

# TANZANIA MENTORS ACTION



## ASSETS MANAGEMENT GUIDELINE

*Revised Version 2023*

**Table of Contents**

PREFACE .....	iii
ABBREVIATIONS & ACRONYMS .....	iv
DEFINITIONS .....	v
VISION, MISSION AND ASSETS GUIDELINE STATEMENT.....	xi
1. INTRODUCTION.....	1
2. OBJECTIVE .....	1
3. SCOPE.....	2
4. STATUTORY FRAMEWORK.....	2
5. ASSETS MANAGEMENT STANDARDS .....	2
6. ROLES .....	4
6.1. Role of the Board of Director.....	4
6.2. Role of Accounting Officer.....	5
6.3. Role of Head of finance and administration .....	6
6.4. Role of Head of Procurement Management Unit.....	7
6.5. Role of Director of Administration and Human Resources Management.....	8
6.6. Role of Head/In-charge of Division/Unit or Section.....	8
6.7. Role of Internal Auditor .....	9
7. CLASSIFICATION OF ASSETS.....	10
8. ACQUISITION OF ASSETS .....	11
9. IDENTIFICATION OF ASSETS .....	11
10. CAPITALIZATION THRESHOLD .....	12

11.	RECOGNITION OF AN ASSET .....	12
12.	FORMAT OF ASSET REGISTER.....	12
12.1.	Maintenance of Asset Register.....	13
13.	VALUATION OF ASSETS .....	13
14.	MAINTENANCE OF ASSETS.....	14
15.	MANAGEMENT OF HERITAGE ASSETS .....	14
16.	REPLACEMENT OF ASSETS .....	14
17.	INVENTORY MANAGEMENT .....	15
17.1.	Acquisition of Inventories.....	15
17.2.	Accounting and Storage of Inventories .....	15
17.3.	Aging Analysis for the Inventories.....	15
17.4.	Perpetual Stocktaking .....	15
17.5.	Annual Stocktaking .....	15
18.	VERIFICATION OF ASSETS .....	16
19.	DISPOSAL .....	16
20.	TRANSFER OF ASSETS .....	17
21.	DEPRECIATION OF ASSETS .....	17
22.	IMPAIRMENT .....	17
23.	SAFETY AND SECURITY OF ASSETS .....	18
24.	INSURANCE.....	18
25.	ACCIDENTS FOR TANZANIA MENTORS ACTION ASSETS .....	18
26.	WRITE-OFF OF ASSET LOSSES.....	19

*Tanzania Mentors Action Assets Management Guideline, 2023*

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27.	MANAGEMENT OF STRONGROOMS, SAFES AND CASHBOXES .....	19
28.	UPDATING THE GUIDELINE .....	20
29.	EFFECTIVE DATE .....	20
	ANNEXES .....	21

**PREFACE**

The Tanzania Mentors Action Assets Management Guideline is an outcome the need to have of periodical evaluation of TMA as an NGO since its inception in 2013 as required by many stakeholders, including donors.

Hence the Tanzania Mentors Action Assets Management Guideline has been developed to address policy, legal, regulatory, operational and technological challenges that arising in the course of managing Tanzania Mentors Action assets. These challenges have been unfolded following extensive consultations and much deliberation amongst actors and stakeholders within the NGO sector. The Tanzania Mentors Action Assets Management Guideline is intended to make better provisions for the more effective management of Tanzania Mentors Action assets.

The implementation of this guideline foresees the best opportunity in bringing about accountability and responsibility in managing Tanzania Mentors Action assets.

Dr Paul Chikira

Chairman

TMA Board of Directors

**Dodoma, Tanzania.**

**ABBREVIATIONS & ACRONYMS**

AO	- Accounting officer
CAG	- Controller and Auditor General
DGAM	- Director for Government Assets Management
GAAP	- Generally Accepted Accounting Practice
GAMD	- Government Assets Management Division
GAVP	- Generally Accepted Valuation Principles
IAG	- Internal Auditor General
IAS	- International Accounting Standards
IASB	- International Accounting Standards Board
IPSAS	- International Public Sector Accounting Standards
IFRS	- International Financial Reporting Standards
IVS	- International Valuation Standards
IVSC	- International Valuation Standards Committee,
2007 ISO	- International Organization for Standardization
LAAC	- Local Authorities Accounts Committee
LGA	- Local Government Authority
MDA	- Ministries, Departments and Agencies
PAC	- Public Accounts Committee
PFA	- Public Finance Act of 2001,
PMU	- Procurement Management Unit
PPA	- Public Procurement Act of 2011, Cap 410
PPE	- Property, Plant and Equipment
REL	- Remaining Economic Life
TMA	- Tanzania Mentors Action
NGO	- Non -Government Organization

## **DEFINITIONS**

**An Asset** is an item, thing or entity that has potential or actual value to an organization. The value will vary between different organizations and their stakeholders, and can be tangible, financial, or non-financial (International Standard for Physical Asset Management - ISO55000). *It is a resource with economic value that an individual, corporation or country owns or control with expectation that it will provide a future benefit.* Assets are reported on a balance sheet and are bought or created to increase organization's value or benefit the organization's operations.

**Assets Register** means a data source that records information on individual assets of a certain value. Information may include the assets' location, condition, utilization and ownership details, as well as the value and depreciation of the asset and its major components.

**Amortization** is applicable to land and intangible assets and shall refer to as the process of expensing the cost over the projected life of those assets.

**Asset Valuation** means a process in which the value of an interest in property (asset) is assessed by the Valuer (The Valuation and Valuers Registration Act of 2016, Cap 138).

**Acquisition date** is the date on which the asset was acquired for the first time.

**Head of finance and administration** is the officer who is appointed in accordance with Section.....of the Tanzania Mentors Action Constitution.

