much lower rate than that of market value and consideration of staff income.

In consultation with the NGS and the Administrative and Finance Director, the head of operations shall list assets and their method of disposal.

7.0 Scope of Application

The scope of application for asset disposal refers to measures for disposal of Assets, which can no longer be used for the purpose originally intended and planning for the disposal considering fairness, depreciation costs and fairness in economic and market value.

8.0 Establishment of Asset Disposal Committee

The Administration and Finance Director will appoint five persons to serve on the asset disposal committee. The committee members shall serve a tenure of two years and shall function to review and discuss issues of asset disposal and make the necessary recommendations regarding asset transfer and disposal. The committee shall comprise of members of the following Units:

- Administrative and Finance Unit
 - (Administration, Finance, Operations and IT/communications).
- Program Unit

Roles and responsibility:

The role and responsibility of the committee shall be the following:

- Report on surpluses, redundant and damaged assets or assets that are of no value for service delivery.
- Determine causes of surplus, redundant and unserviceable assets.
- Determine whether procedures were followed for loss or control of assets in terms of asset loss, asset theft, asset damages or fraud in asset management
- Determine the method or means of asset disposal and advise management
- Complete an asset disposal inventory form.
- Arrive at appropriate decisions and recommendations for asset disposal, make recommendations and submit a report.
- Complete a consolidated asset disposal tracker

Once the report is received by the Administrative and Finance Director, he/she will meet with the NGS to discuss need for sharing in senior management team and also to obtain approval of the National General Secretary on the disposal methods to include the following:

- ✚ Transfer of assets to local branches
- ✚ Transfer to another institution or CBO by donation at market value
- ✚ Transfer of assets by donation to staff, Board members or persons out of the YMCA
- ✚ Sales of assets by public auction procedures.
- ✚ Write off Assets

The operations section will prepare a report to share with the administration and NGS and all records shall be kept.

9.0 Asset Disposal Management Process

The asset disposal management process shall include the following:

- ***Physical verification of all assets.*** An inventory and verification of all assets shall be conducted quarterly. Asset verification meeting shall be held semi-annually involving heads of section to discuss status of assets. Assets shall be assessed to keep records on their physical conditions and verify their existence and location. Verified assets that are not in use shall be placed in a secured and suitable warehouse.
- ***Physical Inspection of Disposable Assets:*** Physical inspection of assets will happen within 15 days after the completion of asset verification report. The aim is to confirm information gathered during the asset verification process. It is also at separating assets that can be reconditioned and upgraded from that of assets suitable for disposal. A report on physical inspection must be made available.
- ***Disposal of Vehicle or Motorbikes:***
 - ***YMCA Vehicles and Motorbikes:*** YMCA vehicles and motorbikes shall be disposed of as the vehicle policy or through asset disposal procedures herein and this shall be put into effect only when the NGS authorizes disposal of a specific vehicle in writing with clear specifications.

Once disposed, the full ownership of the disposed vehicle (s) will be transferred to the buyer or staff to which vehicle is transferred through a hand to hand bill of sales or transfer but only upon full payment of the market value price provided.
 - ***Project Vehicles, Motorbikes and Equipment:*** Unless initially disposed of to YMCA and not transferred through loan or any sort of transfer where donor maintains ownership, YMCA shall not dispose of project or donor vehicles, motorcycles and any sort of equipment and furniture. Project or donor furniture, equipment, vehicles or motorbikes shall be returned to donor or retained by YMCA only upon approval of the donor. This varies from donor to donor but terms and conditions are similar. YMCA shall remain in compliance with all asset disposition requirements by donors.
- ***Meeting of The Asset Disposal Committee:*** The asset disposal committee must meet within 15 days of the completion of physical inspection of the assets and report on inclusiveness of the recommendations must be submitted to the Administrative and Finance Director and subsequently to the National General Secretary (NGS) within 7 work days after the meeting of the committee. Only the NGS authorizes disposal of assets in writing to the Administrative and Finance Director.

- *Notice and Communication Regarding Asset Disposal:* The Administrative and Finance Director shall coordinate with the Communications Officer to inform the general staff of the disposal plan and schedule. Upon approval of a circular for notice of disposal by the NGS, a circular shall be placed on the YMCA Bulletin within 5 days upon to inform staff.
- *Award of Assets:* Assets will be awarded based on application process using a simple application form. Awards will be based on a first-come, first-served basis for approval. Local branches and schools will be given the first priority in respect of asset donations particularly furniture and equipment. The decision to donate or transfer will be left with the NGS and the Senior Management team.

10.0 De-Recognizing Assets from Management Records.

Once the assets are disposed of, they shall be derecognized from the asset registry within 15 days after disposal; and the asset register shall be updated with a current inventory list attached.

11.0 Accounting For Funds from Asset Disposal

- YMCA will ensure mechanisms where funds received from sales are properly documented as cash receivable.
- Once assets are sold, they will be tallied and removed from inventory and financial balance sheet.
- After the complete sales of assets disposed, and income statement will be prepared for the records.

12.0 Lost Assets

The assigned custodian of an asset should report to his or her immediate line manager and the head of operations with a a completed incident report, using the YMCA incident report form to provide information about lost, stolen or damaged asset and assigned staff action taken. The asset should be fully described and it should be clarified how the asset got loss and from where the asset was stolen.

Once the report is received, management will launch an investigation for the necessary management action to be taken. In such a situation, management may decide to either write off the asset as stolen, damaged or lost or request that the assigned staff involved should recover the asset through payment.

13.0 Leased Assets

The Administrative and Finance Director and the head of operations shall keep records of all leased assets. Assets leased by YMCA shall only be removed from asset registry after the lease contract of a given asset has expired.

YMCA shall lease its land and buildings based only on the board approval. Disposal of land and building assets through property sales or any means or form shall be done only on the approval of the National Board.

14.0 Disclosure of Asset Disposal Details in Annual report

Disposal of YMCA assets shall be reflected in YMCA annual financial report, it shall be reported at the disposal value and not at the purchase value.

15.0 Authorization Of Effective Date Of Asset

This policy becomes effective from the date of the signatures hereto:

<p>Date policy will take Effect: _____</p> <p>Proposed date for next Policy Review: _____</p>

Attachments:

- *Asset Disposal Tracker*
- *Asset Disposal Timeline*
- *Asset Disposal Form*

Attested: YMCA Administration and Finance Director:

Name	Signature	Date
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Approved by National General Secretary/CEO:

Name	Signature	Date
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