



ST.MARY'S UNIVERSITY

School of Graduate Studies

**ASSESSMENT OF FIXED ASSET DISPOSAL PRACTICE IN THE CASE OF Addis Ababa CITY
ADMINISTRATION PUBLIC PROCUREMENT AND PROPERTY ADMINISTRATION SERVICE**

BY

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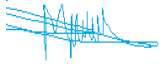
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Abstract

The purpose of this study was to assess fixed asset disposal practice in Addis Ababa city Administration Public Procurement and disposal service. The study employed descriptive survey design and involves both quantitative and qualitative research approaches. Data were collected from 53 core processes of AAPPPDS, selected 59 public bodies and 19 bidders by using simple random/ judgmental/purposive sampling techniques were used for distribution of questionnaires. In addition to primary data, secondary data were used. The study showed problems of disposable fixed asset planning, poor recording of fixed asset history, used outdated fixed asset disposal manuals, regulations, directives and lack of awareness and weak implementation of information communication technology system. For effective and efficient fixed asset disposal public bodies should submit their needs on time by containing full history were a precondition for AAPPPDS planning, update proclamations, directives and GOFAMM manuals, use professionals and had to change the attitudes of staffs and public bodies by creating awareness. In addition adopting and establish technology based fixed asset disposal system were recommended.

Key words; *public bodies, fixed asset, disposal, bidders*

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ACRONYMS

AAPPPDS	<i>Addis Ababa Public Procurement and Property Disposal service</i>
FAR	<i>Fixed assets are registered</i>
FAMU	<i>Fixed asset management unit</i>
GOFAM	<i>Government of fixed asset management</i>
IAS	<i>International Accounting Standards</i>
ICT	<i>Information Communication Technology</i>
IFRS	<i>International Financing Reporting standards</i>
MOFED	<i>Minister of Finance and Economic Development</i>
OC	<i>Origin of Country</i>
PP&E	<i>Property plant and equipment</i>

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Fixed assets management is an important accounting process that seeks to track fixed assets for the purpose of financial accounting, preventing maintenance and theft deterrence (Tay:2009:P1). The council of Ministers financial regulation of Ethiopia, No 17/1997 provides a definition of fixed assets as a means of assets coasting birr 200 or more than it is operational use and that has a useful economic life of more than one year (MoFED: 2007:8). Fixed assets do not contain cash or other assets that are responsibly expected to be converted into cash, sold or consumed by the firms within their operating cycle (Singh: 2010:1).. Poor management of the fixed assets will have an impact on the financial statements of governments (Sulistiawati, 2016). The good and bad of government financial statements are reflected in the opinions given by the National Court of Audit based on the results of the examination of financial statements.

Fixed assets with finite useful life were gradually losing their value over time because of age, wear or market conditions. Due to the fact to maintain the effective utilization of fixed assets (Horn: 2012:3) claimed that a good system of internal control over fixed asset will help to detect accidental mistake that may result in the preparation of inaccurate and misleading financial information.

Disposal of fixed assets in AAPPDS have been designed to assess the practice of the system in place, availability of relevant and reliable information for making effective decision of disposal function, and gaps in carrying out disposal functions. The study focused to let management and public bodies gain knowledge about the advantage of having efficient and effective periodic disposal of fixed assets; i.e. obsolete, surplus, and scrap materials as an integral part of overall fixed asset management

To this extent, the disposal function must be regarded as an incidental task that has gained substantial importance due to a better recognition of the key benefit it can generate in an organization. On the other hand research has shown that goods are disposed of based on the following factors; if it is out of order, goods used for two periods, unusable and defective goods. (Shinkuma, 2006)

In Ethiopia fixed asset disposal has started officially 2011 under FDREPPPDS following the establishment of Federal Procurement and Property Disposal service Addis Ababa City Government, Public Procurement and Property Disposal service (AAPPPDS), central government body was established by the council of Ministers Regulation No. 55/2013 dated August 16,2013 in order to enable the timely supply of goods and services were commonly used by public bodies as well as goods and services which had national strategic significance, in the desired quality and at price attributable to economies of scale resulting from bulk purchases. The body also enables a speedy disposal by sale of property of public bodies at fair price and to assist public enterprises in the procurement of goods and services as well as disposal of assets

The main objective of fixed Asset disposal in the AAPPPDS that the study were supposed to aware for Addis Ababa city Administration public bodies for giving due attention to disposable fixed assets as one of the core business of the whole life asset management. Moreover, it was very important to change the attitude of managers and concerned bodies of sub-cities as well as City Government in disposal purpose.

When public sectors have disposal of fixed assets, the original cost and the accumulated depreciation to the date of disposal must be removed from the accounting records. A disposal of fixed assets can occur when the asset is scrapped and written off, sold for a profit to give a gain on disposal, or sold for a loss to give a loss on disposal. (Michael Brown, 2019). Therefore the study assessed the gaps on fixed asset disposal practices in AAPPPDS.

1.2 Statement of the problem

Assets services include ensuring that goods is supplied with the services required; surplus property is disposed of and new property acquired and constructed; goods are valued; property rates are catered for; and all this is done in a cost-effective manner (Malawi and David, 2016). However, according to Ondiek, (2013) the government of Kenya continues to incur huge losses in the field of public procurement, supplies and disposal. Over the years, citizens' confidence towards public procurement and disposal has been eroded significantly, portraying a negative attitude by the public towards these procedures. Surplus stores, expired inventory, unserviceable equipment, dead-stock, scrap and obsolescence continue to pile up in public stores, scrap yards and offices. This is an eyesore to the public in whose name procurement and disposal is done. Resources planning will be the first activity in assets management (krishnan and Sundaresan, 2003). According to Arnold, et al. (2008) the assets requirement plan's objective is to determine what components are needed to meet the master production or service schedule and based on lead time, to calculate the periods that the components must be available. It must determine what to order, How much to order, when to order and when to schedule delivery. Addis Ababa City Government has its own Proclamations, directives and manuals such as procurement and

property administration proclamation 17/2009, procurement directive 3/2009, property administration directives 10/2010 and the manuals. The property managements including property disposal functions were overall monitored by Bureau of finance. There were various problems faced in assets disposal which can affect social, economic and environmental advantages of the country unless serious solution was intended. Even if any research hadn't been done upon the assessment of fixed asset disposal, there were various problems repeatedly observed from Addis Ababa city government audit bureau and follow up annual reports of 2016, 2017, 2018 and 2019 years, problems raised during quarterly and annual reports and meetings of AAPPPDS with stakeholders.

According to Smith, (2020) the ineffective utilization of fixed assets further contributes to the above stated problems of capital assets. Fixed asset often constitutes a large category of Assets so that the emphasis for maintaining accurate and complete accounting records of fixed asset emanates from ownership determination, cost allocation and presentation. Financial report that reflects fixed asset value and depreciation allocation to fixed asset, which is presented on income statement and balance sheet. In accounting different methods used to allocate the costs of long term asset to estimated life. Although the allocation of depreciation to fixed asset do not represent a cash expense of the organization.

Addis Ababa city government public property and disposal service budgetary institutions had various types of properties will obtain through procurement, hiring and granting ways that could fulfill the needs of their organizations. This may include office buildings (such as administration building, store buildings, residential buildings), office equipment (such as computer, printer, photocopy machine, table, chair), cars, metals, medicines and so on. These Fixed assets require efficient management system starting from the beginning of fixed assets procurement to the end of its disposal. Generally the statement of problem in this study will supposed to alert the AAPPPDS,

1. Addis Ababa city Administration budgetary institutions and sub-cities for giving due attention to disposable fixed assets as one of the core business of the whole life asset management.
2. It was very important to change the attitude of managers and concerned bodies of sub-cities as well as City Government in disposal functions. Without the asset management functions, it could not be got complete, efficient and effective property disposal; and impossible to ensure value for money.

1.3 Research questions

1. What are the challenges of fixed asset disposal practices?
2. How does staffs are competent in fixed asset disposal practice?

3. What are the practices of regulations, rules, procedures and enforcement activities in fixed asset disposal process?

1.4 General Objectives

The general objective of the study was to assess fixed asset disposal practice in the case of Addis Ababa city administration public procurement and property administration service

1.4.1 Specific Objectives

1. To examine the challenges of fixed asset disposal practices;
2. To assess the awareness of staffs in fixed Asset disposal practice.
3. To assess the practice of regulation, rules, procedures and enforcement in fixed disposal process

1.5 Significance of the Study

The researcher believed that the outcome of this study have multi-dimensional significance; some of them are;

- The study is used as a capacity building in the area of disposal of fixed asset for the disposal team.
- The result of the study will enable policy makers and other concerned bodies to have information on how to proactively control and take precautionary measures on such issues.
- This study gives important suggestion that were help the organization for fulfill the gaps of practical fixed asset disposal of the existing proclamation, directives and guidelines gives appropriate solutions.

1.6 Scope of the study

The scope of the study was delaminated to the fixed asset disposal practices of Addis Ababa City Public Procurement and Property Disposal Service (AAPPPDS) together with other public bodies that are benefiting from the disposal of used and scraps goods. Specifically on assessment of fixed asset disposal practices such as problem faced on practice of the basic elements of fixed asset disposal, the accountability and responsibility of the fixed asset disposal, assess the valuation process of fixed asset, evaluate the practice of regulation, rules, procedures and enforcement in fixed asset disposal. The study also measured the performance of procurement activities of AAPPPDS in terms of the Addis Ababa city administration property disposal performance directive.