**Accounting Officer** is any officer appointed by the Board of Directors and approved by the Annual General Meeting and charged with the duty of accounting for service in respect of which money have been approved by the Annual General Meeting.

**Assets Verification** is an auditing process in which the actual existence of assets appearing in the records is confirmed.

**Carrying amount** is the amount at which an asset is recognized in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

**Capitalization Threshold** is the value above which assets are treated as capital assets and entered into an asset register from which reporting in the financial statements (specifically the Statement of Financial Position) is extracted.

**Cost** is the amount required to create or produce the good or service. When that good or service has been completed, its cost is a fact. Price is related to cost because the price paid for a good or service becomes its cost to the buyer.

**Default in-service date-** it shows the default placed in-service date used by all books on which the asset appears. The placed in-service date that is on the books is used for posting.

**Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life to the statement of financial performance **OR** is the measure of wearing out, consumption or other losses of value whether arising from use, abuse, lapse of time or obsolescence through technology or market changes.



**Depreciable amount of an asset** is the cost of the asset less the residual value of the asset.

**Economic Life** refers to the expected period of time over which an asset is to be economically used **OR** the estimated total service, expressed in terms of production units that is expected to be economically obtained from the asset when employed in the business of an entity.

**Fair value** – is the amount of which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Heritage Assets** – are defined as assets with cultural, environmental or historical significance in accordance with written laws of the land.

**Immovable asset** is an object or an item of property that cannot be moved without destroying or altering it. It is a property that is fixed to the earth, such as a house.

**Insurance** is a contract that exposes the insurer to identified risks of loss from events or circumstances occurring or discovered within a specified period, including death (in the case of an annuity, the survival of the annuitant), sickness, disability, property damage, injury to others and interruption of operations (IPSAS).

**Insurable value** refers to the value of an asset at which they are considered to be insured; usually subjected to provisions of related policies.

**Impairment** is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

**Intangible assets** are trademarks, licenses and/or the legally enforceable rights associated with copyright and patents which do not have a physical form.

**Inventories** are produced assets consisting of goods which came into existence in the current period or in an earlier period, and that are held for sale, use in production, or other use at a later date.

**Market** is the environment in which goods and services are traded between buyers and sellers.

**Market Value** means the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

**Movable asset** is defined as any other item that don't fall under the definition of immovable asset.

**Non-Current Assets** are assets other than the current or financial assets. In other words, these are assets which are expected to generate economic benefits over more than one year and are illiquid.

**Original in-service date** is the date asset was originally placed in service.

**The Board of Directors** is the Board referred to in Section ..... of the Tanzania Mentors Action Constitution of 2020 vested with the power to control the issue of Tanzania Mentors Action money to the Accounting Officer.

**Price** is a term used for the amount asked, offered or paid for a good or service as a result of financial capabilities, motivations or special interests of a given buyer or seller, the amount paid for goods or services may be different than the value which might be ascribed to the goods or services by others. Price is factual with self-motivational factors and, generally under normal circumstances an indication of a relative value placed when traded on an open/free market.

**Property, Plant and Equipment (PPE)** are tangible assets, extricable combined with others or running singly to assist the operations of an entity, in service delivery, for rental to others, or for administrative purposes, and expected to be used for more than one financial year.

**Asset** refers to a resource with economic value that Tanzania Mentors Action owns or control with expectation that it will provide a future benefit.

**Recoverable Amount** is the higher of a cash-generating assets or unit's net selling price and its value in use.

**Residual value** is the estimated amount that the Government would currently obtain from the disposal of the asset, after deducting the cost of disposal, if the assets were in the age and condition expected at the end of its useful life.

**Replacement Value** refers to the cost of acquiring an asset at current prices having utility equivalent to asset under consideration but of materials, standards and design according to prevalent market technology.

**Revalued amount** refers to the fair value of an asset at the date of a revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Special Committee** means the committee formed by the Board of Directors to evaluate suggested changes in this Guideline, before being approved by the Annual General Meeting.

**Straight line depreciation** refers to a method of providing depreciation by which assets are written off in equal annual amounts.

**Value** is an estimate of the likely price to be paid for goods and services in an exchange in open market or a measure of the economic benefits of owning those goods or services without any self- motivational (no pull factors like black market, money laundering attractions). Value in exchange is a hypothetical price and the hypothesis on which the value estimated is determined by the valuation objectives/factors.

## **VISSION, MISSION & ASSETS GUIDELINE STATEMENT**

### **1. Our Vision**

To have a society that is healthy and capable of contributing fully to the development of individuals, communities, and the nation at large.

### **2. Our mission**

To empower leaders, service providers and citizens across all levels of governance to deliver demand driven quality services by promoting both downward and upward accountability through various methods including mentorship.

### **3. TMA Core values**

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<b>Excellence</b>	We are committed to providing services that are distinctive and of high quality.
<b>Innovation</b>	We are innovative in our designs and operations, using technology and modern ways of doing business to further satisfy the needs and expectations of the customer.
<b>Integrity</b>	We value responsible character with impeccable levels of integrity for all individual members, office bearers and staff of TMA, in and outside TMA programming.
<b>Commitment</b>	We are fully committed to all our pledges and engagements.
<b>Respect</b>	We accord due regard to the feelings, wishes, and rights of others.
<b>Transparency</b>	We are transparent to our members, staff and stakeholders in all we do.
<b>Accountability</b>	We are guided by the highest possible standards of internal and external accountability to all our stakeholders, and we comply with all statutory requirements.
<b>Equality</b>	We believe that all human beings are equal in dignity and before the law.
<b>Gender Sensitive</b>	We are sensitive to gender needs and understand that equality is not the same as equity.

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**Tanzania Mentors Action Assets Management Guideline Statement:**

To manage Tanzania Mentors Action assets through monitoring the way they are acquired up to disposal in a manner that maximize the value of the assets.

