



Uttaran

Assets Safeguard Policy

Community Mobilization

Poverty Eradication

Environmental Justice

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02	Date: March 2010		
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03	Date: April 2014		
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UTTARAN

ASSETS SAFEGUARD POLICIES

The Guide aims to help UTTARAN staff to clarify specific requirements, regulations, and compliance issues mandated between Uttaran and donors. UTTARAN is responsible to establishing good organization practices essential to implementing effective programs and responsible management of funds irrespective of donors.

Any efforts improving the system and procedures must be directed toward the respective management team. This Guide is designed to serve as an essential tool, not only for administering individual assets but, in the larger context, for strengthening the capacity of Uttaran to better respond to the needs of donors.

The Guide is to strengthen organization capacity-building. This guide is intended to serve as an engaging and informative resource to strengthen Uttaran capacity-building efforts as well as to be a handy resource for understanding and complying with UTTARAN rules and regulations.

The Guide presents rules, regulations, and processes organizations need to address in every phase of project management—from award, start-up, and implementation through monitoring, evaluation, reporting, and close out.

Uttaran seeks resources from donors for its programs implementation. The guide will work as a useful tool to becoming stronger organizations and, therefore, more competitive in the efforts. UTTARAN projects are running by the funding and opportunities from a diverse range of donors.

All Uttaran staff should be aware that globally day by day the organization operating environment is changing and NGOs are facing tough situation, rising donors and beneficiaries expectations, higher regulatory pressure from different authorities, and the ongoing focus on cost control mean that the organization asset management is also challenged which Uttaran did not feel such magnitude before. Now the development partners organizations requests to do more with less – a complete new move and landscape.

Safeguarding of assets is defined through this policies and procedures that “provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of the organization’s assets that could have a material consequence.

The Uttaran assets management control measures relating to safeguarding of assets to unlawful acquisition use or disposal are a process, perfected by an organization board of directors, management and other personnel, designed to give sensible assertion regarding prevention or appropriate discovery of illegal acquisition, use, or dispossession of the assets.

For instance, the organization has safeguarding controls over inventory and also carries out routine physical inventory counts. Uttaran assets safeguards starts with the execution of suitable internal and external controls, and the service.

The safeguarding of assets is defined as "provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the organization's assets that could have a material effect.

The internal control over safeguarding of assets against unauthorized acquisition, use or disposition is a process, affected by an organization board of directors, management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the organization assets.

Such internal control is very effective because the board of directors and management have reasonable assurance that unauthorized acquisition, use or disposition of the organization assets are being prevented or detected on a timely basis.

The organization has safeguarding controls over inventory tags (preventive controls) and also performs periodic physical inventory counts (detective control) timely in relation to its quarterly and annual financial reporting dates. Although the physical inventory count does not safeguard the inventory from theft or loss.

The assets safeguard is directly or indirectly linked to efficiency and effectiveness considering the overriding focus of Uttaran as efficiency seeking systems. Therefore, any practice to protect danger to assets, in any kind or manner, tends to increase the efficiency and effectiveness in the achievement of Project objective, which is a fundamental part. The assets safeguard mechanism is in place to proper identification and accountability of assets of all kinds to minimize wastage and losses. Uttaran is keen that assets safeguard enhances organization performance through efficiency and effectiveness in the utilization of the assets involved.

Uttaran Fixed Assets Management System is in below

General

Fixed Assets are resources of an organization that have the potential for providing with future economic benefits. Control over fixed assets is an essential part of routine management exercise. This chapter highlights some basic control issues concerning fixed assets management. Uttaran management/employees shall ensure the best utilization and accounting for all of its fixed assets.

Fixed assets

Fixed Assets are:

Assets that are used in the Uttaran operation.

Are not intended for resale.

Have a useful life of more than one year. This includes any asset, which costs at least Taka 5,000/- (Five thousand). And have an estimated life more than 1 year. Such as Land, building, vehicles, equipment, furniture & fixture etc.

Safe keeping of Fixed Assets

Fixed Assets must be safeguarded from fire, theft, damage and other risk factors associated. Adequate fire fighting measures should be taken, wherever necessary, to protect the assets from fire and other hazards. Electrical, electronic and other sensitive equipment must be protected from power surge and other electrical hazard. Computer and other office equipment must be protected under controlled environment from excessive heat and burn.

Custodianship

The Director on behalf of Executive Committee shall act as the Chief Custodian of all assets of Uttaran. A list of all Fixed Assets should be kept at the Head Office for controlling, tracking and instant reference. The Finance Department shall also retain a copy of the same.

Donated Assets

Assets, which have been donated to Uttaran, should be included in the accounts, if the donor declares any valuation of such asset. In absence of any valuation, all such donated assets should be recorded in the Fixed Asset Register at "No Value" and be given a separate ID number for securing existence. However, only one Taka value shall be kept against each of such assets.