1.7 Limitation of the study

The principal concern of this study would be to examine asset the fixed asset disposal practices Constraints arising from shortage of time and limitation of budget study try to see mainly fixed asset disposal practices and the coverage of the study will be limited on Addis Ababa city administration public procurement and property disposal service

1.8 Organization of the paper

This paper has five sections. The first section is introduction which contains background of the study, statement of the problem, objective, significance, limitation and scope of the study areal description followed by the second section which is review of relevant literatures was presented. Chapter three would deals with research methodologies while in chapter four, analysis method had been present. Finally, Study finding, conclusions and policy implications of the study had been given in chapter five.

CHAPTER TWO

2. LITERATURE REVIEW

In this chapter, general knowledge of fixed asset disposal is summarized based on different publication of a brief review of the existing definitions, theoretical and empirical literature. Since all properly enacted property management functions have their own contribution to dispose fixed assets in efficient and effective manner, asset management, definition of fixed assets, depreciation of fixed asset, fixed asset disposal, methods of disposal and disposal planning are the main concepts on fixed assets disposal were elaborated in this chapter

2.1. Theoretical Literature Review

2.1.1 Fixed asset definition:

A fixed asset is a long-term tangible piece of property or equipment that a firm owns and uses in its operations to generate income. Fixed assets are not expected to be consumed or converted into cash within a year. Fixed assets most commonly appear on the balance sheet as property, plant, and equipment (PP&E). (JULIOUS MANSA, 2020)

Fixed Assets are the assets held with the intention of being used on continuous basis for the purpose of producing or providing goods or services and are not held for resale in the normal course of business) E.g. Land and Buildings, Plant and Machinery, Motor Vehicles, Furniture and Fixtures. IASB standard 6(2016)

Fixed assets are non-consumable goods, tangible in nature and have a useful life longer than one year. According to William D. Brady, Jr. (2001), "it can be any item costing over a certain dollar amount, large or small, to an item that has a certain useful life. "These fixed assets are classified as land, improvements other than buildings, operating plants, equipment, vehicles, and construction in progress (Peterson, 2002). Fixed assets can be both movable and immovable. Items of insignificant value, while they meet the above criteria, are normally expensed instead of being considered fixed assets.

2.1.2 Fixed asset depreciation

Fixed assets are company's tangible assets that are relatively durable and used to run operations and generate income. They are not used to be consumed or sold, but to produce goods or services. Due to the long-term use, the value of fixed assets decreases as they age. Some examples of depreciable fixed assets are buildings, machinery, and office equipment. Land is not one of them, because it has an unlimited useful life and it

increases in value over time. In short, depreciation is the allocation of the acquisition cost of a fixed asset caused by a decrease in its value. (Kanya March 26, 2019)

2.1.3 Fixed Asset Management Concepts in Public Sector

Asset management can be defined as: "A continuous process-improvement strategy for improving the availability, safety, reliability, longevity of assets; that is systems, facilities, equipment, and processes (Jim, 2007 cited in Hanis, et al. 2011). On the other hand, Gopala krishman & Sundaresan (2003), define fixed assets management as the function responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide a pre-decided service to the customer at a minimum cost.

Summerell (2005) cited in Yusof (2013), argues that by applying assets management processes, local governments could improve the effectiveness and efficiency of their service delivery. This improvement would be achieved through reduced and fully auditable operating costs, reduced vacancy rates and improved delivery timescales, better managed value and reduced churn as well as lower moving costs.

According to Davis (2007) cited in Hani's (2012), asset management is a continuous process-improvement strategy for improving the availability, safety, reliability, and longevity of assets, that is systems, facilities, equipment, and processes. The main function of asset management is to provide the organization with information and knowledge that supports the asset lifecycle decision process, from planning to disposal, as required by the asset owner and/or manager. A comprehensive asset management strategy will be needed at all organizational levels, from delivering data for asset planning, providing information to decision makers before making acquisitions and developments, and providing the systems and data needed to support assets decision throughout asset's lifecycle. Through effective assets management, a public sector organization will improve its governance and accountability arrangements with regard to its stewardship of fixed assets. Improvements are possible because the public sector organization is able to demonstrate to tax payers and those who use its services that these are being managed sustainably and delivered effectively and efficiently. Improvement in accountability with regard to resource use is also enhanced by having in place and publishing financial and performance indicators (NAMS, 2006b; Scottish Executive, 2003 cited in Ngwira and Manase, 2016 p.6).

2.1.4 Components of Disposed Fixed assets

Disposal of stores is one of the most important functions of fixed asset management in any organization (Osibanjo, 2007 cited in Kodua Mensah, 2014). This has become necessary as the equipment and other items

tend to become surplus, obsolete, and unserviceable, over a period of time due to its long usage. The disposal of this type of stores is needed to be done on periodic basis (CSIR, 2007 cited in Kodua Mensah, 2014). Fixed assets to be disposed of still have value for money in them and even when they undergo wear and tear and may still have financial value for the institution in question. Furthermore, to get value for money in disposing of fixed assets and equipment methods the disposal could generate huge sum of money if the following methods resale, trade in, auction and disposal should be based on a fair market value for each surplus item.

Disposal of fixed assets is the withdrawal of assets from use upon the completion of its useful life (Obaidullah 2006 cited in Kodua Mensah, 2014). Therefore, disposal as any event getting rids of public assets through the law of the state, in creation, variation, and transfer to the state agency in need of the assets.

Fixed assets disposal or rationalization is an option when an asset is no longer required or becomes uneconomical to maintain or rehabilitate. It provides the opportunity to review the configurations, type and location of fixed assets, and the service delivery processes relevant to the activity. Similarly, an optimized decision-making tool is essential for arriving at an optimal decision about fixed assets rationalization. (Ngwira and Manase, 2016)

The common source of surplus fixed assets are excessive sales forecasting and planning, changes occur constantly in the designs and specifications of fast moving technological products, excessive forward buying, planned over buying and over production represent and inventories are another prime source for generating surpluses. (Gopala Krishnan & Sundaresan 2003)

2.1.5 Management of fixed Asset Disposal

When thinking about fixed asset disposal management, it has to originate at the early stage where an organization plan to purchase an asset, as per Ellarm (1995; 4) “In addition to the price paid for the item, Total cost of ownership may include such elements as order placement, research and qualification of suppliers, transportation, receiving, inspection rejection replacement, down time caused by failure disposal costs and so on.”

As per, Spire (1996; 99) the management of the fixed asset lifecycle starting form acquisition through maintained life to disposal, is a very important issue. This indicates that fixed asset management includes a description of existing assets, maintenance plans, fixed asset disposal strategy and fixed asset management improvement strategy and it is the most important aspect for the success of a company (Avis and Dent 2004, 11) explain about the two principal elements in relation to management of organization’s surplus fixed asset. “The

process which the fixed asset is identified and declared surplus and the second is the procedure for managing such fixed assets effectively until disposal finally takes place.

When determining fixed assets for disposal, managers should be aware that the useful life of the fixed asset should be determined, authorized person responsible for determining fixed assets for disposal action, and is accountable for all decisions they take in the disposal process including but not limited to the costs of replacement as a result of fixed asset disposal activities being taken in to account and fair dealing and openness, special attention assignment should be given based on the size and complexity of the company. (Gary J. Zenz, 1994; 521)

The purchasing department is in a better position to know about fixed assets, fixed assets markets and current economic market conditions of disposable fixed assets, and as per (Wasting, 1979:25). Fixed asset management is responsible for reviewing disposal reports, evaluating causes and trends leading to disposal, and implementing procedures to manage and control disposal when the dispositions represent problems, inefficiencies, and the occurrence of unnecessary cost.

2.1.6 Fixed Asset Disposal

Fixed Assets are tangible assets that are in operational use and has a useful economic life of more than one year, such as furniture, computers, heavy equipment, vehicles, ships and aircraft, buildings, roads, sewers, bridges, irrigation systems, dam and the like, which are the properties of the government of Ethiopia or its functional units. Whereas, stocks items are supplies and materials that are purchased or produced or donated and are not immediately consumed, which are temporally kept in a storehouse until needed for use and can be consumed within one year. They constitute uniform, clothing bedding, office supplies, printing, medical supplies, educational supplies, food items, fuel and lubricants, agricultural, forestry, and marine input, veterinary supplies and drug, research and development supplies, ammunition and explosives, building and construction materials, spare parts, raw materials stocks, 21 work in progress stocks, finished goods stocks, and the like (MOFED, 2007; 2010; 2011)

Fixed asset that are no longer useful for the business are disposed and there are various reasons why fixed assets are disposed to mention some

- Unserviceable
- Obsolescence of the fixed asset
- surplus and abandoned,

When fixed assets are **Unserviceable** because of old age or accident, **obsolete** due to technological change that might not be economical in terms of cost and time, **surplus and abandoned**, assets the owners of which are not known or are unable to satisfy some legal requirements to become the final owner. (MOFED, December, 2007)

2.1.7 Methods of fixed assets Disposal

Disposal of fixed asset involves identifying whether the fixed asset can be sold or not, based on this we classify disposable assets in to saleable and non-saleable items. There are several possible means of materials disposal, for salable items we have different selling option based on the nature of the item, geographical location, volume and existence of bidders for the item, non-salable items consists of fixed assets retaining no salvage or disposal value will occasionally be discarded or abandoned as scrap, recyclable items, donation to charities or work creation organizations, destruction dumping or burying hazardous items (Barth and Beaver: 1998; 190).