## **1. INTRODUCTION**

The Tanzania Mentors Action Assets Management Guideline is aimed at redirecting management of Tanzania Mentors Action assets following various challenges which continue to prevail. The existing assets management practices have not significantly contributed to the efforts of improving quality of services rendered by the TMA. For example, maintenance of assets register has continued to be amongst the major challenges facing the entity. Hence, establishing a unified and consistent set of procedures in managing Tanzania Mentors Action assets is the main objective of this Guideline.

TMA, through its Assets Management Guideline 2021 has prescribed procedures for acquisition, allocation, maintenance, valuation, accounting, disposal and other activities involved in managing its assets. In addition, through this Guideline the TMA shall be able to monitor and evaluate its assets portfolios and react accordingly.

## **2. OBJECTIVE**

The general objective of this Tanzania Mentors Action Assets Management Guideline 2021 is to establish a unified and consistent set of procedures in managing Tanzania Mentors Action assets during service delivery.

The Specific objectives of the guideline are; -

- i. To indicate responsible actors involved and their roles and responsibilities for managing Tanzania Mentors Action assets,
- ii. To establish accountability and transparency when managing Tanzania Mentors Action assets,
- iii. To set controls through clear and comprehensible instructions
- iv. To harmonize local assets management practices with agreed international standards.

### **3. SCOPE**

This Tanzania Mentors Action Assets Management Guideline 2021 covers the organization's assets. The Donors' funded and Tanzania Mentors Action – Private Partnership projects shall also be covered.

### **4. STATUTORY FRAMEWORK**

Amongst the statutes governing assets management in Tanzania are:

- i. The Constitution of the United Republic of Tanzania
- ii. The Public Finance Act of 2001, Cap 348.
- iii. The Public Procurement Act of 2011, Cap 410.
- iv. Local Government Finance Act of 1982, Cap 290
- v. Forest Act of 2002, Cap 323
- vi. Wildlife Conservation Act of 2009, Cap 283
- vii. Land Act of 1999, Cap 113
- viii. Valuation and Valuer's Registration Act of 2016, Cap 138
- ix. Standing Orders, 2009
- x. And any other relevant Legislations

### **5. ASSETS MANAGEMENT STANDARDS**

These standards shall include ISO55000, International ValuationStandards (IVS), International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS). The overall management systems and procedures employed in maintaining assets and related information shall comply with relevant standards.



The standards are; -

- i. IPSAS 1 Presentation of financial statements
- ii. IPSAS 2 Cash flow statement
- iii. IPSAS 3 Accounting policies, changing in Accounting estimates and errors
- iv. IPSAS 17 Property, Plant and Equipment
- v. IPSAS 21 Impairment of non-cash-generated assets
- vi. IPSAS 22 Disclosure of information and financial statement
- vii. IPSAS 11 Construction contract
- viii. IPSAS 12 Inventories
- ix. IPSAS 16 Investment Property
- x. IPSAS 27 Agriculture
- xi. IPSAS 32 Service Concession Arrangements: Grantor
- xii. IVS 105 Valuation Approaches & Methods
- xiii. IVS 210 Intangible Assets
- xiv. IVS 300 Plant & Equipment
- xv. IVS 410 Development Property
- xvi. ISO55000 Overview of Assets Management
- xvii. ISO550001 Specification requirement and integration of effective management
- xviii. ISO550002 Guidance in implementation of Assets Management System
- xix. Non-Current Assets Held for Sale and Discontinued Operations
- xx. And any other standard which might be relevant for the purpose of Government assets

## **6. ROLES**

The assets management of Tanzania Mentors Action has different actors with different power and authority in managing the assets. These actors have been assigned with roles and responsibilities for proper management of the assets. The following are roles and responsibilities;

### **6.1. Role of the Board of Directors**

The Board of Directors is the principal custodian of all Tanzania Mentors Action assets, and shall; -

- i. Instruct any Accounting Officer or an person, human or non- human that manages Tanzania Mentors Action assets to provide assets information as considered necessary to do so;
- ii. Assign Accounting Officer or the Head of finance and administration to inspect assets in a particular Tanzania Mentors Action's office for the purpose of monitoring compliance to provisions of the Tanzania Mentors Action's Constitution;
- iii. Authorize transfers of Tanzania Mentors Action assets from one Head of Department to another and all cross-entity transfers of Tanzania Mentors Action assets;
- iv. Authorize after approval by the Annual General Meeting disposal of Tanzania Mentors Action assets in all Tanzania Mentors Action entities;
- v. Authorize after approval by the Annual General Meeting acquisition and disposal of Tanzania Mentors Action assets of extreme values unless decided otherwise; and
- vi. Decide after approval by the Annual General Meeting on accounting and utilization of forfeited assets.

## **6.2. Role of Accounting Officer**

The Accounting Officer is the custodian of all Tanzania Mentors Action assets on behalf of the Board of Directors in a particular vote, and shall; -

- i. Adhere to assets acquisition and disposal procedures as stipulated in Public Finance Act of 2001 Cap 348, Public Procurement Act of 2011 Cap 410 and other applicable legislation (s);
- ii. Provide both hard and soft copy of an asset register to facilitate verification of assets and related information;
- iii. Introduce and implement proper internal control systems in managing Tanzania Mentors Action assets;
- iv. Account for assets in accordance with applicable standards;
- v. Update the assets registers;
- vi. Submit assets statement to Board of Directors for certification before preparing the final accounts;
- vii. Inform the Board of Directors in writing any material change in operations which may demand a change in the format of assets register ;
- viii. Inform the Board of Director and the Annual General Meeting on obsolescence, losses, transfers and any changes of status occurring to Tanzania Mentors Action assets for further action;
- ix. Seek approval from the Annual General Meeting through the Board of Directors on disposal of Tanzania Mentors Action assets;
- x. Authorize transfers of assets within the Tanzania Mentors Action entity;
- xi. Prepare replacement plan of assets after conducting internal survey to determine usefulness of assets;
- xii. Appoint an officer with relevant knowledge to manage assets of the Tanzania Mentors Action entity; and
- xiii. Adhere to the Tanzania Mentors Action Assets Management Guideline 2021.

