Government of the Independent State of Samoa

Ministry of Finance

TREASURY INSTRUCTIONS

Section 4

Asset Management

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PART I: ASSETS

I.1. DEFINITION OF ASSETS[1]

Assets are defined as economic resources with ≥ 1 year useful life and ≥ $1,000 in dollar value per item.

(1) If Asset is $1,000 and useful life is less than 1 year, it is still categorised as an asset,

(2) if asset is less than $1,000 but useful life is more than 1 year, it is also categorised as an asset subject to meeting the following categories:

a) Computers, printers, scanners, photocopiers, cameras, external drives, laptops, PC viewers, furniture,

b) Any other assets not included above but has a useful life of 1 or more years is considered an asset based on Treasury and Audit Office discretion

All assets are economic assets which are entities over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding them or using them over a period of time. Every economic asset provides benefits by functioning as a store of value. In addition, some benefits are derived by using assets, such as buildings or machinery, in the production of goods and services, and some benefits consist of property incomes, such as interest, dividends, and rents received by the owners of financial assets, land, and certain other assets.

Governments use assets to produce goods and services. For example, office buildings, together with the services of government employees, office equipment, and other goods and services, are used to produce collective or individual services such as general administrative services. In addition governments often own assets whose services are consumed directly by the general public and assets that need to be preserved because of their historic or cultural importance. Thus when asset boundary is applied to the general government sector, it often incorporates a wider range of assets as follows:

- **General purpose assets** – which are assets that other units would be likely to possess and use in similar ways, such as schools, road-building equipment, fire engines, office buildings, furniture, and computers.
- **Infrastructure assets** – which are immovable non-financial assets that generally do not have alternative uses and whose benefits accrue to the community at large. Examples are streets, highways, lighting systems, bridges, communication networks, canals and dikes.
- **Heritage assets** – which are assets that a government intends to preserve indefinitely because they have unique historic, cultural, educational, artistic, or architectural significance.

I.2. TYPES OF ASSETS

The two major types of assets are: Non-financial Assets and Financial Assets[2].

[1] Reference GFS Manual 2001
[2] Reference GFS Manual 2001

I.2.1. Non-Financial Assets

Non-financial assets are all economic assets that do not represent claims on other units. They are stores of value and provide benefit either through their use in the production of goods and services or in the form of property income. Non-financial assets may be categorized as 'Produced Assets' or 'Non-Produced Assets'.

I.2.1.1. Produced Assets are the assets that come into existence as outputs from a production process. Produced assets are classified as 'fixed assets', 'inventories' and 'valuables'.

I.2.1.1.1. Fixed Assets are produced assets that are used repeatedly or continuously in processes of production for more than a year. The distinguishing feature of a fixed asset is not that it is durable in some physical sense, but that it may be used repeatedly or continuously in production over a long period of time. For example, coal used as fuel may be highly durable physically but cannot be classified as fixed asset because it can be used only once.

Fixed Assets are further classified as 'building and structures', 'machinery and equipment', and 'other fixed assets'.

(i) Building and structures - consist of 'dwellings', 'non-residential buildings', and 'other structures':

(a) Dwellings – buildings that are used entirely or primarily as residences, including garages and other associated structures. Houseboats, barges, mobile homes, and caravans that are used as principal residences are also included.

(b) Non-residential buildings – are buildings other than dwellings. Buildings included in this category are office buildings, schools, hospitals, buildings for public entertainment, warehouse, industrial buildings, commercial buildings, hotels and restaurants.

(c) Other structures – consists of all structures other than buildings, including the following:

- Highways, streets, roads, bridges, tunnels, railways, subways and airfield runways;
- Sewers, waterways, harbours, dams, and other water-works;
- Shafts, tunnels, and other structures associated with mining subsoil assets;
- Communication lines, power lines, and pipelines;
- Outdoor sport and recreation facilities.

(ii) Machinery and equipment – consists of 'transport equipment' and 'other machinery and equipment'. Machinery and equipment forming an integral part of a building or other structure is included in the value of the building or structure rather than in machinery and equipment.

(a) Transport equipment – consists of equipment for moving people and objects, including motor vehicles, trailers, ships, railway locomotives and rolling stock, aircraft, motorcycles, and bicycles.