Selling option; choice of the most appropriate disposal option will normally be influenced by the nature of the goods for disposal and by their location and market value. Goods that are kept in one location could be sold using appropriate method of disposal for such items auctions preferred and this section explains the various selling options available. It provides information on the benefits and problems of each option, and identifies watch points. Usually when goods are sold the aim is to achieve the best net return or outcome, it is generally true the most cost effective option for selling goods is by public auction (Lese and Dobler 1971; 427) "Auction is frequently used as quick and convenient method of disposing of large quantities of equipment." For some classes of goods, however, auctions are not the most suitable option. Some goods are only required by specific company, the company may be the producer or the agent in this case private dealing is important.

Decisions on the disposal option should have regard to the assets in terms of: potential market value; other intrinsic value; location, volume, trade-in value, and environmental considerations (including refurbishment, reuse, recycling and hazardous goods) valuations play an important role in asset disposal and can help managers select the most appropriate selling option. Individuals within a branch that have disposal responsibilities can provide an estimate or arrange professional valuations to ensure that the seller's expectations for sale are realistic (Barth and Beaver: 1998; 311).

2.2 Empirical Review

2.2.1 Drivers of Asset Management and disposal Reforms in the Public Sector

During the past two decades or so, it has become more noticeable that there has been an increasing trend – with an international dimension – towards the adoption of fixed assets management approaches by public sector organizations. Two types of reform drivers are behind the adoption of fixed assets management practices by public bodies. The first set relates to internal factors associated with property management practices prior to the introduction of assets management. The second concerns the external forces that have impacted public bodies and which have forced such bodies to give greater attention to the way they manage their fixed assets. (Kaganova, 2006 cited in Ngwira and Manase, 2016).

2.2.2 Practice in Fixed Asset Management and Disposal

Addis Ababa City Government Procurement and Property Administration Proclamation Number 17/2009 defines fixed asset as tangible and useful economic life of more than one year. Similarly, Ethiopia Federal Democratic Republic Government Procurement and Property Administration Proclamation Number 649/2009 defines fixed assets – as tangible assets costing Birr 1000.00 or more that is in operational use and that has a useful economic life of more than one year, such as furniture, computers, heavy equipment, vehicles, ships and aircrafts, buildings, roads, sewers, bridges, irrigation systems, dam. According to Addis Ababa City Government Property Administration Directive No 9/2010 fixed assets are those costing Birr 1000.00 or more and have useful life of more than one year. Where are assets worth less than Birr 1000.00 but having a use full life of more than a year categorized? Examples could be paper punchers, staplers, pocket calculators, paper tray, chairs, etc. The existing fixed assets registers maintained by the PBs are incomplete. The cost of fixed assets is treated as periodic cost. This means that the full cost of the asset is considered as expense in the current fiscal year even if economic benefit of the asset is carried over to the next fiscal years. Because of this treatment, it was not customary to record the value of fixed assets in the fixed assets records. As a result, many of the fixed assets have no value attached to them. The new fixed asset register that this manual explains is designed to incorporate values of fixed assets. Government owned fixed asset management manual South Africa, public sector asset management Africa, public sector asset management (GOFAMM) December (2007).

According to Addis Ababa City Government, Public Procurement and Property Disposal Service (AAPPPDS), Regulation No. 55/2013 dated August 16, 2013, ensure that fixed assets which are not useful to the organization are disposed of in the manner to be prescribed in the directive, the descriptive and amount received from all Fixed assets disposed of shall be included in the public accounts and proceeds from the disposal of fixed assets

shall be deposited in to the account of the Addis Ababa City Government Bureau of Finance treasury. According to the regulation, 30 estimated initial unit price of above 50,000 birr and the total prices greater than 500,000 birr are disposed by public procurement and property disposal Service. Even if no research has been done with the title factor affecting public property disposal performance in Addis Ababa city Government institutions, there is Public Procurement and Property Disposal Service audit and follow up annual reports that show the comprehensive problems of fixed asset disposal on the annual reports of 2016, 2017 and 2018 years. But there are different guidelines such public procurement and property administration proclamation, property administration directive, government owned fixed asset management manual and other policies in Ethiopia that the performance is applied and evaluated accordingly.

2.2.3 Fixed asset Management Practice in Ethiopia

Ethiopia has been adopting new working procedure named business process reengineering (BPR) since 2008/9 to improve service delivery in terms of time, cost and accessibility to bring sustainable development and global competency. However, adopting new work procedures is not enough by itself; it has become important to improve increasingly the existing financial, fixed asset procurement and management of the country so as to cope up with the changing world. Moreover, the inputs gained from the business process reengineering and the accommodation of new working procedures that can facilitate the duties of financial institutions have made it necessary to make improvement in the finance, fixed assets procurement and disposal system of the nation (MOFECO) web. Site; (over view of the sector)

2.2.4 Disposal Planning

Fixed asset disposal planning involves a detailed assessment of those fixed assets that the asset strategy indicates are no longer effectively meeting their service delivery required at the lows long term cost. This assists AAPPD to identify for fixed asset disposal, those redundant fixed assets that might otherwise reduce efficient and effective service delivery. (GOFAMM, MOFED, December, 2007)

All Public Bodies are required to prepare annual fixed asset disposal plans as part of their total asset management strategic planning. Fixed asset disposal planning involves two separate and distinct elements; the detailed assessment of fixed assets identified as surplus followed by an analysis of the physical disposal of fixed assets. (GOFAMM, MOFED, December, 2007)

Disposal planning links with service delivery by the following five stage process. (MOFED, December, 2007)
Fixed assets identified of surplus to service delivery requirements are assessed in detail.

- The advantages to government, agency and the community in divesting fixed assets are assessed.
- Opportunities for increasing fixed asset value are identified.
- Fixed assets disposal requirements including probity considerations are identified
- Implementation of fixed asset disposal plan and performance monitoring are in place.

2.2.5 To registers the value of the fixed asset in the fixed assets record.

Fixed assets are registered in F.A.R. when the value of fixed asset is not registered at the time of acquisition, loss with other factors or update the value of fixed assets register, i.e. Subsidiary records when fixed assets are issued from store to users, returned from user to used-stock store and keep the necessary records about the history of these assets decline. (GOFAMM, MOFED, December, 2007)

When the purpose of the valuation of fixed asset in the fixed assets register is very complete and accurate estimation of cost is not needed. This is because, the purpose is to keep the asset and not to dispose and hence there is no loss of cash inflow as a result. In addition, if the value of an asset is understated in the register, the error corrects itself when the asset is fully depreciated and stated at book value. Thirdly, valuation of assets owned by the Government becomes an enormous task; if the valuation committee is to find accurate value, rather than fair estimate, of the asset the entire task of keeping complete register might not be accomplished successfully. (MOFED, December, 2007)

2.2.6 When the Fixed asset is to be disposed off.

A fair estimate of the cost of the fixed asset should be given as a starting point for bidders and auctioneers. When the valuation is for sale of the fixed assets to outsiders, there is an immediate loss of cash flow if the value of the fixed asset to be disposed is understated. Hence, care should be taken when dealing with valuation for fixed asset disposal purpose. (MOFED, December, 2007)

2.2.7 Fair value at initial recognition:

"When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price). Entities do not necessarily sell assets at the prices paid to acquire them. Similarly, entities do not necessarily transfer liabilities at the prices received to assume them". In many cases the transaction price will equal the fair value (e.g. that might be the case when on the transaction date the

transaction to buy an asset takes place in the market in which the asset would be sold)". IFRS standards 13 paragraph 57, 2016

When determining whether fair value at initial recognition equals the transaction price, an entity shall take into account factors specific to the transaction and to the asset or liability.

"If another IFRS requires or permits an entity to initially measure an asset or a liability at fair value and transaction price is different from fair value, the entity shall recognize the resulting gain or loss (a) in profit or loss, unless the IFRS provides otherwise".

Price: "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique". The price in the principal (or most advantageous) market shall not be adjusted for transaction costs and Transaction costs do not include transport cost. IFRS standards 13 paragraph 57, 2016

2.3 Literature Gap

Even if specific problems were raised on the implementation of fixed asset disposal within Addis Ababa city government audit bureau and follow up annual reports, there are various problems that had not been pointed on the audit reports that can make difficulty the performance of fixed asset disposal. Then, enormous challenges of fixed asset disposal performance, the initial causes of the problem and solutions to be taken to solve them have been addressed in this research.

CHAPETR THREE

3. RESEARCH METHODOLOGY

Chapter three was all about the research design, methodology an approach which applied in the research. It has included the research design, population and sampling methods, sampling procedures, sources and tools/instruments of data collection, procedures of data collection, methods of data analysis and ethical considerations of the research

3.1 Research Design

Descriptive type research was used to carry out the study because the major purpose of descriptive research is description of the state of affairs as it exists at present. The main characteristic of this model is that the researcher has no control over the variable he can only report what has happening (Kothari, 2004).

This study was focused on describing the current situation of the problem and answer the research questions which are in the form of “what” and to highlight the most important practices in fixed asset disposal practices that can negatively or positively affect the disposal service delivery of AAPPD. Moreover, this research aim was to explain the city administration public bodies’ core process employees and bidders attitudes, opinions, perceptions on the practices of fixed asset disposal service delivery. Therefore, the researcher was used Descriptive research design to achieve the research objectives.

3.2 Research approach

In this study the research approach was both, quantitative and the qualitative approach has been used. Because, mixed research is useful to capture the best of both qualitative and quantitative approaches and in these the researcher has also intended to assess detail features of fixed asset disposal practices in the institution. The quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous/accurate quantitative analysis in a formal and rigid fashion. Qualitative approach to this research has concerned with subjective assessment of attitudes, opinions and behavior.