### **6.3. Role of Head of Finance and Administration**

The Head of finance and administration is the principal adviser of Chief Executive Officer on matters relating to accounts and financial management, and shall; -

- i. Observe compliance to disclosure requirements of non-current assets as prescribed by International Accounting Standards Board;
- ii. Consolidate assets statements from Tanzania Mentors Action entities when finalizing the financial accounts;
- iii. Collect and account for proceeds obtained from the disposal of assets and
- iv. Present the financial position of Tanzania Mentors Action at a particular time period.
- v. Advise the Accounting Officer on formulation and review of guideline and various directives for proper management of assets;
- vi. Maintain the centralized assets register;
- vii. Authorize updating of assets register following periodic verification of assets;
- viii. Conduct physical verification of assets of the entity;
- ix. Determine the identification system for entity assets;
- x. Provide classification structure for the entity assets in accordance with International Standards;
- xi. Observe that assets are disposed-off in accordance with the policies, legislations and regulations;
- xii. Compile and analyze asset losses from public entities to be written-off by General Meeting; Approve assets statements for public entities before updating into the register;
- xiii. Certify assets statements of the entity before preparing the final accounts;
- xiv. Observe proper valuation of the entity assets in accordance with International Standards;
- xv. Advise Accounting Officer on transfers of the entity assets;
- xvi. Prepare extracts and a consolidated statement of major observations for assets verifications carried out in the entity, and issue recommendations to Accounting Officer, prior to submission of the same to External Auditor;

- xvii. Facilitate and coordinate training on the entity assets management;
- xviii. Manage disposal of the entity assets;
- xix. Update this Tanzania Mentors Action Assets Management Guideline 2021 as and when the need arises.

#### **6.4. Role of Head of Procurement Management Unit**

The Head of Procurement Management Unit is the adviser of the Accounting Officer on matters relating to procurement of goods, works, consultancy and non-consultancy services, and shall; -

- i. Acquire assets in accordance with the Public Procurement Act of 2011, Cap 410;
- ii. Update Assets register when assets are received into the entity;
- iii. Observe that assets are received as specified by the user and in good order and condition;
- iv. Update assets register when disposal of assets is completed; and
- v. Observe that assets are properly coded when acquired by the Tanzania Mentors Action entity.

#### **6.5. Role of head of Finance and administration**

The Finance and Administrative Manager is the adviser of the Accounting Officer on matters of assets relating to Finance Administration and Human resources management, and shall; -

- i. Maintain records of assets issued to employees;
- ii. Observe that loaned assets under employee's possession are handed over upon termination of service; and
- iii. Approve asset clearance form before payment of terminal benefits to the employee

## **6.6. Role of Head/In-charge of Division/Unit or Section**

The Head/In-charge of Division/Unit or Section is the adviser of the Accounting Officer on matters of assets relating to a particular line of operations, and shall; -

- i. Make employees under the division/unit familiar and adhere to the approved assets management policies and procedures;
- ii. Maintain assets in accordance with the respective assets policies, legislations and regulations;
- iii. Observe that assets under their jurisdiction are not used for private gain;
- iv. Be accountable and responsible for all assets under their jurisdiction;
- v. Inform the Accounting Officer of any change in the status of the asset;
- vi. Observe that the approval is received from an Accounting Officer before asset is internally transferred and later inform the Head of Procurement Management Unit on such transaction; and
- vii. Investigate on any loss of assets and inform the Accounting Officer.