(b) Other machinery and equipment – consists of all machinery and equipment other than transport equipment. It includes general and special purpose machinery; office, accounting, and computing equipment; electrical machinery; radio, television, and communication equipment; medical appliances; precision and optical equipment; furniture; watches, and clocks; musical instruments; and sports goods. It also includes paintings, sculptures, other works of art or antiques, and other collections of considerable value that are owed and displayed by government museums and similar organizations for the purpose of producing non-market services. (Items of this nature not intended for use in production would be classified as valuables).

(iii) Other fixed assets – consist of 'cultivated assets' and 'intangible fixed assets'.

(a) Cultivated assets – consist of animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services.

The types of animals in this category include breeding stocks (including fish and poultry), dairy cattle, draft animas, sheep or other animals used for wool production and animals used for transportation, racing or entertainment.

The types of plants in this category include trees, vines, and shrubs cultivated for fruits, nuts, sap, resin, bark, and leaf products.

Animals and plants for one-time use, such a s cattle raised for slaughter and trees grown for timber, are classified as inventories rather than fixed assets.

(b) Intangible fixed assets – consist of mineral exploration; computer software; entertainment, library, and artistic originals; and miscellaneous other intangible fixed assets. To qualify as a fixed asset, the item must be intended for use in production for more than one year and its use must be restricted to the units that have established ownership rights over it or to units licensed by the owner.

I.2.1.1.2. Inventories are goods and services held by producers for sale, use in production, or other use at a later date and consist of 'strategic stocks' and 'other inventories'

(a) Strategic stocks include goods held for strategic and emergency purposes, viz. goods held by market regulatory organizations and commodities of special importance to the nation such as grain and petroleum.

(b) Other inventories consist of 'materials and supplies', 'work in progress', 'finished goods', and 'goods for resale'.

(i) Materials and supplies consist of all goods held with the intention of using them as inputs to a production process, including office supplies, fuels and foodstuffs.

(ii) Work in progress consist of goods and services that have been partially processed, fabricated, or assembled by the producer but that are not usually sold, shipped. Or turned over to others without further processing and whose production will be continued in a subsequent period by the same producer.

(iii) Finished goods consist of goods that are the output of a production process and held by their producer and are not expected to be processed further by the producer before being supplied to other units.

(iv) Goods for resale are goods acquired for the purpose of reselling or transferring to other units without being further processed. Goods for resale may be transported, stored, graded, sorted, washed, or packaged by their owner to present them for resale.

I.2.1.1.3. Valuables are produced goods of considerable value that are acquired and held primarily as stores of value over time and are not used primarily for purposes of production or consumption. They are expected to appreciate, or at least not to decline, in real value, and do not deteriorate over time under normal conditions.

Valuables consist of:

- Precious stones and metals such as diamonds, non-monetary gold, platinum, and silver that are not intended to be used as intermediate inputs into processes of production;
- Paintings, sculptures, and other objects recognized as works of art or antiques;
- Jewellery of significant value.

Most items fitting the description of a valuable that are owned by general government units will be classified as 'other machinery and equipment' because they are used primarily in museums to produce services for the public rather than held as stores of value.

I.2.1.2. Non-Produced Assets consist of 'tangible naturally occurring assets', and 'intangible constructs of society'.

I.2.1.2.1. Naturally occurring assets are tangible non-produced assets that include 'land', 'subsoil assets', and 'other naturally occurring assets' when ownership rights are enforced. If ownership rights have not or cannot be enforced over naturally occurring entities, then they are not economic assets.

(i) Land is the ground itself, including the soil covering, associated surface water (including reservoirs, lakes, rivers and other inland waters), and major improvements that cannot be physically separated from the land, but excluding the following:

- Buildings and other structures constructed on the land or through it, such as roads, office buildings, and tunnels;
- Cultivated vineyards, orchards, and other plantation of trees, animals and crops;
- Subsoil assets;
- Non-cultivated biological resources; and
- Water resources below the ground.

(ii) Subsoil assets are proven reserves of oil, natural gas, coal (including anthracite, bituminous, and brown coal), metallic mineral reserves (including ferrous, nonferrous, and precious metal ores), and non-metallic mineral reserves (including stone quarries, clay and sand pits, chemical and fertilizer mineral deposits, and deposits of salt, quartz, gypsum, natural gem stones, asphalt, bitumen, and peat).

Mine shafts, wells, and other subsoil extraction facilities are fixed assets rather than subsoil assets.

(iii) Other naturally occurring assets include 'non-cultivated biological resources', 'water resources' and the 'electromagnetic spectrum'.

- **Non-cultivated biological resources** – are animal and plants that are subject to ownership rights but whose natural growth and/or regeneration is not under the direct control, responsibility, and management of any unit. For example, virgin forests and fisheries which are commercially exploitable.