3.3 Sampling design

The study has been adopt the five sampling steps of (Malhotra et al., 2006); “these steps are closely interrelated and relevant to all aspects of the research.” Those are identified target population, determine the sampling frame, select sampling techniques, determine the sample size and execute the sampling process.

3.3.1 Target Population

The whole set of the universe from which a sample is taken is called the population (Saunders et al, 2007). Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Mugenda, 2003). Hence, 240 populations were taken as target population. The target population has collected as follows; 110 employees from AAPPD core process (i.e. from public procurement directorate, asset disposal directorate, contract administration directorate, Information communication Technology directorate and Internal auditors), 96 of the population has been taken from Addis Ababa city administration budgetary institutions and Sub Cities, and the rest 34 has been taken from bidders purchaser of disposed fixed assets for the 2019 budgetary years from items on national competitive bid.

General Manager of AAPPD the data has been taken from Human Resource Directorate, Contract Administration directorate recorded book of AAPPD which are approved by legal stamp, and from Bureau of Finance and Development respectively that are found in Addis Ababa.

The sample frame of this study were the General and Deputy Manager and Four Directorate of AAPPD (i.e. Directorates, Team leaders, Senior officers and Medium officer from asset valuation and disposal directorate, contract administration directorate, Information communication Technology directorate and Internal auditors staffs) were selected because they are experienced so the researcher had get sufficient data from those and the fixed assets procurement and disposal department of randomly selected Addis Ababa City Government budgetary sector organizations, sub city and bidders from purchaser of disposed fixed assets participants were included in the sampling frame of this study.

3.3.2 Sampling Unit

The researcher would have to decide one or more of sampling that he has to select for his study (Kothari, 2004). The sampling unit of this study was General Manager of AAPPD, directorates, team leaders, senior and medium officers who are working on procurement and related activities in AAPPD and the selected beneficiary organizations and participant bidders.

3.3.3 Sampling Technique

The researcher utilized triangulation in data gathering process for this descriptive survey. The study titled “Assessment of the fixed asset Disposal Practices” conducted in Addis Ababa at the city administration budgetary institutions and the bidders which are participated in disposal of fixed assets. The study covers 25% of budgetary institutions and sub cities accountable to the city administration. The Selection of the study area

for this research was purposive due to most of the city administration public bodies and sub cities had wider operational area which had covered by the AAPPD and availability of documents for the study can also considered sufficient. As a city administration level, no researcher has been yet conducted a study in relation to fixed asset disposal practices.

According to John, et al, (2007), a need for triangulation was in order to search both for accuracy of the data and alternate explanations. The idea is to collect data by different means and the hope is that there is convergence on the truth. Hence, through considering this advantage, the researcher had used probability sampling to address the problem. To attain good result and assure reliability, among probability techniques for this particular study, the researcher has used simple random sampling, because a simple random sample is believed to be free from sampling bias, obtained by choosing elementary units in search a way that each unit in the population has an equal chance of 36 being selected.

For samples selected from Addis Ababa city Administration budgetary institutions and sub cities the researcher has used non-probability sampling, because the researcher has select the respondent purposively with the aim who gives adequate and appropriate information for the study. In addition for interview purpose non-probability sampling were used, because the interviewed persons were select purposively with the aim who gives adequate and appropriate information for researcher.

3.3.4 Sample Size Determination

The appropriate number of subjects to be included in the study depends upon the type of the research involved. Judgmental sampling is a non-probability sampling where the researcher uses his own judgment to select from the population whom he feels will give him the desired or accurate information. Judgmental sampling involves the choice of subjects who are well equipped with information that would be relevant to the researchers focus. The organizers of the inquiry purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they select out of a huge one will be typical or representative of the whole (Kothari, 2004).

Therefore, the sample size was determined by using simple random and purposive or judgmental sampling methods. The main reason for the selection of purposive or judgmental sampling method was because the total population of the Addis Ababa City Government budgetary institution and Sub City was far from the know-how of the research title and the nature of the human resources structured heterogeneously in terms of educational back ground, work experience to accomplish mission. The proper target population comes for the line staff those with fixed asset disposal experience and other supportive staff who had involved in fixed asset valuation

and disposal activities. The sampling size has been determined, the researcher has used; the following formula were used to calculate the sample size.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Patrick, B. (2003) the return or success rate 50% is „adequate“; 60% response rate is „good“ and 70% rate or higher is „very good“. The researcher has used for this study 75% response rate is expecting and remaining 25% may be non-response rate, and sample size will determine at 95% confidence level and margins of error at 5%.

Where,

p = proportion of success = 75%

q = proportion of fail = 25%

z = confidence level = 1.96

e = standard error = 5%

N= Total population = 240

n = sample size,

Therefore the sample size will be:

$$n = \frac{1.96^2(0.75)(0.25)*240}{0.05(240-1)+1.96^2*(0.75)*(0.25)} = 131 \text{ respondents.}$$

Number of respondent for AAPPPDS and Addis Ababa City Administration budgetary institutions and sub city.

$$= \frac{\text{number of selected budgetary institution and sub city}}{\text{total number of selected staffs}} * n$$

Therefore, the sample size of the study was 131

respondents. From the total sample size Addis Ababa City Administration budgetary institutions and sub city were calculated 53 sample sizes after calculation of $(97/240) * 131$. AAPPPDS respondents participating in this study were calculated 78 sample sizes after calculation of $(143/240) * 131$. So, the researcher believed that two representative is enough for one organization from Addis Ababa city Administration budgetary institutions which is located in Addis Ababa, directly related with fixed asset disposal department.

Table 3.1. Distribution of sample population

No	Sampling frame	Number of population	Sample size	Sampling Techniques
1	Addis Ababa city Administration budgetary institutions and Sub city	96	53	Purposive/ Judgmental sampling
2	Addis Ababa city Government public procurement and property disposal Service	110	59	simple random sampling
3	Bidders that purchases of disposed fixed assets for the 2019 budgetary year	34	19	simple random sampling

Total Sample Size = AAPPPDS Staffs + Addis Ababa budgetary staffs + Bidders that purchasers of disposed fixed assets = 131

Source: Number of staffs and bidders were obtained from AAPPPDS staff records and bidder documents respectively, and from Addis Ababa city Administrations budgetary institutions and sub cities related work experiences.

3.4 Sources of Data;

There are two types of data, namely primary and secondary data. Researcher might use either both or one of the types of data depends on the research type and data collect by researcher (Saunders et.al, 2007). For undertaking this research, data had been obtained both from primary and secondary sources.

3.4.1 Primary data sources

For this research purpose primary data were collect through standardize questionnaire and semi-structured interview. Primary data were originated by a researcher for the specific purpose of addressing the problem at hand (Malhotra and Birks, 2006)

3.4.2 Secondary data sources

As supplementary to questionnaires, the documents reviewed were audit report, annual inventory reports, bidding documents, AAPPPDS quarterly and annual reports, regulations, planning, public property administration directive and its manual. The researcher had gotten these documents from Addis Ababa City

Administration Public Procurement and Property Disposal Service. The documents were analyzed in order to complement and strengthen the responses obtained through questionnaires.

3.5 Methods of Data collection

Questionnaire (closed and open-ended) were developed and utilized in gathering data from respondents. Open-ended questions were used to enable respondents to give their ideas and information freely without feeling embarrassed by any one while closed ended questions were used to enable respondents to choose from the ranges of possible choices provided in the questionnaire. Prior to dispatching the final questionnaire to respondents of the study, it has pre-tested in AAPPPDS. Random selection were used for the pretesting questionnaire were to ensure reliability of the instrument. The questionnaire were prepared in English language and distributed and collected by the researcher.

3.6 Data Analysis, Results and Discussion

Data Analysis Techniques and Presentation The analysis and interpretation of the collected data were carried out according to their type and nature by relating to basic questions of the study. First, the collected raw data were collected through questionnaire, interview, personal observation and documents were organized in to a form that can give meaning, and then structured and analyzed using figures, inferential statistics and discussions like percentage, frequency and figures employing and intensively described in the statements. Moreover, the qualitative data were analyzed and interpreted by relating and triangulating with quantitative data findings. This had employed to ascertain content validity of the data. The data has presented by using statistical tools like tables, figures, bar charts.

The results and discusses of the research presents using tables, figures, bar charts and percentages to Assess fixed asset disposal practice in the study area. Data collection work were conducted and administrated by the researcher as the result there was no any non-responded questionnaires. From 53 judgmentally sampled representative respondents 53 (100%) have responded the questionnaires critically with necessary information. Addis Ababa city Government public procurement and property disposal Service core process employers and Bidders those purchases of disposed fixed assets respondents had been selected through simple random sampling technique because a simple random sample is believed to be free from sampling bias and enhance the reliability among other technique in such a way that each unit in the population had an equal chance of 36 being included in the sample frame.

3.7 Ethical Consideration

Each discipline will have its own ethical guidelines regarding the treatment of human research participants (Vander stop and Johnston, 2009). Research ethics deal with how to treat those who participate in the studies and how to handle the data after collection. In order to secure the consent to the study, the researcher would clearly communicate the purpose and aim of the study and all information obtained from the respondents were treated with confidentiality without disclosure of the respondents' identity. Moreover, no information will be modified or changed; hence the information is presented as collected and all the literatures that will be collected for the purpose of this study are acknowledged in the reference list.

