

Fixed Assets and Capital Expenditure Policy

1 OBJECTIVE

The objective of the capital policy is as follows:

- To ensure that all items of a capital nature are identified as such and are approved in the correct manner in line with the approval process.
- To ensure that all proposed capital expenditure is subject to a rigorous and thorough review in order to optimise cash and returns within Scouting Ireland.
- To ensure that once a capital approval has taken place that all spend and subsequent payment requests are managed in an appropriate manner.

The Policy covers all capital expenditure of Scouting Ireland at Provincial and National Level and the principles here-in are applicable to the Scout Foundation Northern Ireland (SFNI); the Outdoor Adventure Store (Liffey Street) Limited and all other statutory entities of Scouting Ireland; subject to the approval of each of the entities Board of Directors.

This policy covers all capital expenditure at Scouting Irelands' National Campsites.

Expenditure of a capital nature on large projects / events such as Jamborees etc are also covered by the policy.

2 DEFINITION OF CAPITAL

Expenditure should be recognised as capital and have a capital request form submitted and approved prior to any commitment being made, for the following items:

- New assets and equipment.
- Land and Buildings
- Major replacements or upgrades to buildings or equipment; which enhance and / or extend its useful life.

A tangible fixed assets is defined as follows:

"Assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one period"

The above definition means that capital expenditure forming part of the fixed assets within the Balance Sheet must conform to the following principles:

- Be reusable
- Have a life greater than 12 months
- For payback projects have an acceptable payback, generally less than 3 years

3 APPROVAL PROCESS

All Capital requests regardless of size must be approved by all the following individuals.

- The Project Sponsor (i.e. the person requesting the Expenditure)
- The National Officer / CEO / Financial Controller; Camp Chief; Provincial Commissioner; Board Chairperson within whose area the asset is to be used. If the asset has cross-area applicability all responsible people must approve the Expenditure
- Scouting Ireland's Financial Controller

A copy of the Capital Expenditure Requisition Form (appendix 1) must be completed in all cases and forwarded to Scouting Irelands' Financial Controller.

Further Approvals are required as follows:

Spend Included within the approved Annual Budget

- All Expenditure Requests – National Treasurer and Chief Scout
- Expenditure over €25,000 / £25,000 – The NTPIC

Spends **not** Included within the approved Annual Budget

- All Expenditure Requests – National Treasurer and Chief Scout
- Expenditure over €10,000 / £10,000 – The National Management Committee

No expenditure / commitment to expenditure should take place until approval has been granted at the required level.

Assets acquired under Operating Leases; Finance Leases or Hire Purchase Arrangements are also covered by this policy document.

4 CAPITAL EXPENDITURE REQUISITION FORM

Each Capital Expenditure Request will be considered on its merits. To assist this evaluation the Capital Expenditure Requisition Form (Appendix 1) should be completed.

Scouting Ireland's Financial Controller must be involved at an early stage of the capital approval process

In certain circumstances further information should be provided in support of the Capital Expenditure Requisition Form. Areas to be considered in preparing this supporting documentation include:

- i. Overview and rationale of the proposal
- ii. Alternatives considered and reasons for rejection
- iii. Main benefits expected to accrue from the spend
- iv. Risks associated with the spend and actions to be taken to mitigate those risks
- v. Details of assets to be replaced – NBV, disposal method and disposal proceeds (if applicable).

In addition to the requirements detailed above, attached to the request form should be sufficient additional information to support the capital application. This should include

- A minimum of 3 valid quotations for each item of capital spend. An exception to this is where there is only one or two viable suppliers for a specific item. If this is the case then a statement to this effect should be included in place of the additional quotation.

5 CAPITAL EXPENDITURE CONTROL OF ACTUAL EXPENDITURE

Once a capital project has been approved, it is the responsibility of the Proposer to manage all actual and forecast spend against the project in line with its approval value.

For all projects where such an overspend is forecast, it is the responsibility of the Proposer to supply an explanation that quantifies and justifies the predicted overspend. This should be submitted to National Treasurer as soon as the overspend becomes known.

It will be at the discretion of the National Treasurer in consultation with the Chief Scout and/or NMC as appropriate to authorise any additional spends.

6 ASSET DISPOSALS

Scouting Ireland owned capital assets are to be retained as long as they continue to contribute in an efficient and economical manner to the functioning of Scouting Ireland. This may extend beyond the useful life used for depreciation purposes. Only when the assets are disposed of will the original asset and accumulated depreciation be written off the fixed asset register.

Capital assets must have a zero net book value at the time of retirement or disposal. If there is any remaining value, the asset shall first be written off to the appropriate Budget Holders Annual Budget.

All disposals of capital assets must be approved by the National Treasurer on form attached in Appendix 2.

All sales of Company assets to Company employees along with donations of Company capital assets must be approved by the National Treasurer.

Upon approval of disposition, the asset may be disposed of in the following manner – sold, donated, scrapped, or used in a trade-in transaction if authorised. Upon disposition of the asset, the Finance Department will be notified and the asset will be deleted from the asset records and a gain/loss will be recorded.

7 Financial and Physical Control

On an annual basis (in September), Scouting Ireland's Financial Controller will furnish each department / campsite / Scout Province etc a report showing a listing of the assets assigned to that area and any acquisitions, disposals and transfers during the past year. Any discrepancies noted by the relevant National Officer / Provincial Commissioner / Board Chairperson / Camp Chief should be notified to Financial Controller within two weeks.

Capital assets will be inventoried (counted) on a periodic basis. Scouting Ireland's Financial Controller will co-ordinate and assist in the performance of a full physical inventory of Scouting Ireland's capital assets on a two year rotational basis. Each area will be notified of the count procedures and the dates of the physical inventory.

Capital assets that are not accounted for after the physical inventory shall be investigated, reported to the National Treasurer.

8 Accounting Records

Upon asset acquisition, the relevant National Officer / Provincial Commissioner / Board Chairperson / Camp Chief (assisted by Scouting Ireland's Financial Controller) is responsible for assigning and attaching asset number tags to the property where it can be readily located. Scouting Ireland's Financial Controller will maintain a detailed listing of each capital asset item along with the following:

- Depreciation records which will include the description
- Date acquired
- Vendor name
- Cost basis
- Assigned department
- Depreciation method/life
- Accumulated depreciation
- Net book value