- **Water resources –** are aquifers and other ground water resources that are sufficiently scarce to warrant enforcement of ownership and/or use rights that are exploitable.

- **Electromagnetic spectrum** consists of the range of radio frequencies used in the transmission of sound, data, and television.

I.2.1.2.2. Constructs of society are intangible non-produced assets that are evidenced by legal or accounting actions and include patents, leases and other contracts, and purchased goodwill.

- **Patents** provide protection, by law or by judicial decision, for inventions;

- **Leases and other contracts** include leases of land, buildings, and other structures; concessions or exclusive rights to exploit mineral deposits or the electromagnetic spectrum; contracts with athletes and authors; and options to buy tangible assets not yet produced;

- **Purchased goodwill** is the difference between the value paid for an enterprise as a going concern and the sum of its assets less the sum of its liabilities.

I.2.2. Financial Assets

Financial Assets consists of 'financial claims', 'monetary gold' and 'Special Drawing Rights (SDRs)'.

I.2.2.1. Financial Claims are assets that entitle one unit, the owner of the asset (i.e., the creditor), to receive one or more payments from a second unit, according to the terms and conditions specified in a contract between the two units. A financial claim is an asset because it provides benefits to the creditor by acting as a store of value. The creditor may receive additional benefits in the form of interest or other property income payments and/or holding gains. Typical types of financial claims are cash, deposits, loans, bonds, financial derivatives, and accounts receivable.

- **Cash (**currency) consists of the notes and coins in circulation which is commonly used to make payments. Currency is issued either by the central bank or by the government units and are a liability of the units that issue them.

- **Deposits** are financial assets that have fixed nominal values and are used to make payments. They are stores of value and, depending on the type of deposit, may be direct medium of exchange and may earn interest or entitle the deposit holder to specific services. Deposits can be sub-classified according to whether they denominated in the domestic currency or foreign currency.

- **Loans** are financial instruments that are created when a creditor lends funds directly to a debtor and receives a non-negotiable document as evidence of the asset. This includes mortgage loans, instalment loans, hire-purchase credit, loans to finance trade credit and advances, repurchase agreements, financial assets and liabilities implicitly created by financial leases. Ordinary trade credit and similar accounts receivable/payable are not loans.

- **Financial derivatives** are financial instruments that are linked to a specific financial instrument, indicator, or commodity, and through which specific financial risks can be traded in financial markets in their own rights. The value of a financial derivative is derived from the price of the underlying item: the reference price. There are two broad classes of financial derivatives: 'forward-type contracts' including swaps and 'option contracts'.

  Under a **forward contract**, the two parties agree to exchange a specified quantity of an underlying item, which may be real or financial, at an agreed price on a specified date. Common forward-type contracts include interest rate swaps, forward rate agreements, foreign exchange swaps, forward foreign exchange contracts, and cross-currency interest rate swaps.

  Option contracts give the purchaser an option to buy (a 'call' option) or sell (a 'put' option) a particular financial instrument or commodity at a predetermined price within a given time span or on a given date.
  Options are sold or 'written' on many types of underlying bases such as equities, interest rates, foreign currencies, commodities, and specified indexes. The buyer of the option pays a premium to the seller for the latter's commitment to sell or purchase the specified amount of the underlying instrument or commodity on demand of the buyer.

Margins are payments of cash or collateral that cover actual or potential obligations under financial derivative contracts. Repayable margins consist of cash or other collateral deposited to protect counterparty against default risk, but which remain under the ownership of the unit that made the deposit. Repayable margins paid in cash are deposits rather than financial derivatives. Repayable margins made in securities or other non-cash assets retain their character as securities or other assets.

- **Accounts receivable** consist of 'trade credits and advances' and 'miscellaneous other accounts receivable' due to be received. All such assets should be valued at the amount the debtor is contractually obliged to pay the creditor to extinguish the obligation.

  Trade credits and advances include (1) trade credit extended directly to purchasers of goods and services and (2) advances for work that is in progress or to be undertaken. Trade credit does not include loans, securities other than shares, or other liabilities that are issued to finance trade.

  Miscellaneous other accounts receivable includes accrued but unpaid taxes, dividends, purchases and sales of securities, rent, wages and salaries, social contributions, social benefits, and similar items.

I.2.2.2. Monetary gold is financial asset that provide economic benefits by serving as a store of value and can be used to as a means of payment to settle financial claims and finance other types of transactions.

