

### Capital expenditure Policy

Policy Name	Capital Expenditure Policy
Policy Number	HA/POL/CEP
Version Number	003

	Print Name	Job Title/Role	Signature	Date
Department Quality Review	Dereck Mzungu	Interim Finance Manager	<i>Dereck Mzungu</i>	Aug 07 2024
Reviewed and approved by BoD	Dr Mohamed Ashmawey	CEO	<i>Mohamed Ashmawey</i>	Jul 31 2024
Reviewed and approved by	Owais Khan	Deputy CEO	<i>Owais Khan</i>	Aug 08 2024
Reviewed and approved by	Ahmed Nasr	Director of Performance and Accountability	<i>Ahmed Nasr</i>	Jul 31 2024
Reviewed and approved by BoT	Dr Kamil Omoteso	Trustee	<i>Kamil Omoteso</i>	Jul 31 2024
Date of next review	End of July 2026			

Process Owner	Finance and services
Key Responsibilities	All staff
Associated Documents	

### Revision History

Revision History (Provide summary of changes and justification)	Changes reviewed & approved by	Date of review & approval	Date effective

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## Capital Expenditure Policy

### Introduction

Human Appeal is an INGO charity working across the globe to strengthen humanity's fight against poverty, social injustice and natural disaster, through the provision of immediate relief and establishment of self-sustaining development programmes. Our vision is to contribute to a just, caring and sustainable world free of poverty. Human Appeal does this by raising money to fund immediate and long term sustainable solutions, and empower local communities.

### Policy Statement

In order to ensure appropriate financial and appropriate assessment and approval of acquisition and disposal of Human Appeal assets globally.

Capital acquisitions and disposals are those defined as Fixed Assets by the Human Appeal Financial Manual: Fixed Assets and will include donor funded assets and leased assets where the lease is a finance lease and the assets are acquired under financing arrangements.

### Roles and Responsibilities

The HA Leadership Executive have the primary responsibility for approving capital investments and disposals, subject to the evaluation of business cases for investment and monitoring of capital spend against allocated/generated resources.

Directors and Managers who have day to day control of capital and other assets have stewardship responsibilities including the requirement to dispose of assets safely, in accordance with the current local legal legislation and for the best possible value.

### Procedures for Acquisitions of Capital Assets Justification for Capital Expenditure

Definition of "Capital" is a single or grouped asset having an economic life exceeding one year, and an acquisition value in excess of £5,000 including irrecoverable VAT or is a motor vehicle irrespective of the value.

Irrecoverable VAT, legal and incidental costs are part of the capital investment costs and must be fully included.

Items of less than £5,000 value and not having a life exceeding one year, will still need to be recorded as per the Financial Manual: Fixed Assets

No capital purchases shall be made other than those approved by the Board of Trustees and in accordance with the investment plan and investment priorities identified.

### Approval of Capital Expenditure

Capital Investment must be fully assessed by the Finance department, thereafter shall be subject to presentation of a properly completed Capital Funding Approval Proposal (Appendix A).

The Leadership Executive will, having considered the merits of proposals with a Full Business Case and the overall capital funding position, recommend for authorisation by the Board of Trustees.

Approval “in principle” for allocating resources can only be given by the Leadership Executive, but expenditure should only be incurred once a Capital Funding Proposal has been signed off by the CEO and the COO.

Capital expenditure proposals with a full Business Case shall have final approval from the Board of Trustees to ensure they are in line with the organisational strategy and objectives. It will be essential to ensure that the funding source has been secured. Irrespective of the funding source all capital expenditures shall be monitored.

### **Requisitioning and Receipting**

On approval and sign off by the CEO and the COO, all capital expenditure shall be procured according to current delegated authorities stated in the Financial Guidelines and Procurement Manual. Responsibility for requisitioning approved capital expenditure lies with the relevant departmental/project manager who must ensure that capital expenditure has been approved before raising a requisition. Subsequent approval of invoices follows the Accounts Payable procedures as stated in the Financial Manual: Accounts Payables.

### **Financial Management and Control**

Finance personnel shall monitor capital expenditure and report on such expenditure as part of the Monthly Reporting and maintain the fixed asset register.

Finance personnel shall review expenditure to ensure that capital items are not purchased outside of the approval process, and draw any matters of concern to the attention of the Head of Finance. Where approvals have not been sought, Finance personnel shall not process any payment.