3.8 Reliability Test

The data gathered from questionnaire were summarized and analyze by using descriptive statistics like frequency, percentage, tables, and bar charts. In order to test the reliability of data collection instrument, the response obtained were used for calculating the cronbach alpha. According to Tavako (2011) indicated that the acceptable values of alpha is ranging from 0.70 to 0.95.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRITATION RESULTS

4.1 Introduction

Data analysis and interpretation section was the core of the study portrays concerning general information about sample respondents, the existing fixed asset practices activities in fixed asset disposal process in Addis Ababa City Administration Public Procurement and Property Disposal Service.

4.2 Response Rate

The questionnaires were distributed and respondents was Fixed asset disposal director and all experts, Internal Audit director and experts, Public Procurement director and experts, and contract Administration director and experts from AAPPPDS and selected budgetary institutions and Sub city and also from selected Bidders that purchase disposed fixed assets. Accordingly, 131 questioners were distributed personally and all 131 questioners (100%) were collected. Therefore, all distributed questionnaires were collected.

4.3 Reliability Test

The reliability test is a method for checking a scale's internal consistency. The researcher used Cronbach's alpha coefficient as the indicator to check the degree of consistency. The value of Cronbach's alpha for all constructs/variables must be above 0.7 Overall, all the variables have a Cronbach's alpha coefficient of more than 0.7. However, for the variable of the relationship between dependent variable (fixed asset disposal practice) and independent variable (planning, competency and procedures) in Addis Ababa city Administration public procurement and property disposal service the Cronbach's alpha measurement was 0.95. Therefore, one can conclude that all the items in this study are consistent and reliable.

Table 4.3.1 shows the summary of the reliability test.

Table 4.3.1.1: Reliability Test

Reliability Statistics	
Cronbach's Alpha	No of Items
0.95	26

Source: Questionnaire results, 2020

4.4 Demographic Data Analysis

The gender, educational status, work experience related to procurement and property administration and currently working area (position) of the respondents are shown in the following tables (4.2) consequentially.

Table 4.4.1: Characteristics of Respondents

No	Characteristics of Respondent	Number of Respondents	percentage
1	Gender		
	Male	78	59.5%
	Female	53	40.5%
	Total	131	100.00
2	Educational level		
	Diploma	1	0.8%
	Advanced Diploma	4	3.1%
	First Degree	114	87%
	Second Degree	12	9.2%
	Total	131	100.00
3	Work Experience		
	Less than 2 years	17	13%
	2-4 years	51	38.9%
	4-6 years	42	32.1%
	above 6 years	21	16%
	total	131	100.00
4	Position		
	Middle Expert	55	42%
	Senior Expert	56	42.7%
	Team Leaders	13	9.9%
	Directorates	7	5.3%
	total	131	100.00

Source: Questionnaire results, 2020

Table (4.4.1); above shows the socio demographic characteristics of study participants, overall, the estimated sample size was 131 where 131 volunteered to participate in the study with response rate of 100% of the total respondents. In terms of gender, majority of the respondents, 59.5% are males and the rest 40.5% are females. Although, majority of the respondents 87% had First Degree, 0.8%, 3.1%, and 9.2% of them had diploma, advanced diploma, and second degree respectively. Hence, majority of the respondents were educated. As the

result revealed that the staffs of the organizations educational background was adequate to perform disposal of fixed asset. In regards of their work experience, only 13% of them have below 2 years work experience, while 38.9% of them have between 2 and 4 years of experience. While 32.1% of them have between 4 and 6 years of experience and 16% of them has above 6 years of experience. Hence, majority of the respondents have a good number of related work experienced in fixed asset disposal.

As the result revealed that the organizations staffs work experience adequate to perform disposal of fixed asset. Therefore the result shows that the organizations staffs have sufficient related knowledge of their profession to achieve the objectives of disposal of fixed asset in their organization. Finally Table 4.2 above shows, work experience related to public procurement and property administration the majority of respondents 42.7% have Senior Expert and the rest 42%, 9.9 % and 5.3% of them have Middle Expert, Team Leaders, directorates respectively.

4.5 Analysis and Presentation of Data

Data analysis and interpretation section was the core of the study portrays concerning general information about sample respondents, the existing practices and challenges of fixed asset disposal planning, competency of staff influence the performance of fixed asset disposal and the practices of regulations, rules, procedures and enforcement activities in fixed asset disposal process in Addis Ababa City Administration Public Procurement and Property Disposal Service presented and analyzed.

4.5.1 Practices and challenges of Fixed asset disposal Planning

Table 4.5.1.1:- Fixed asset Disposal Needs

Level of agreement		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.5	1.5	1.5
	Disagree	5	3.8	3.8	5.3
	Neutral	8	6.1	6.1	11.5
	Agree	41	31.3	31.3	42.7
	Strongly agree	75	57.3	57.3	100.0
	Total	131	100.0	100.0	

Source: Questionnaire results, 2020

Table 4.5.1.1 above reveals fixed asset disposal performed based on needs raised from public bodies affect fixed asset disposal and concerning this sample respondents are strongly agreed with 57.3% response rate and

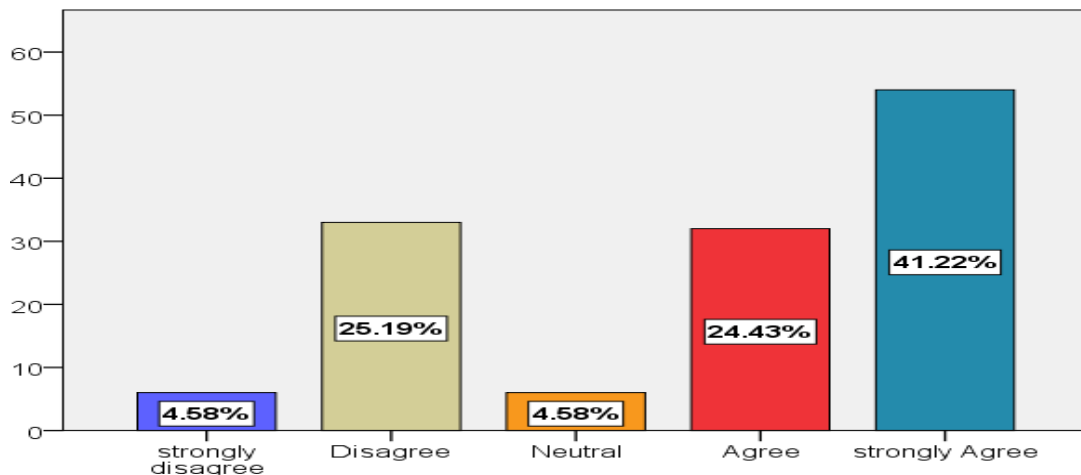
31.3% agreed. While 6.1 % are neutral and 3.8% disagreed on fixed asset disposal performed based on needs raised from public bodies affect fixed asset disposal performance in the study area. The remaining 1.5% from the respondents is strongly disagreeing about the issue in the study area.

Hence, from the findings of the study we can conclude that, property disposal needs raised from respective department or public bodies is a main factor for property disposal Addis Ababa city Administration public procurement and property disposal Service.

Therefore, from the finding above we conclude that, in Addis Ababa City Administration Public Procurement and Property Disposal Service fixed asset disposal planning is depend on the needs raised from Addis Ababa city Administration Budgetary institutions and Sub cities.

4.5.2 Fixed Asset disposal needs

Figure 4.5.2.1: Fixed asset disposal needs arise on time from departments and public bodies



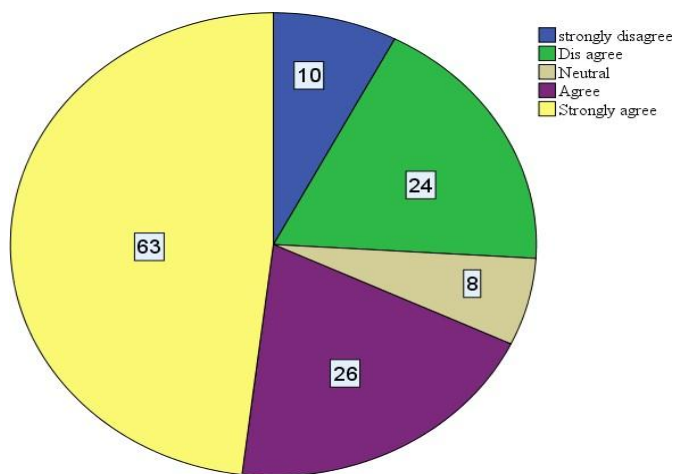
Source: Questionnaire results, 2020

Figure 4.5.2.1 above shows that, in aggregate 41.22% from the respondents are strongly agreed that fixed asset disposal needs arise on time from departments and public bodies whereas, 25.19% from the samples are disagreed on fixed asset disposal needs raised on time from departments and public bodies. 24.43% of the respondents agreed on fixed asset disposal needs raised from departments and public bodies on time that the source to prepare work plan but 4.58% have nothing to say and strongly disagree on fixed asset disposal needs raised from departments and public bodies on time in the study area. Therefore, majority of respondents are strongly agreed on fixed asset disposal needs raised from departments and public bodies on time.

According to the above data the majority of respondent answered strongly agrees and agree the result show fixed asset disposal need arise on time from individual and department. Therefore, from the above finding we can conclude that in Addis Ababa City Administration Public Procurement and Property Disposal Service collecting fixed asset disposal needs on timely manner from budgetary institutions and sub cities are the main challenges for fixed asset disposal performance.