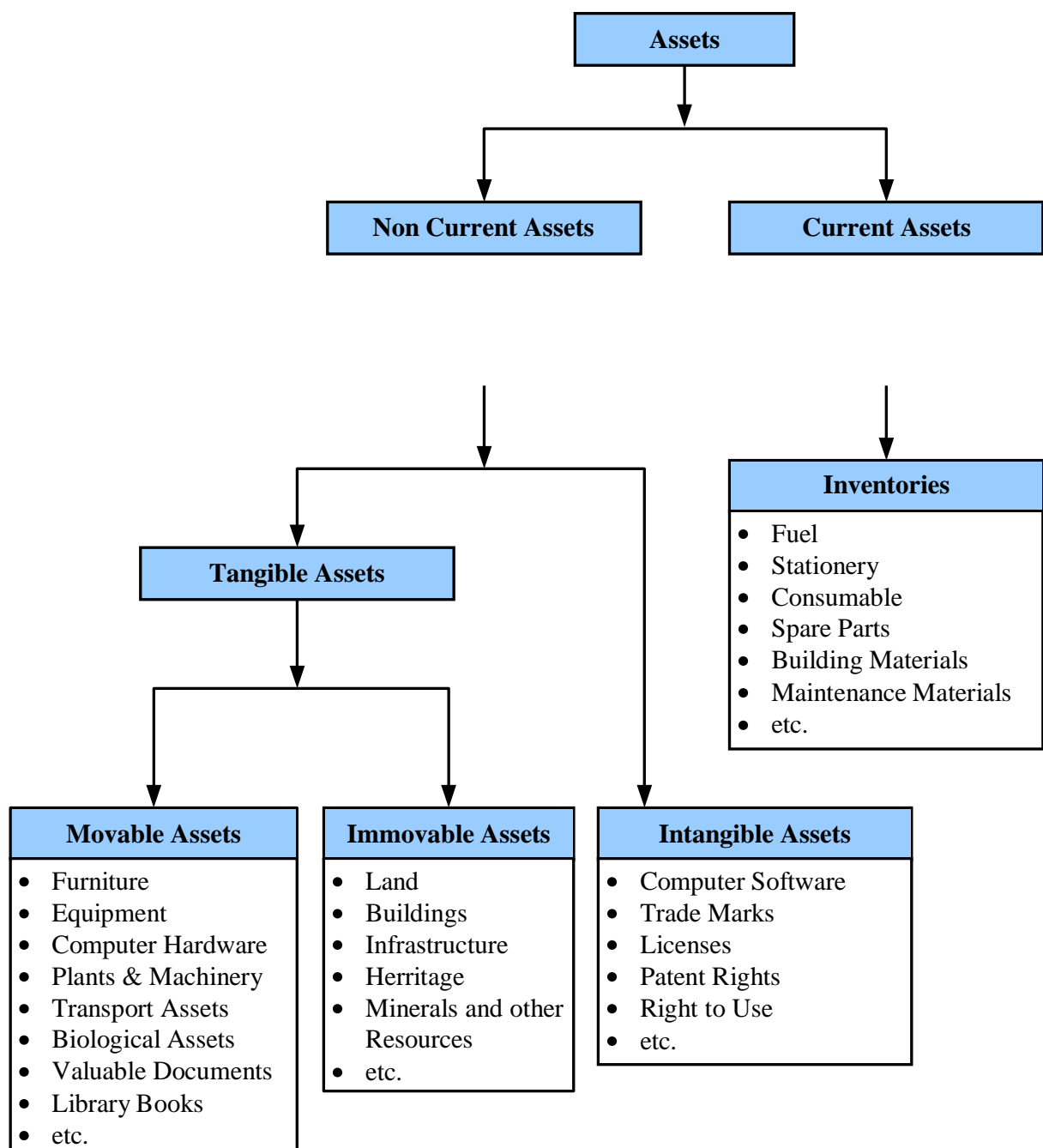
## **6.7. Role of Internal Auditor**

The Internal Auditor is the principal adviser of management on matters of assets relating to internal auditing, and shall; -

- i. Test the internal controls on assets management within the entity;
- ii. Evaluate internal controls on assets management in the entity and accordingly advise; and
- iii. Propose alternative internal controls on assets management to the Accounting Officer.

## 7. CLASSIFICATION OF ASSETS

Classification of assets is a grouping of assets of similar nature or function. To his Guideline assets shall be grouped into non-current assets and current assets. Furthermore, non-current assets shall be classified as tangible and intangible assets as shown below.



Current assets will be classified as inventories if meet the definition of assets and should have either of the following criteria;

- a.** materials or supplies to be consumed in the production process;
- b.** materials or supplies to be consumed or distributed in the rendering of services;
- c.** assets held for sale or distribution in the ordinary course of operations;
- d.** assets in the process of production for sale or distribution.

This group of inventories may include the following; -

- a. Medical supplies
- b. Fuel
- c. Spare parts
- d. Building materials
- e. Books
- f. Stationeries etc.

## **8. ACQUISITION OF ASSETS**

Assets may be acquired through procurement, transfers, confiscation, heritage, donations, or any other method considered appropriate. The methods applied for acquisitions of assets shall be in accordance with the relevant legislations and regulations. In case of acquisitions through procurement, all assets to be procured for a particular financial year shall be in accordance with the annual procurement plan.

## **9. IDENTIFICATION OF ASSETS**

Every acquired asset shall be identified by unique identification code/number. The identification will depend on nature of a particular asset class. For example, motorized assets shall use registration number, land shall use plot number, while furniture and equipment shall use bar code. Other asset classes each shall be identified according to the agreed and acceptable standards of identification.



## **10. CAPITALIZATION THRESHOLD**

Capital assets shall include all non-current assets that are used in operations and that have initial lives extending beyond a single reporting period. An asset which has a value of TZS 500,000 is classified as a capital asset and hence reported. If an asset has a cost of less than TZS 500,000 and may be acquired in a bulk, then management judgement shall prevail for capitalization.

## **11. RECOGNITION OF AN ASSET**

Asset shall be recognized or recorded at cost or at revalued amount in the asset register. For asset to be recognized shall meet the following criteria; -

- a. The asset has future economic benefits or service potential for Tanzania Mentors Action.
- b. The Tanzania Mentors Action has capacity to control the service potential of the asset; and
- c. A past event giving the Tanzania Mentors Action control over the service has occurred.

In the case of non-procured assets, they shall be valued and recorded during acquisition (initial recognition). The subsequent measurement of assets shall also be applied to determine values to be recorded, whichever would be deemed fit.

## **12. FORMAT OF ASSET REGISTER**

The asset register shall be maintained within the centralized system established by the Board of Directors and shall comply with the requirements of International Standards and Generally Accepted Accounting Practices. The established assets register shall have information depending on the nature of an asset. Hence, each asset class or similar classes shall have own register and format. Different formats of assets register are shown in Annex 1.

### **12.1. Maintenance of Asset Register**

- i. Accounting Officer shall add on new information to the format of a particular assets register in the effort to strengthen internal controls and facilitate decision making;
- ii. An asset shall remain in the asset register as long as it physically exists unless stated otherwise. The fact that an asset has been fully depreciated shall not in itself be a reason for removing the same from the assets register until it is disposed-off;
- iii. An asset will be subjected to annual review to determine its remaining economic life. For the case where an asset has been fully depreciated and still being used by the Tanzania Mentors Action, the Accounting Officer shall advise the Board of Directors and hence the Annual General Meeting on the revised useful life to the respective asset.

## **13. VALUATION OF ASSETS**

Valuation of asset shall be done by Registered Valuer based on the existing Valuation and Valuers Registration Act and the International Valuation Standards. Valuer shall establish Market Value of an asset based on value determining factors (i.e. physical condition, replacement cost, location etc.). Valuation of asset will be conducted where the value of an asset is not known or its value is depreciated to scrap/residue value.