Managers considering capital expenditure shall notify the Finance department to assess the cash flow affect of all capital disposals, acquisitions, and stage/final contract payments. The information shall be provided by the Finance department to the Leadership Executive to assist in assessing the Business Case and Capital Funding Approval Proposal in light of cash flow forecasting and management.

### **Recording and Accounting**

The Finance department shall record and maintain all capital assets in accordance with the Financial Manual: Fixed Assets

### **Impairments and Disposals**

The Leadership Executive must be informed at any time if a capital asset is:

- Recommended for sale
- Becomes obsolete
- Identified as surplus to requirements
- Damaged

## Approving Capital Asset Disposals

The Leadership Executive shall approve in principle the disposal of any capital asset.

Before actual disposal occurs, evidence of value shall be obtained by reference to an independent source. Care shall be taken when the source of valuation is an organisation or individual with a potential financial interest in the disposal. In such cases the manager shall verify the value by reference to more than one independent source.

It is an obligation on Human Appeal to obtain the best possible value on the disposal of any asset.

No capital asset shall be sold, scrapped, exchanged or otherwise disposed of without the written approval of the Leadership Executive, unless disposal has already been approved with a full business case for replacement expenditure (for example, sale of land to funds new premises). IT shall approve (and maintain records of) all disposals of computer and network hardware.

## Method of Disposal

An application to dispose of an asset shall include the proposed method of disposal. The manager responsible for administering the disposal should justify the proposed method explaining how it achieves best value (which shall include minimising the costs of scrapping and disposal). Once approved, disposal of an asset may be undertaken by:

- Scrapping (subject to local environmental and health and safety controls)
- Direct agreement with third party (where there is independent evidence of open market value)
- Quotation or Tender
- Auction

Assets disposals shall be accounted through the Finance department in accordance with the Financial Manual: Fixed Assets

## Policy Review

This policy was prepared by the Finance function at Human Appeal. It will be reviewed on a bi-annual basis to ensure continuing appropriateness.

Appendix A Proposal Form

Proposal Reference (Finance Use Only)	
Project Title	
Name of Division/Unit/Office	
Manager	
Division / Department	
Location	
Capital asset required	
Supplier	
Capital Cost (including VAT)	
Source of Funding	
Brief Description  Complete a brief description of the capital project, note whether proposal is for land, buildings, equipment or IT equipment.	
Indicate all applicable benefits ( <i>tick box</i> )	<input type="checkbox"/> Achievement of operation plan/objectives  <input type="checkbox"/> Economic Benefit  <input type="checkbox"/> Address Risk
Operational need	

<p>(justification for purchase)</p> <p>Identify the relevant objective</p> <p>Explain how the objective would be met</p> <p>Please attach a business case if appropriate</p>		
<p>Is this in the Capital Expenditure Budget?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p><i>Month</i></p> <hr/> <p><b>Planned Cost (inc VAT)</b></p>
<p>Providing Economic Benefit</p> <p>explain how the economic benefit will be generated following capital expenditure. Note it is appropriate to include non-financials benefits.</p> <p>Evaluate the economic benefit – for any proposals that generate a financial benefit explain.</p> <p>Qualitative benefits – all qualitative benefits shall be included.</p>	<p><input type="checkbox"/> <i>Income Generation</i></p> <p><input type="checkbox"/> <b>Efficiency/Productivity Savings</b></p>	<p><i>Explanation</i></p>

**Addressing Risk Current** Risk identified in Risk Register?  Yes  No

Identify the Risk as per the Risk Register	Current risk rating	Explain how the risk would be mitigated by the Capital Expenditure	
The above information to be confirmed and reviewed by the Finance department			
Finance Manager	<i>Print Name:</i>	<i>Signature:</i>	<i>Date:</i>

Authorised by (Head of department)	<i>Print Name:</i>	<i>Signature:</i>	<i>Date:</i>
COO	<i>Print Name:</i>	<i>Signature:</i>	<i>Date:</i>
CEO	<i>Print Name:</i>	<i>Signature:</i>	<i>Date:</i>

**Appendix B – Evaluate Economic Benefit Form**

Amount of Capital Required	
Cost of Capital	
Depreciation write off period	

Capital Expenditure	Year 0	Year 1	Year 2	Total
	£000s	£000s	£000s	£000s
Expenditure Item 1				
Expenditure Item 2				
Total				

Revenue Income	Year 0 £000s	Year 1 £000s	Year 2 £000s	Total £000s
Income Item 1				
Income Item 2				
Total				


Net Total (Income)/Expenditure				
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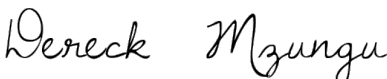


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