4.5.3 Fixed asset Disposal Document

Figure 4.5.3.1 Public sector provide clear document for disposal items that are going to disposed



Source: Questionnaire results, 2020

Figure 4.5.3.1 above reveals employees response on the Public sector provide clear document for fixed asset disposal items that are going to disposed are strongly agreed with 48.1% response rate and 19.9% agreed. While 18.3% are disagreed and 7.6% strongly disagreed on Public sector provide clear document for disposal items that are going to disposed as an output of property disposal performance in the study area. The remaining 6.1% from the respondents are neutral about the issue in the study area.

Hence, from the findings of the study we can conclude that, in AAPPDPS providing clear document by included full history/ information about disposable properties by public sectors was the main factor for fixed asset disposal performance.

4.5.4 Scrap, surplus and obsolete assets

Table 4.5.4.1:- Scrap, surplus and obsolete assets are disposed according to its remaining value

Level of agreement		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	3.1%	3.1	3.1
	disagree	13	9.9%	9.9	13.0
	Neutral	19	14.5%	14.5	27.5
	agree	25	19.1%	19.1	46.6
	Strongly agree	70	53.4%	53.4	100.0
	Total	131	100.0	100.0	

Source: Questionnaire results, 2020

Table 4.5.4.1 above, shows Scrap, surplus and obsolete assets are disposed according to its remaining value. A total of strongly agreed with 53.4% response rate and 19.1% agreed. While 14.5% are neutral and disposed according to its remaining value in the study area

On the contrary, the remaining 9.9% respondents response on scrap and obsolete assets are disagree and the rest 3.1% from the respondents is strongly disagree on the issue in the study area.

According to the interviewee of 01 and 02 from AAPPPDS registering, coding and identifying of disposed fixed asset were the primary problem of AAPPPDS fixed asset disposal activities then they forward the second problem preparation of temporary storage for scarps, obsolete and surplus assets and the 3rd problem timely disposing therefore all the illustrated problems were lack of attention and concern from individual to top management for disposed fixed assets.

The Addis Ababa Auditor general 2019 fixed asset audit report also confirmed the most problems of new and used assets in government office were lack of proper storage, poor asset identification and coding system, registration, timely disposing and enforcement of accountability from concerned authorized body. Additionally less attention and undermining the structure from each government office head also another source for the problem above specified.

According to primary and secondary data above analyzed the finding proves the existing problems on handling disposed fixed asset from the beginning up to the end were weak before losing its economic value in most public budgetary institutions and sub cities. Valuation of fixed asset means finding the cost of the asset and assigning that value to it. The cost at which fixed assets should normally be valued based on the historical cost; the cost incurred at the time the fixed asset was purchased or constructed. The single entry accounting system that was in use in public bodies and the current modified cash basis of accounting treat the cost of fixed assets as periodic cost, i.e., the cost that relates to the current accounting period only. Obsolete materials have economic worth and are no longer useful for the organization's operation mainly due to technological change but they are not damaged. (Gopalkrishnar & Sundaresan, 1997) These items are not required at all due to changes in technology. Owning an item without adequate preparation to use will result in dormant or slow moving stock whose usage is infrequent and holding items as safety stock will contribute to obsolescence. Though complete avoidance of obsolescence is impossible, it is necessary to avoid accumulation of huge obsolete items which result from faulty forecast and buying in bulk (Sharma, 2006).

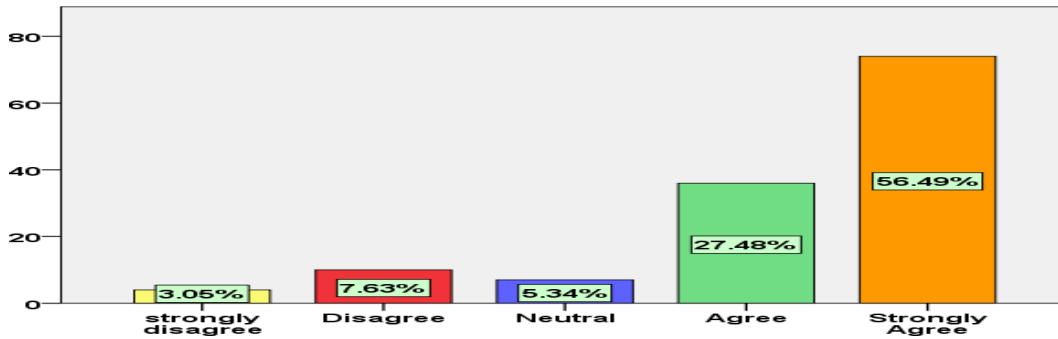
On the other hand, surplus materials, Gopalkrishnar (1994) and Nair (2005), contribute to the quantity of obsolescence and become dormant stock and stored over a period of time. The surplus items are in excess of what is needed and have no immediate use but have accumulated due to faulty planning, forecasting and purchasing; however, they have usage value in the future (University of Sydney, 2010). Unserviceable materials are of no use that are not performing a function for an organization and require disposing from a location; typically they could be scrap, surplus, excess, obsolete, and waste items that should be removed from organization's premises.

Public organizations can own materials by using their own funds or through other means and use them in the course of running their businesses (Razek et al, 2000; Fess and Niswoger, 1981), and thus they are accountable for performance of these assets under their control. These materials including materials identified as unserviceable need to be managed by government or its functional units in most efficient and effective manner. Lastly, they must be removed in economic, legal and transparent manner when they are absolutely unserviceable. Unless this task is performed, the materials' management task becomes complex, of no use, and ineffective and uneconomical (Office of Government Commerce of UK, 2005). Thus, when an organization has no longer usable materials under its custody, it should consider how to dispose them in a way that gives best available overall value for money, that is, in a way that optimizes net social costs and benefits (Lowe, 2008). Asset management is a system of effective management and control of fixed assets and stock items that takes into account planning, acquisition, receipt, use, maintenance, consumption or disposal or deletion (NSW Government Asset Management Committee, 2003; MOFED, 2009). Therefore, from the findings of the study

we can conclude that, Scrap and obsolete asset is disposed according to its remaining value in Addis Ababa city Administration public procurement and property disposal service.

4.5.5 Fixed asset disposal planning

Figure 4.5.5.1: Fixed asset disposal activity planed as formal activity



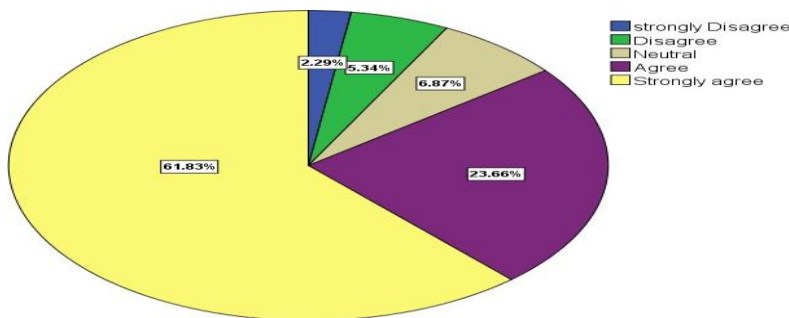
Source: Questionnaire results, 2020

The above Figure 4.5.5.1 shows that the response of sample respondents on fixed asset disposal process should be planned as formal activity in AAPPPDS. Based on the sample respondents reply 56.49% strongly agree, 27.48% agree, 7.63% disagree, 5.34% neutral and 3.05% response rate is strongly disagree. Therefore, majority of the response rate shows fixed asset disposal process should be planned as formal activity.

Therefore, fixed asset disposal process was planned as formal day to day activities in Addis Ababa City Administration Public Procurement and Property Disposal Service.

4.5.6 Technology Usage in fixed asset disposal

Figure 4.5.6.1: Poor technology usage affects fixed asset disposal process



Source: Questionnaire results, 2020

The above Figure 4.5.6.1 indicates employee's response on Poor implementation of information communication technology affects fixed asset disposal process are strongly agreed with 61.83% response rate and 23.66% agreed. On the contrary 6.87% are disagreed and 2.29% strongly disagree while the remaining 5.34 % neutral on the issue in the study area. Hence, from the above findings of the study we can conclude that, poor implementation of information communication technology in fixed asset disposal process was the main factors for property disposal performance.

4.5.7 Staff Competency on Fixed asset Disposal

Table 4.5.7.1 Staff Competency on Fixed asset disposal

R.N	Items	Respondent	Agreement level (based on service delivery on specified standard)				
			Strongly disagree	Disagree	neutral	Agree	Strongly agree
2.1	Fixed asset disposal process or activity are conducted by competent staff	Frequency	7	12	13	33	66
		percentage	5.3	9.2	9.9	25.2	50.4
2.2	The fixed asset disposal staff has the required skill & knowledge about property disposal	frequency	4	13	15	28	71
		percentage	3.1	9.9	11.5	21.4	54.2
	Employees at fixed asset disposal department have the relevant educational background related fixed asset disposal	frequency	9	16	11	29	66
		percentage	6.9	12.2	8.4	22.1	50.4
2.4	Fixed asset disposal staff have the necessary skills & competence to handle complex fixed asset disposal function	frequency	6	14	13	30	68
		percentage	4.6	10.7	9.9	22.9	51.9
2.5	The staff have the ability to discuss on issues related to fixed asset disposal with public bodies	frequency	6	8	12	32	73
		percentage	4.6	6.1	9.2	24.4	55.7
2.6	The fixed asset disposal employees competency in skill & work experience	frequency	5	8	16	32	70
		percentage	3.8	6.1	12.2	24.4	53.4
2.7	Accountability applied if fraud & corruption happened by individual during fixed asset disposal process	frequency	11	21	6	22	71
		percentage	8.4	16	4.6	16.8	54.2

Source: Questionnaire results, 2020

The above table 4.5.7.1 shows that from item no 2.1 to item no 2.7 as follows, i.e. item no1 reveals concerning fixed asset disposal is conducted by competent staff is a factor 50.4%, 25.2%, 9.9%, 9.2% and 5.3% of sample respondents are strongly agreed, agreed, neutral, disagreed and strongly disagreed and item no 2.2, concerning to the staff has required skill & knowledge about fixed asset disposal is a factor that hinders fixed asset disposal performance; from the sample 54.2% are strongly agreed, 21.4% are agreed, 11% neutral, 9.9% are disagreed and 3.1% are strongly disagree on the effects of staff skills and knowledge on fixed asset disposal performance. The study area had standards and all day to day activities were monitored based on that specific standards. Hence, from the above analysis data, majority of respondent's response was strongly agreed on the issues in the study area.