Monetary gold consists of gold coins, ingots, and bars with a purity of at least 995/1000 that are:
- Owned by units that undertake monetary authority functions (normally central bank of the country); and
- A component of the nation's official reserve assets.

Monetary gold is a financial asset for which there is no corresponding liability on the part of another unit. Any gold held by a government unit that does not satisfy the definition of monetary gold is treated as non-financial asset, either a type of inventory or a valuable.

I.2.2.3. Special Drawing Rights (SDRs) are international reserve assets created by the IMF and allocated to its members to supplement existing reserve assets. SDR represents an unconditional right to obtain foreign exchange or other reserve assets from other IMF members. They can be sold, loaned, or used to settle financial obligations.

SDRs are to be held only by the monetary authorities (normally central bank). An SDR is a financial asset for which there is no corresponding liability, and the members to whom they have been allocated do not have an unconditional liability to repay their SDR allocations.

I.3. VALUATION OF ASSETS[3]

I.3.1. Valuation of Non-financial Assets

(i) Non-financial assets other than inventories are valued at their exchange price plus all transport and installation charges and all costs incurred in the transfer of ownership, such as fees paid to lawyers and taxes payable on the transfer.

[3] As per GFS

(ii) Assets produced on own account are valued at their cost of production.

(iii) Sales and other disposals of existing non-financial assets are valued at their exchange value less any costs of ownership transfer incurred by the disposing unit.

(iv) Additions to or withdrawal from inventories are valued at the price applicable at the time of the addition or withdrawal. No costs for installation or ownership transfer are added or subtracted for transactions in inventories.

(v) The value of a transaction expressed in foreign currency is converted to the domestic currency using the midpoint of the buying and selling exchange rates at the time of transaction.

(vi) Acquisitions of valuables are valued at the prices paid plus any associated costs of ownership transfer incurred by the general government units acquiring the assets. Disposals are valued at the sales price

I.3.2. Valuation of Financial Assets

(i) The value of an acquisition or disposal of an existing financial asset is its exchange value. The value of a newly created financial claim is generally the amount advanced by a creditor to a debtor.

(ii) All service charges, fees, commissions, and similar payments for services provided in carrying out transactions and any taxes payable on transactions are excluded. They are expense transactions.

(iii) When a security is issued at a discount or premium relative to its contractual redemption value, the transaction should be valued at the amount actually paid for the asset and not the redemption value.

(iv) Financial assets denominated in purely monetary terms, such as cash and deposits, do not have physical units with which prices can be associated. In such cases, the relevant quantity unit is effectively a unit of the currency itself so that the price per unit is always unity.

(v) In the case of non-transferable financial assets, such as some loans, the monetary value is the amount of principal outstanding.

(vi) In some cases the value of a financial asset is determined by the value of the counterpart to the transaction. For example, the initial value of a loan resulting from a financial lease is the value of the non-financial asset leased. The value of an accounts payable resulting from purchase of goods or services is the value of the goods acquired or services received.

(vii) The value of a transaction expressed in foreign currency is converted to the domestic currency using the midpoint of the buying and selling exchange rates at the time of transaction.

I.4. ASSET SYSTEM AND PROCEDURES

Procedure for procurement of an asset is same as described in Part K. However, for assets procured, the Accounts Payable Officer shall, in addition, enter the Asset information for the integrated Asset Module from the Accounts Payable Screen.

I.4.1. Ministry/Department Responsibility

Corporate Services Division in a Ministry/Department is responsible for:

- Receiving request from Output Manager to procure an asset;
- An asset must be an approved asset in the budget or negotiate with the Budget Division of the Ministry of Finance for any transfer of funds for any assets;
- Provide quotes for an asset (written quotes for asset>$5000);
- Fill out the manual TY11A or B requisition form;
- Enter online requisition base on manual authorized TY11A and B;
- Provide information to the Ministry of Finance for new suppliers related to their Ministries;
- Approve online orders based on the Certification by the Output Manager on the TY11A and B;
- Receiving suppliers invoices and:
    - Matching to assets received;
    - Checking the accuracy of invoice calculations;
    - Checking that invoices have not previously been paid.
- Correct coding of requisition/orders for posting to the ledgers;
- Enter Asset information and Book information for the Asset;
- Approve amendments to the order if prices or quantity changes;
- Approve cancellation of Purchase Orders, when required;
- Timely processing of orders to Output Managers;
- Report – Outstanding assets commitments
    - Requisitions;
    - Purchase Orders;
    - Delivery; and
    - Enquiries.