### **Major Repair or Overhaul of an Asset**

For the case of major repair or overhaul of an asset, revaluation shall be conducted to ascertain a new value and economic life of a particular asset.

#### **14. MAINTENANCE OF ASSETS**

The Accounting Officer shall be responsible for ensuring that maintenance plan of an asset is prepared and adhered to. The objective of the maintenance plan is to ensure that assets remain useful for the intended purpose, service delivery and economically utilized to maximize benefit to the organization.

Depending on the nature of assets, every Head of Department shall ensure that a maintenance plan of assets is availed to the Accounting Officer annually. Every Head of Department shall report in writing to the Accounting Officer, implementation of maintenance plan quarterly. In addition, every Head of Department shall keep all maintenance records of an asset.

#### **15. MANAGEMENT OF HERITAGE ASSETS**

The Accounting Officer shall manage heritage assets in accordance with the relevant legislations and regulations. In the absence of legislation and/or regulation, then international standards shall be applied.

#### **16. REPLACEMENT OF ASSETS**

The Accounting Officer shall quantify and specify assets to be replaced on annual basis in accordance with the aging analysis conducted on non-current assets so as to remove assets which have become uneconomic to maintain. The Accounting Officer shall appoint a Board of Survey to inspect and prepare a report which will be used for developing a replacement plan. User Departments shall be responsible to prepare replacement plans and submit to Procurement Management Unit of the entity to be included in the procurement plan. The replacement plan shall include the following; asset ID, asset class, asset description, acquisition date, carrying amount, condition, location and reasons for replacement.

## **17. INVENTORY MANAGEMENT**

### **17.1. Acquisition of Inventories**

Acquisition of inventories shall be in accordance with existing legislation and regulations depending on the nature of inventories. The acquisition of inventories through imprest are to be discouraged.

### **17.2. Accounting and Storage of Inventories**

All inventories shall be recorded before being utilized or kept into the storage facility. In case of donated inventories, values shall be determined based on current market price. In addition, every six months the Accounting Officer shall conduct physical inspection and evaluate the procedures for receipt, storage, issues and accounting of inventories.

### **17.3. Aging Analysis for the Inventories**

The Accounting Officer shall conduct aging analysis of inventories in order to reduce losses due to expiry and obsolescence. Aging analysis shall be conducted at least once for the period of twelve months.

### **17.4. Perpetual Stocktaking**

Accounting Officer shall rank the stores after conducting the ABC Analysis and inspect them on a surprise basis. The records of the perpetual inspections shall be kept in the Register of Surprise Inspections. Officer appointed to carry out such inspection shall not be amongst the officers working in the same warehouse or godown.

### **17.5. Annual Stocktaking**

The Accounting Officer shall ensure that inventories are verified annually by Board of Survey. The Accounting Officer shall appoint Board of Survey to be held after the closure of business on the last working day of each financial year or before the start of business on the new financial year to survey the following: any case of error, loss, shortage, leakage, damage, waste,

deterioration or irregularity observed in the course of inspection. The Annual Stocktaking Statement shall be certified by the Head of finance and administration.

## **18. VERIFICATION OF ASSETS**

Verification of assets shall be undertaken by Internal Auditor in every financial year or whenever there is a need or instructed. Verification of assets is conducted to attest compliance to laws, regulations and guidelines in managing assets throughout its entire life cycle by observing the physical existence, ownership/possession, condition, location, value, quantities, maintenance, utilization, transfer and disposal. Verification by Accounting Officer shall be conducted after every three months as a measure to strengthen the internal controls. Based on verification findings, Accounting Officer shall reconcile and update the Assets register.

## **19. DISPOSAL**

Procedures for asset disposal shall be in accordance with Public Finance Act, Public Procurement Act and any other related legislations and guidelines. Methods of disposal shall be by Tender, Auction or any other method stipulated in a particular legislation approved by Board of Directors. The actual disposal process shall depend on the nature of the assets. For the case of assets held in Tanzania Mentors Action other branches in other countries, the choice of disposal method shall be in accordance with the legislations, regulations and procedures of the respective countries after approval is obtained from the Board of Directors.

The disposal of hazardous assets shall be conducted in accordance with legislations and regulations that governing environmental conservation. After disposal is completed, Accounting Officer shall update the assets register accordingly.

## **20. TRANSFER OF ASSETS**

Any transfer of asset shall be held after obtaining an approval from relevant authorities. Transfer between entities shall be authorized by Board of Directors whereas transfer within entity shall be approved by Accounting Officer. Each transfer shall be duly filled on a Transfer Form (See Annex 2).

## **21. DEPRECIATION OF ASSETS**

Tanzania Mentors Action has adopted straight line method for depreciation of Tanzania Mentors Action assets which is allocated systematically over the period of its economic life. In accordance with the Generally Acceptable Valuation Principles (GAVPs), depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence.

### **Economic Life (EL)**

Assets have an Economic Life (EL) peculiar depending on make, constant handling and operational use (See Annex 3). Some assets are continued in use beyond the EL due to periodical maintenance and repairs. In such circumstances, the Accounting Officer shall consult relevant authorities before determining Remaining Economic Life (REL) of an asset.

## **22. IMPAIRMENT**

The asset shall be regarded as being impaired when Carrying amount of an asset is greater than its Recoverable Value. In other words, a particular asset is no longer capable of providing the entity with the intended service potential. The Accounting Officer shall conduct test for impairment on annual basis. The testing for impairment is usually calculated.