On item no 2.3, shows employees at fixed asset disposal department have the relevant educational background is a factor 50.4%, 22.1%, 12.2%, 8.4% and 6.9% of sample respondents are strongly agreed, agreed, disagreed, neutral and strongly disagreed in respective manner has an impact on fixed asset disposal performance in the study area. From the above analysis, majority of respondent's response was strongly agreed on the issues in the study area.

From the table 4.5.7.1 above item no 2.4, majority of the respondents of the sample says that the staff have the necessary skills & competence to handle complex fixed asset disposal function is a main factor for fixed asset disposal performance; from the sample 51.9% are strongly agreed, 22.9% are agreed, 10.7% disagree, 9.9% are neutral and 4.6% are strongly disagree on the staffs necessary skills & competence to handle complex fixed asset disposal function is a factor for property disposal performance in the study area. Therefore, from the above analysis, majority of respondents' response was strongly agreed on the issues in the study area.

Table 4.5.7.1 above item no 2.5, shows the response majority of sample respondents on the staff have the ability to discuss on issues related to fixed asset disposal with public bodies; concerning this from sample respondents, 55.7% are strongly agreed and 24.4% are agreed. While 9.2% are neutral, 6.1% disagreed and 4.6% are strongly disagree on the staff haven't the ability to discuss on issues related to fixed asset disposal with public bodies in the study area. Hence, from the above, majority of respondents response was strongly agreed on the issues that the employees have an ability to discuss on fixed asset disposal with public bodies in the study area.

Table 4.5.7.1 above item no 2.6, shows the response majority of sample respondents on the employees have competency in skill & work experience related to fixed asset disposal services from sample respondents, 53.4% are strongly agreed and 24.4% are agreed. While 12.2% are neutral, 6.1% disagreed and 3.8% are strongly disagree on the employee's competency in their ability and work experiences to perform on issues related to fixed asset disposal with public bodies in the study area, according to these respondents the employees hadn't

competent knowledge and they haven't sufficient skill and work experiences to perform fixed asset activities. So, they need awareness about fixed asset disposal services. Hence, from the above, majority of respondent's response was strongly agreed on the employee's had competent skill and work experiences in the study area.

Table 4.5.7.1 above item no 2.7, shows the response, In AAPPDS, majority of sample respondents to discuss on issues related to accountability applied if fraud & corruption happened by individual during fixed asset disposal process with public bodies; concerning this from sample respondents, 54.2% are strongly agreed and 16.8 % are agreed. While 4.6 % are neutral, 16 % disagreed and 8.4 % are strongly disagree on the accountability applied if fraud & corruption happened by individual during fixed asset disposal process with public bodies to discuss on issues related to fixed asset disposal with public bodies in the study area. So, majority of respondent's response was strongly agreed on the issues that AAPPDS established accountability systems in the study area.

In order for all processes in fixed asset management to run effectively, it is necessary to monitor and control the assets that involve various parties. This is supported by the research of Pekei, et al (2014) which states that the effective implementation of asset management is influenced by the monitoring and evaluation process and strengthened by the quality of human resources. Internal and external auditors need to conduct asset management audits periodically starting from the procurement process to asset disposal.

Hence, we had understanding from the above study and the related literature Staff Competency was vital to perform fixed asset disposal activities.

4.5.8 Practice of Regulation, Rules, procedures and Enforcement in fixed asset Disposal Process

Table 4.5.8.1: Staff awareness and understanding on fixed asset disposal process, rules, regulations, directives and accountability mechanisms.

R. N	Items	Respondents	Agreement level				
			Strongly disagree	Disagree	neutral	Agree	Strongly agree
3.1	As member of property disposal staff you have better understanding of property disposal rules, regulations & directives	frequency	0	8	12	38	73
		percentage	0	6.11	9.16	29.0	55.73
3.2	Accountability applied in the case of fixed asset disposal process lose & damage happened by the negligence of individuals	frequency	1	10	16	27	77
		percentage	0.8	7.6	12.2	20.6	58.8
3.3	Fixed asset disposal process is performed according to rules, regulations & directives	frequency	1	5	2	44	79
		percentage	0.8	3.8	1.5	33.6	60.3
3.4	Public bodies are satisfied by the services they obtained from AAPPDS related fixed asset disposal	frequency	2	18	7	28	76
		percentage	1.5	13.7	5.3	21.4	58.0

Source: Questionnaire results, 2020

Regarding to above table 4.5.8.1 item No.1, concerning to understanding of rules, regulations and directives of property management and disposal of fixed asset 55.73% respondent revealed as strongly agree and 29.0% of respondent replied as agreed. On the other hand and 9.16% answered neutral and 6.11% of respondents replied disagree. No one of the respondents are answered strongly disagree. According to data illustrated on above the majority of respondent response shows the respondents have better understanding of fixed asset disposal rules, regulations & directives. But from the illustrated data few respondents answered neutral and disagree because if

there is no established system to increase understanding of fixed asset administration rule and regulation no body awarded about the rules.

According to the above table 4.5.8.1 item No.2, data 58.8% majority of respondent response are strongly agree and 20.6% of the respondent are agree on accountability applied, is there is damaged and lose of fixed asset. While 12.2%, 7.6% and 0.8% of the respondents are neutral, disagree and strongly disagree on the issues in the study area.

Table 4.5.8.1 above item No.3, from the majority of the respondents 60.3% and 33.6% of response rate is strongly agree and agree respectively on the issue of fixed asset disposal process is performed according to rules, regulations & directives. While 3.8%, 1.5% & 0.8% of the respondents are disagree, neutral and strongly disagree in respective manner concerning in the study area. According to above data the majority of respondents are in the high values. This shows the activity of disposal is based on rules, regulations, directives and proclamations. And also the second middle values scored property disposal is based on rules, regulations, directives and proclamations. On the other hand very few respondent responses are very low.

According to item No.4 above data 58% majority of respondent response are strongly agree and 21.4% of the respondent are agree on public bodies are satisfied by the services they obtained from AAPPD. While 13.7 %, 5.3% and 1.5% of the respondents are disagree, neutral and strongly disagree on the issues in the study area. To confirm by secondary data the practice seen from AAPPD monthly, quarterly and annual disposal report of 2019 budget year.

To exercises accountability of each and individual employees property administration and disposal department concerned to communicate and aware how to handling/protecting disposable properties from loses and the punishments when negligently property damaged.

Properly enacted and in place asset disposal policy provides clear guidance, and systematic and accountable method for disposal business (Department of Treasury and Finance of the Government of Western Australia, 2005). It enables an organization or a government and/or its functional units to guarantee transparent, efficient, effective and economical disposal of material that are no longer needed to the organization.

Procedures for disposal of assets have to achieve best value for money and must be conducted in efficient, effective and transparent manner ((Lowe, 2008); University of Sydney, 2010).Thus, the presence of policy maintains transparency, fairness, effectiveness and efficiency, and economy in disposal; and clarifies the process,

facilitates the removal, promotes alternative internal uses, and reduces the organization's storage burden (University of Vermont, 2012)

Public fixed asset disposal performance is challenged by disposal processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley and Stroh, 2001, tunga and Baldry, 2002 and CIPS Australia, 2005). All the challenges and factors need attention since they could influence the performance of the fixed asset disposal function.

Therefore, from the above data analysis we can concluded that, doing on creation of continuous awareness about fixed asset disposal rules, regulations, and procedures for the staffs members was important to improve fixed asset disposal performance. In AAPPPDS, Fixed asset disposal activities were performed according to rules, regulations and procedures.

In addition to this, In AAPPPDS accountability was applied in case of loses & damage happened by the negligence of individuals in fixed asset disposal process. Addis Ababa City Government Public Procurement and Property Disposal Service must work seriously in fixed asset disposal to satisfy the public bodies and to get economic benefit.