Non Capitalized Assets

Uttaran shall record all assets, whether capitalized or not, in the Fixed Asset Register (FAR). Non capitalized assets shall also be recorded in the Fixed Asset Register as a memorandum record to have a control on those assets. All these assets shall carry unique asset numbers, so that they can be easily identified.

An asset purchased for the use of Uttaran shall be non capitalized asset when it does not satisfy any of the following conditions:

The benefits of the expenditures on the assets are expected to extend more than one year. Shall be used on a continuous basis and not intended for sale in the ordinary course of action.

Insurance

All fixed assets of Uttaran must be adequately covered by Insurance Policies from a reputable Bangladeshi Insurance Organization. The Director with the assistance of the Finance Department shall be responsible for ensuring that insurance coverage is always up to date and renewed timely (subject to the agreement of the development partners and Executive Committee). While taking the coverage, reputation of the insurance organization in terms of settlement of claims must be considered. Insurance coverage should be comprehensive and broad based covering all probable risks. The assets must not be under insured to avoid average settlement at the time of actual loss.

Fixed Asset ID Number

When an asset is purchased, it should be given a unique asset serial number (ID Number) which should be physically marked only on fixed nature of movable assets and held in the Fixed Asset Register of Uttaran.

This ID number is the identification mark provided by Uttaran. Such ID mark should be written on the assets in such a way that it could be easily noticed.

The Head Office of Uttaran shall be held responsible for determining fixed asset ID number. In case an asset is purchased in the year and month then the same must communicate to the Head Office for allocation an ID number for that asset.

The ID number must include the following information:

- Ownership of fixed asset, for example: Uttaran
- Location of fixed asset, for example: HO, FO
- Class of fixed asset, for example: Furniture and Fixture
- Category of fixed asset, for example: Table
- Year of acquisition, for example: 2007
- Project / donor code

Fixed Asset Register

All fixed assets shall be recorded in the Fixed Asset Register soon after the purchase by affixing an identification mark for each individual item. The register should give details of each asset as follows:

- Asset ID number
- Date of acquisition
- Description of assets (including on the assets wherever applicable)
- Unit
- Cost per unit
- Total value (cost) of the asset
- Depreciation rate
- Annual depreciation amount
- Accumulated depreciation (depreciation to date)
- Written down value
- Payment ref. for example: voucher number, budget code/donor/ project etc.
- Location of the asset
- Condition of asset
- Remarks

Movement of Fixed Assets

For the purpose of recording and keeping control on fixed assets, a gate pass shall be issued for delivering any computer or other equipment to the vendor or repairing shop for repairing of those items.

No property of the Organization should be allowed to be taken out of the office premises without an approved gate pass and an entry in the asset movement register.

The gate pass should be signed by the guard while taking out of the office premises as a witness of the movement of fixed assets.

Physical Verification of Fixed Assets

Uttaran shall arrange physical verification of its fixed assets at least once in two years to verify the quantity and quality of the assets. A team comprising of internal audit, administration and finance personnel shall carry out the physical verification of assets. External auditors should be invited to witness the verification of assets. Team engaged for physical verification of assets shall submit a report to the Director with a copy to the Finance Department. The report shall contain the following information:

Assets no

Name / description of the assets

Location of the assets

User of the assets

Quantity of assets as per register

Quantity of assets physically found

Quality of assets physically found

Short / Excess of assets as per physical verification

Recommendation for sale or disposal, if any

Remarks

Disposal of Fixed Assets

Fixed assets, which are in poor condition or no longer required for use can be disposed off either by sale or scrapping. The process of disposal must be approved by the Board of directors prior to starting such process.

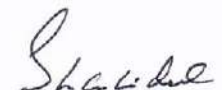
Before making any proposal for disposal of the assets, the conditions of the grant agreement must be followed. If there is any restriction on sale or otherwise instructed by the respective donor on disposal of assets then their instructions should be followed.

If there is no restriction from the donor on disposal of assets, then management can take its own decision on such disposal.

Accounting for Disposal of Fixed Assets

Page: 6


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At the time of disposal of the asset, the value of accumulated depreciation as well as the cost of the assets shall be taken out from the Fixed Asset Register.

In case of sale, if the sales price of the disposed asset is greater than the Written down Value (WDV), then the difference between the sales price and WDV shall be treated as 'Profit on Disposal of Fixed Assets'

On the other hand, if the sales price of the disposed asset is less than the WDV, then the difference between the sales price and WDV shall be treated as 'Loss on Disposal of Fixed Assets'

Writing off of Fixed Assets

In case an asset is damaged or becomes unserviceable, the maintenance section will certify the condition and propose for write off. Finance Section will place the proposal with the relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the Executive Committee.


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