Impairment of an asset shall be conducted when an asset has at least one of the following indicators; -

<b>Internal Indicators</b>	<b>External Indicators</b>
Malfunctioning of an asset	Change in Demand
Obsolescence and/or Physical damage of an asset	Change in Technology
Idleness of an asset	Change in Policy, Legal and/or Regulatory frameworks

### **23. SAFETY AND SECURITY OF ASSETS**

The Accounting Officer shall conduct Asset risk analysis and document the identified risks in the PEs risk register. Internal controls measures should be instituted to safeguard assets against waste, operational loss, misuse, damage or mismanagement and protection from fraud, theft, unauthorized use, destruction etc.

### **24. INSURANCE**

With respect to type, nature, value and risks involved, Tanzania Mentors Action assets may be insured through reputable insurance company. The applicable Tanzania Mentors Action insurance policy shall be applied. Accounting Officers shall budget for fund to cater for insurance premium in the event of accidents and related liabilities. The Annual General Meeting through the Board of Directors may issue instructions on safe use and upkeep of the Assets.

### **25. ACCIDENTS FOR TANZANIA MENTORS ACTION ASSETS**

The Accounting Officer shall inform the Board of Directors on issues relating to accidents involving Tanzania Mentors Action assets within twenty- one working day from the day of occurrence. The information shall include the following; Accident Report – TFN 80, Preliminary Police Report - PF 90, Asset inspection Report – PF93, Statement of Costs of Repairing the asset In addition, the

Court Judgement, Final Police Report – PF 115 and Statement of Disciplinary Action taken to the Tanzania Mentors Action Officer caused the accidents shall be included.

## **26. WRITE-OFF OF ASSET LOSSES**

Write-off of asset losses shall involve removal of an asset from the accounting records of a Tanzania Mentors Action. The causes of asset losses include theft, fraud, accidents, natural calamities, damages which failed to be recovered. The Accounting Officer shall prepare and submit to Board of Directors a Statement of Loss (Loss Report Form) within twenty-one working day after a loss has occurred for scrutinizing before seeking approval for the writing-off of such loss in accordance with Public Finance Regulations.

The loss report shall be attached with relevant report according to the cause of loss as detailed below; -

<b>Cause of Loss</b>	<b>Document to be Submitted</b>
Expired	Schedule of Unserviceable Store (S.F 15)
Discrepancy	Schedule of Discrepancy (S.F 14)
Theft, Fraud	Police Final Report and Court Judgement
Fire and natural calamities	Investigation Committee Report

## **27. MANAGEMENT OF STRONGROOMS, SAFES AND CASHBOXES**

Strong rooms, safes and cashboxes shall be provided for the safe custody of Tanzania Mentors Action money and valuables in all organization's premises in which such money and valuables are received and retained either temporarily or permanently. Strong rooms and, where appropriate, safe shall be fitted with two different locks, the keys and combinations of which should be held by different officers.



The necessity for a strong room, safe or cashbox shall be determined by Board of Directors and it shall be the responsibility of Accounting Officer to report to the Board of Directors if he/she is not satisfied that adequate facilities are available in any of his/her premises for the proper safe custody of Tanzania Mentors Action money and valuables.

The Accounting Officer will be responsible for keeping the spare and duplicate keys or a written record of the combination of strong rooms, safes and cashboxes other than those used for storage of classified material must be placed in an envelope which must be endorsed "Duplicate key/combination of strong room, safe, cashbox No...."

The Accounting Officer shall ensure that any repair and maintenance of a strong room, safe or cashbox is carried out by a Government Authorized technicians from Government Assets Management Division (GAMD). In case of acquisition of the same, Accounting Officer shall present the requirement to (Government Assets Management Division) GAMD.

## **28. UPDATING THE GUIDELINE**

The Board of Directors may direct the Accounting Officer to review provisions of this Guideline when need arises and shall notify the Annual General Meeting through Board to submit suggested changes to this Guideline in a prescribed format.

There will be a Special Committee to evaluate the suggested changes to be included in the Guideline before submission to the Board of Director and finally to the Annual General Meeting for approval.

## **29. EFFECTIVE DATE**

This Tanzania Mentors Action Assets Management Guideline 2020 shall be effective from the date of approval by the Tanzania Mentors Action General Meeting.

**ANNEXES**

					<b>S/N</b>	<b>FIXED ASSET REGISTER</b> <b>DEPARTMENT/BRANCH.....</b> <b>FURNITURE / EQUIPMENT</b>
					<b>ASSET ID</b>	
					<b>ASSET DESCRIPTION</b>	
					<b>ASSET CLASS</b>	
					<b>UNIT/DEPT/BRANCH</b>	
					<b>REGION</b>	
					<b>DISTRICT</b>	
					<b>BUILDING</b>	
					<b>FLOOR</b>	
					<b>ROOM</b>	
					<b>DATE OF ACQUISITION /VALUATION</b>	
					<b>ACQ. COST / DEPR.REP. COST (TZS)</b>	
					<b>CONDITION</b>	
					<b>REL (YRS)</b>	

**ANNEX 1 - ASSET REGISTER FORMATS**

**Form No. 1**

					<b>REMARKS</b>		
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					<b>REL (YRS)</b>
					<b>REMARKS</b>

					S/ N
					PLOT DESCRIPTION( AREA )
					TITLE DEED NO.
					SIZE (SQUARE METRE)
					USAGE
					SURVEYED STATUS
					RIGHT OF OCCUPANCY (YRS)
					END RIGHT OF OCCUPANCY (YRS)
					UNIT/DEPT/BRANCH
					REGION
					DISTRICT
					DATE OF ACQUISITION /VALUATION
					ACQ. COST / DEPR.REP. COST (TZS)

LAND

FIXED ASSET REGISTER  
DEPARTMENT.....