I.4.2. Ministry of Finance Responsibilities

The Asset Section of the Accounts Division, Ministry of Finance is responsible for:

- Responding and resolving ministries/departmental and asset queries;
- Maintenance of the computerized asset system;
- Maintenance of the Selection types and user fields;
- Maintenance of the Account Codes associated with sub-output;
- Maintenance of the Authorization codes;

- Maintenance of location;
- Produce reports and analysis on the assets to the management.

I.4.3. Key Controls

I.4.3.1. General Controls

- An efficient and effective system of procurement of assets is established;
- Adequate segregation of duties within procurement and receiving of assets supplied;
- Adequate segregation of duties within the procurement system for approving of orders of assets, receiving of assets and matching of an asset;
- Adequate management information is produced and used to manage the assets and commitment of expenses to the ledgers.

I.4.3.2. Accounting and Processing Controls

- Updating of the Asset Register efficiently;
- Certification of assets received by properly authorized officer;
- Matching of invoice details of assets with received certification and purchase order;
- Regular and timely review of assets by Output Managers and Ministries accounting staff.

I.4.3.3. Computerized System Controls

- Systematic/periodic data used in the asset system is regularly reviewed and approved by an authorized officer;
- Access to asset processing functions and data is restricted to authorized personnel;
- Amendments to system data are properly authorized and are entered and processed completely and accurately and only once.

I.5. CUSTODY OF STORES

Ministries/Departments shall observe instructions issued by the Financial Secretary for the custody of stores. Where stores are held by ministries/departments, they shall be responsible for:

(a) Providing adequate facilities for:

- Prevention of losses by theft, deterioration through exposure to weather, loss or damage by fire or accident through improper storage;
- Ease of handling;
- Proper identification and orderly layout;
- Keep the stores accommodation clean, tidy and free from rubbish.

(b) Paying special attention to the following:

- Stores of special value which can be easily stolen are kept locked in a compartment separate from ordinary stores;
- Explosives, inflammable, and dangerous goods are stored adequately to reduce risk of fire or accident and any Ordinances, Acts or Regulations relating to the storage of such goods are observed;
- Reasonable precautions are taken against the possibility of fire.

(c) Ensuring authorized access and safety of keys:

- Keys to stores are held solely by authorized officers and access is permitted to authorized person only.

I.6. STOCKTAKING OF STORES

(1) The Ministries/Departments shall undertake stocktaking of stores at least once a year. In addition to normal stocktaking, the ministries/departments shall also arrange for random test check of stores.

(2) All significant discrepancies disclosed on stocktaking or test checks shall be reported to the CEO of the Ministry and investigated for evidence of theft, malpractice, mismanagement or weakness in the system of control.

(3) On completion of stocktaking, a list of items found surplus or deficient shall be prepared for follow up action. Deficiencies found shall be investigated and appropriate action taken to write-off or recovery from the delinquent employee. Surplus stores may be added to the stock.

I.7. WASTE AND DETERIORATION TO BE AVOIDED

(1) It is the responsibility of all departmental employees to ensure that there is no loss to Government through mismanagement, loss, waste, deterioration, misuse, or theft of departmental stores.

(2) Instances of loss or possible loss of stores shall be brought to the attention of the CEO of the Ministry who shall take immediate investigational or remedial action appropriate to the circumstances.

(3) Losses from overstocking are to be reported to the Financial Secretary.

(4) All losses of stores other than those which come within the definition of normal and unavoidable losses (except approved gratuitous issues) shall be reported through an irregularity report. When the Government is deprived of the use of stores whether by disappearance, theft, breakage or in any other way, it would tantamount to loss of store for the purpose of this instruction. If any officer is found to be responsible for a stores loss, he may be surcharged with the amount of the loss.

I.8. INSURANCE AND TRANSPORTATION OF STORES

The bidding documents shall state precisely the types of insurance to be provided by the successful bidder and shall indicate the kinds of risks insured against, the liabilities to be covered, and the duration and the amount of insurance. In contracts for the supply of goods on CIP[4] or similar basis, cargo insurance and transportation are left to be arranged by the supplier as part of the contract.

