

## In Accordance with The Public Procurement & Disposal Act Act No. 1 for 2015

### 1) Purpose:

The purpose of this policy is to lay out the requirements for disposing of The CEPEP Company Limited assets under a holistic framework and ensure that the company obtains best value. Linking disposals with the capital investment strategy will mean that the CEPEP Company's portfolio of assets will remain refreshed and viable.

### 2) General Principle:

#### Fixed Asset Use;

- a. Assets will have been procured for the company's benefit for use over a multi-year period and it is important that the assets should be maintained and insured during their period of tenure with the company. CEPEP should not carry assets which are no longer useful as maintenance, risk and insurance add to avoidable costs.
- b. Fixed Assets which are no longer required by The CEPEP Company should be reported to the Finance Department for possible disposal. Disposals should be made expeditiously in line with this policy.

### 3. Disposal Due Diligence:

- a. In determining if an asset is appropriate for disposal, appropriate due diligence is required.  
Generally, the main area of attention are: -
  - General Fixed Assets – (such as motor vehicles).

- Fixtures and Fittings- (Cabinets, chairs etc.)
- IT Equipment- (Computers)

#### **4. Lost, Stolen and Destroyed Assets:**

- a. Lost, stolen and destroyed assets must be reported on the 'disposal of equipment' form following which the Fixed Asset Register ("FAR") will be updated.
- b. These must be reported to the Finance Department, Insurance company and the Police Service of Trinidad & Tobago.

#### **5. Sale Proceeds:**

- a. The profit or loss on equipment will be recorded to a separate income account and used for general expenses. The profit or loss is calculated as the sale proceeds less selling costs less the remaining book value of the asset.

#### **6. Accounting Responsibilities:**

- a. The Finance Department will calculate the value of the profit or loss on disposal.
- b. Finance Department will be responsible for supplying data for the templates set out in Appendix 1.

#### **7. Reviews:**

- a. Details of Fixed Assets which are no longer useful to the company should be provided by the Finance Department.
- b. The General Manager will review the list of disposal assets twice a year.

**8. Disposal Committee:**

- a. In accordance with section 56 of the Public procurement & disposal of public property act. The CEPEP Company shall establish a disposal committee comprising of not less than three (3) officers for the purpose of recommending the best method of disposal for the unserviceable, obsolete or surplus equipment.

**\* (Procurement & Disposal Committee should consist of one person from Finance/Disposal Committee & 2 others)**

**9. Accounting Officer:**

- a. All recommendations from the disposal committee shall be forwarded to the Accounting Officer. The Accounting officer will respond with fourteen (14) days giving the committee notice whether he accepts or rejects the recommendations of the committee.
- b. If the Accounting Officer accepts the disposal committee's recommendations the equipment shall be disposed of in accordance with those recommendations.
- c. If the Accounting Officer rejects the recommendations of the disposal committee, he shall consult with the Line Minister to determine the manner of disposal. The Accounting officer shall inform the company by writing of his decision and reasons, therefore.

**\* (The Accounting Officer in this case is the General Manager of the CEPEP Company Limited)**

**10. Disposal Strategy:**

**Obsolete Assets;**

- a. Can be scrapped subject to reaching its useful life on the company's books. Approval must come from the appropriate signing authority as defined in the company's authorisation matrix.

**11. Valuing the Disposal:**

- a. The General Manager of the company is responsible for the disposal should obtain an expected value for the asset before inviting bids.
- b. If no external value is available, the book depreciated asset value is to be used as the initial expected value for the asset.

**12. Disposal Report:**

- a. The report shall contain a full description of the articles, the quantity thereof and the places where the articles are stored, its physical state and reason for disposal.

**13. Prohibition:**

- a. In accordance with section 57 of the Public procurement & disposal of public property act. The company shall not dispose of unserviceable, obsolete or surplus stores and equipment to an employee, or a member of a board or committee of the company. *Except as expressly allowed under regulations.*