					<b>REMARKS</b>		
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					<b>S/ N</b>	<b>FIXED ASSET REGISTER</b> <b>DEPARTMENT.....</b> <b>BUILDINGS</b>
					<b>BUILDING ID</b>	
					<b>BUILDING DESCRIPTION</b>	
					<b>NUMBER OF STOREY</b>	
					<b>USAGE</b>	
					<b>BLOCK NO &amp; AREA</b>	
					<b>UNIT/DEPT/BRANCH</b>	
					<b>REGION</b>	
					<b>DISTRICT</b>	
					<b>DATE OF ACQUISITION /VALUATION</b>	
					<b>ACQ. COST / DEPR.REP. COST (TZS)</b>	
					<b>CONDITION</b>	
					<b>REL (YRS)</b>	



					<b>REMARKS</b>		
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					<b>S/ N</b>	<b>ROADS</b>	<b>FIXED ASSET REGISTER</b> <b>DEPARTMENT/BRANCH.....</b>
					<b>ROAD ID</b>		
					<b>DESCRIPTION</b>		
					<b>TYPE</b>		
					<b>REGION</b>		
					<b>DISTRICT</b>		
					<b>LENGTH</b>		
					<b>FROM</b>		
					<b>TO</b>		
					<b>UNIT/DEPT/BRANCH</b>		
					<b>DATE OF ACQUISITION /VALUATION</b>		
					<b>ACQ. COST / DEPR.REP. COST (TZS)</b>		
					<b>CONDITION</b>		
					<b>REL (YRS)</b>		
					<b>REMARKS</b>		

*Tanzania Mentors Action Assets*

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**Form No. 5**

					<b>S/ N</b>	<b>FIXED ASSET REGISTER</b> <b>DEPARTMENT/BRANCH.....</b> <b>BIOLOGICAL ASSETS</b>
					<b>IDENTIFICATON No.</b>	
					<b>DESCRIPTION</b>	
					<b>SEX</b>	
					<b>AGE</b>	
					<b>QUANTITY</b>	
					<b>UNIT/DEPT/BRANCH</b>	
					<b>REGION</b>	
					<b>DISTRICT</b>	
					<b>DATE OF ACQUSITION /VALUATION</b>	
					<b>ACQ. COST / DEPR.REP. COST (TZS)</b>	
					<b>CONDITION</b>	
					<b>REL (YRS)</b>	
					<b>REMARKS</b>	

*Tanzania Mentors Action Assets*

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**Form No. 6**

*Tanzania Mentors Action Assets Management  
Guideline, 2020*

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**ANNEX 2: - ASSETS TRANSFER FORM**

**Form No. 7**

**TANZANIA MENTORS ACTION  
ASSET TRANSFER FORM**

**CURRENT OWNER:**

**NEW OWNER:**

Description: .....

Description: .....

Reason for Transfer.....

**GENERAL INFORMATION:**

S/N	Asset ID	Asset Description	Current Department	Current District	New Department	New District	Date of Transfer	Cost of Asset
<b>TOTAL VALUE</b>								

Name of Issuing Officer: .....

Position: .....

Signature: ..... Date: .....

**VERIFICATION**

Name of Verifying Officer: .....

Position: .....

Signature: ..... Date: .....

Name of Receiving Officer: .....

Position: .....

Signature: ..... Date: .....

**AUTHORIZATION**

Name of Authorizing Officer: .....

Position: .....

Signature: ..... Date: .....

**ANNEX 3: ECONOMIC LIFE (EL)**

The asset economic life is projected in ranges as follows; -

<b>Asset Category</b>	<b>Economic Life (yrs)</b>
<b>Administration assets</b>	
Leasehold land	Over the lease term
<b>Buildings:</b>	
Residential	50
School	75
Hospital	60
Office	20
Dwelling	50
Plant and Machinery	15
Furniture and Fixture	5
Office Equipment	5
<b>Motor Vehicles:</b>	
Heavy duty (5 tons and above)	10
Light duty (below 5 tons)	5
Motor Cycle	7
Computer (Desk tops and Laptops)	4
Video Conference Equipment	4
Servers	7
Network/Telecom Equipment	7
Equipment Racks	10
Other equipment (with purchase value > or = TZS 500,000)	10
Automated File Storage Equipment	7
Equipment for production, storage and viewing of microforms	7
Document processing equipment (Photocopies, mail handling equipment, check handling equipment and shredders)	7



Television studio, cameras and other photographic equipment	7
Uninterruptible power supplies (UPS)	7
<b>Infrastructural assets</b>	
Leasehold land	Over the Lease Term

<b>Asset Category</b>	<b>Economic Life (yrs)</b>
<b>Roads</b>	
Gravel roads	4
Tarmac Roads- Asphalt	10
Tarmac Roads – Surface Dressing	7
Earth Roads (initial cost) and culverts/Drifts	Entity judgment depending on the type of the Earth
<b>Bridges</b>	
Wooden Bridges	2
Concrete Bridges	100
Steel Bridges	50
Concrete Culverts	50
Steel Culverts	20
Drifts – vented (with steel pipes)	20
Drifts – Concrete (solid)	50
<b>Buildings:</b>	
Residential	50
School	75
Hospital	60
Office	50
Dwelling	50
Shallow Wells	15
Boreholes	15
Sewerage Systems	15
Water Systems	15
Drainage Systems	15
Agriculture and Livestock Extension Systems	25

*Tanzania Mentors Action Assets Management Guideline, 2023*

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Plant and Machinery (e.g. Caterpillar, Excavator, Heavy Generators, etc.)	15
Furniture, Fixture and Equipment	10

<b>Asset Category</b>	<b>Economic Life (yrs)</b>
<b>Motor Vehicles:</b>	
Heavy duty (5 tons and above)	10
Light duty (below 5 tons)	5
Motor Cycle	7
Computer Hardware	5
Tractor	10
Boreholes (0 - 200 meters)- Hand Pumped Well	30
Shallow wells (0-100 meters) Hand Pumped Well	40