I.9. SURPLUS STORES:

I.9.1. Definition of surplus stores

Surplus stores are those items of stores which are of no further use to a department, or which exceed the department's reasonable future requirements, having regard to past issues, stock in hand, orders placed, known or likely demands to essential reserve stocks and to those required to meet emergencies. The main types of surpluses are as follows:

(a) Stores written off and condemned by the Survey Committee as no longer serviceable for departmental use, but which still have some saleable value.
(b) Stores recovered from buildings or equipment which have been dismantled or modified, and which although still serviceable, are not required for departmental use.
(c) Stores held on ledger charge but which are no longer suitable for departmental use because of redundancy obsolescence, deterioration etc.
(d) Unused or otherwise serviceable stores held by a department but which are surplus to that department's normal requirements.

1.9.2. Disposal of surplus stores

Surplus stores can be disposed off either by inter-departmental transfer or by sale.

I.9.2.1. Inter-departmental transfers

Surplus stores transferred between departments shall be subject to the following financial adjustment:

(a) Used stores: at depreciated book value.
(b) Unused stores: at book value or ruling market price, whichever is lower. No on-cost is to be added.
(c) Condemned stores, used office furniture, furnishings and equipment, used office mechanical equipment, used motor vehicles, and stores not exceeding $10 in value for any one item. No financial recovery required.

I.9.2.2. Sale of surplus stores

As a general rule, sale of surplus stores shall be by Public Auction or tender or negotiated sales as approved by the Tender Board.

I.9.2.3. Authority to approve sale of surplus stores:

Tenders Board - For stores to be sold through public auction or tender or negotiated sales.

I.10.WRITE-OFF OF STORES

I.10.1. Reasons for loss of stores to be written off

The reasons for loss of stores can be either normal and unavoidable or abnormal and avoidable.

(i) Normal and unavoidable reasons for loss:

[4] Carriage and Insurance Paid

(a) Normal wear and tear;
(b) Accidental breakage or damage in the course of normal handling in store e.g. glassware, crockery, electric lamps;
(c) Shrinkage, leakage and evaporation where negligence has not contributed to such losses. In case of motor spirit the allowable loss should not exceed 1% of turnover from the date of the last stock check;
(d) Deterioration of stock while in store on account of ageing, atmospheric conditions or infestation by vermin;
(e) Natural causes e.g. livestock deaths;
(f) Obsolescence;
(g) Losses on realization of surplus stores.

(ii) Abnormal and avoidable reasons for loss:

(a) Gratuitous issues;
(b) Livestock losses caused by other than natural death;
(c) Mal-administration e.g. overstocking;
(d) When the total value of deficiencies exceed the total value of surpluses found in the same store account at a complete stocktaking;
(e) Stores lost by fire, flood, major accident or other disaster in excess of any insurance recovery;
(f) Stores stolen or missing without due cause;
(g) Miscellaneous losses which are not normal and unavoidable.

I.10.2. Reporting of loss of stores

The Accountable officer shall report promptly, in form TY21, to the Financial Secretary, through his head of department, the value of lost, deficient, condemned, unserviceable or obsolete stores. A copy of any irregularity report issued is to be attached to the TY21 form to which it refers.

I.10.3. Value of stores to be adopted for write-off

The values to be adopted for stores to be written off shall be as follows:

(a) Stores in stock are to be written off at book value.

(b) Motor-vehicles, mechanical plant and machinery, office machinery and other items which are recorded individually on departmental charge are to be valued at cost less depreciation. Residual value must be shown in cases where items have been fully depreciated to "Nil" value.

(c) Non-consumable stores on issue to departmental staff and lost through fire, theft or accident etc., are to be written off at replacement cost less 50%. When the employee is being personally charged with the loss, he shall be responsible to pay the full original cost of the item in question.

I.10.4 Powers to write off[5]

(i) The Financial Secretary - may, on receipt of report in form TY21, order an investigation in a particular case and thereafter take the following action:

(a) Approve the write-off of an amount not exceeding $5,000; or

(b) Refer to the Minister any case of write-off in which the amount exceeds $5,000; and

[5] Section 120 of PFM Act 2001

(c) Take such action under Part XV (Surcharge, offences and discipline) of the Public Finance Management Act, 2001, as he considers appropriate.

(ii) The Minister – may, on receipt of cases referred to by the Financial Secretary:

(a) Approve the write-off of an amount, not exceeding $10,000; or

(b) Refer the matter to the Cabinet for decision where the amount to be written off exceeds $10,000.

(iii) The Cabinet – may approve the amount to be written off.

I.10.5. Reporting in the financial statements

All amounts approved for write-off by the Financial Secretary, the Minister or Cabinet respectively shall be reported in the financial statements.