4.5.9 Practice of fixed asset disposal in relation to surplus, scraps, and obsolete

Table 4.5.9.1 Practice of fixed asset disposal in Relation to Surplus, scrap & obsolete

Level of agreements	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	.8	.8	.8
Disagree	22	16.8	16.8	17.6
Neutral	14	10.7	10.7	28.2
Agree	27	20.6	20.6	48.9
Strongly Agree	67	51.1	51.1	100.0
Total	131	100.0	100.0	

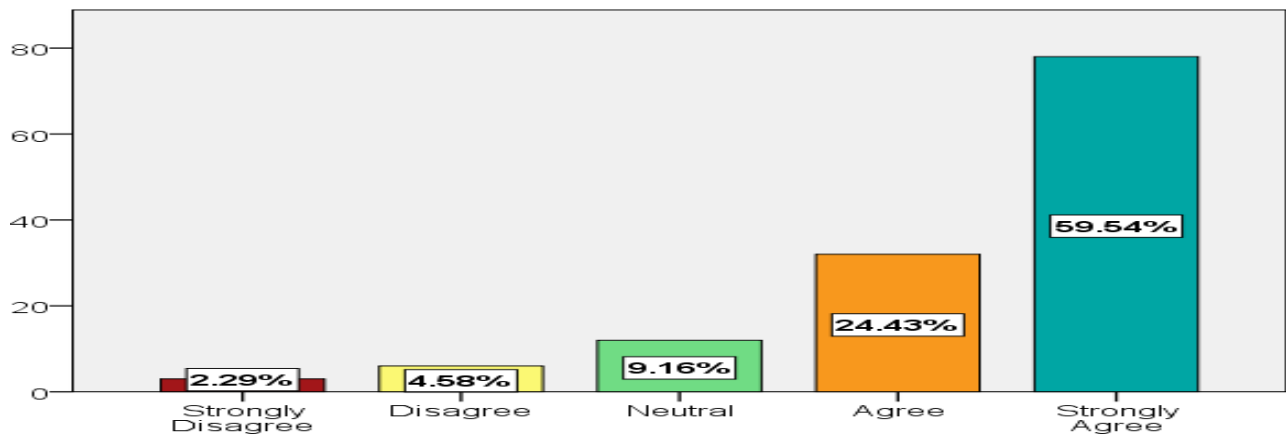
Source: Questionnaire results, 2020

From the above table 4.5.9.1, From the respondents 51.1% of respondent strongly agree and 20.6% are agree concerning of the Property disposal process in AAPPPDS is focus on all surplus, scarp and obsolete property. About 16.8% of the respondents replied disagree, 10.7% of respondent answered undecided and 0.8% of the response rate is strongly disagreeing. The majority of respondent confirmed as property disposal depends on all surplus, scarp and obsolete property.

To confirm by secondary data the practice seen from AAPPPDS monthly, quarterly and annual disposal report were demonstrate disposal of limited fixed asset such as cars, machinery, scrap metals, tiers accordingly in 2018, 2019 and 2020 budget years. Well-designed store systems and procedures ensure timely information for decision-making, particularly because stores are the starting point of all activities for control Gopalakrishnan & Sundaresan (2003, 1977).According to reports from AAPPPDS, property disposal departments in most of the Addis Ababa city Government budgetary institutions and Sub Cities disposed limited on different properties that did not serve government offices, whereas many scrap and surplus papers, hazard chemicals, technological outdated electronics, damaged computers, printers photo copiers still not disposed by AAPPPDS and occupied large space inside and outside the office. To confirm the findings, the AAPPPDS disposal department report shows that the disposed properties focus on cars, spare parts, tiers, toner cartilages, motor vehicles, scrap metals and Vehicle battery which were stored and put her and there for a long years.

4.5.10 Monitoring & Evaluation in fixed asset disposal

Figure 4.5.10.1, inadequate monitoring & evaluation has an impact on fixed asset disposal Performance



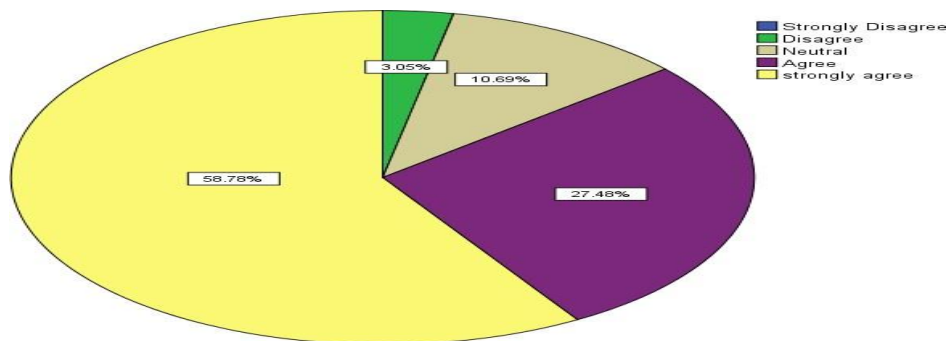
Source: Questionnaire results, 2020

According to the above figure 4.5.10.1, indicates 59.54% majority of respondent response were strongly agree and 24.43% of the respondent are agree on inadequate monitoring & evaluation has an impact on property disposal performance. While 9.16 %, 4.58% and 2.29% of the respondents are neutral, disagree and strongly disagree on the issues in the study area. To confirm by secondary data the practice seen from AAPPPDS monthly, quarterly and annual disposal report of 2018 and 2019 budget years shows inadequate monitoring & evaluation had an impact on fixed asset disposal performance.

Therefore, from the above finding, the researcher concluded that, AAPPPDS needs to establishing adequate monitoring & evaluation system in fixed asset disposal process to improve fixed asset disposal performance.

4.5.11 Practice of Transparency & fair competition in property disposal

Figure 4.5.11.1; Fixed asset disposal process assures transparency & fair competition



Source: Questionnaire results, 2020

From the figure above 4.5.11.1, From the respondents 58.78% of respondent strongly agree and 27.48% are agree on practices of transparency and fair computation in property disposal process. About 10.69% of the respondents replied neutral and 3.05% of respondent answered disagree on issues in the study area.

The literature indicated that all public budgetary organizations and sub cities faced similar problems in managing their disposable properties. These included lack of central policy framework; fragmented management of public property assets; economic inefficiencies associated with public property; lack of information needed for managing property portfolios and lack of transparency and accountability. Audit Commission, 1988 a cited in Ngwira and Manase, 2016.

Therefore, from the findings of the study we can conclude that, in AAPPPDS doing on building of transparency and fair computation in property disposal process is important for property disposal performance.

4.5.12 Fixed assets disposal performance and depreciation expense

Table 4.5.12.1; fixed assets and depreciation expense

R.N		Items Respondents	Agreement level				
			Strongly disagree	Disagree	Neutral	Agree	Strongly agree
4.1	Valuation method in APPPS which applicable for furniture and equipment according to GOFAM formula	frequency	2	8	12	35	74
		percentage	1.5	6.1	9.2	26.7	56.5
4.2	Valuation method in AAPPDS which are applicable for vehicle and machinery according to GOFAM formula	frequency	0	6	14	41	70
		percentage	0	4.6	10.7	31.3	53.4
4.3	Asset are valued their initial price by deduction of their value based on the percentage of the original value	frequency	1	5	3	46	76
		Percentage	0.8	3.8	2.3	35.1	58
4.4	Asset should be sold or disposed of without incurring any loss to the public body	frequency	2	15	7	31	76
		percentage	1.5	11.5	5.3	23.7	58

Source: Questionnaire results, 2020

After the fixed assets returned to used store the public body segregate the assets in its lot by the public body store officers or the asset counter committee based on these evidences the public body managers decides to dispose of. Before dispose the assets the evaluation committee or Officers give the value of the asset based on the following year of services.

In addition to the above table 4.5.12.1, To confirm the Valuation method in AAPPDS which are applicable office furniture and equipment and for vehicle and machinery ($Co=A \times R \times Y \times Mk \times Ct \times MD \times C$) have been calculated according to GOFAM formula based on the secondary data on the practice seen from AAPPDS monthly, quarterly and annual disposal report of 2019 budget year as follows.

According to the above table 4.5.12.item No.1, data 56.5% majority of respondent response are strongly agree and 26.76% of the respondent are agree on understanding of Valuation method in GOFAM formula that applied in office furniture and equipment, While 9.2%, 6.1% and 1.5% of the respondents are neutral, disagree and strongly disagree on the issues of understanding the valuation practices of GOFAM formula in the study area.

The valuation of vehicles and other machineries are calculated based on the following years of services.

$$Co=A \times R \times Y \times Mk \times Ct \times MD \times C$$

Where, CO =cost of machineries and vehicles

A = price Adjustment (from 0.2-0.5)

R = replacement cost (that can be used from current market price)

Y =year (service years of the machine or vehicle)

Mk =type of vehicles or machine

Ct = country of origin

MD =model of the machine or vehicle

C =condition of the machine or vehicle

MOFED Fixed asset Manual-, (2007) Therefore, from the findings of the study the researcher shows that, there is Valuation method in A PPPDS which are applicable for vehicle and machinery according to GOFAM formula. Regarding to above table 4.5.12.1 item No.2, concerning to understanding Valuation method in A PPPDS which are applicable for vehicle and machinery according to GOFAM formula of fixed asset 53.4% respondent revealed as strongly agree and 31.3% of respondent replied as agreed. On the other hand 10.7% answered neutral and 4.6% of respondents replied disagree. No one of the respondents are answered strongly disagree. According to data illustrated on above the majority of respondent response shows the respondents have better understanding of fixed asset Valuation method in A PPPDS which are applicable for vehicle and machinery according to GOFAM formula. But from the illustrated data few respondents answered neutral and disagree because if there is no established system to increase understanding of fixed asset Valuation method in A PPPDS which are applicable for vehicle and machinery according to GOFAM formula of fixed asset no body awarded about the formula.

Table 4.5.12.1 above item No.3, from the majority of the respondents 58% and 35.1% of response rate is strongly agree and agree respectively on the issue of fixed asset valuation results on their initial price by deduction of their value based on the percentage of the original value. While 2.3%, 3.8% & 0.8% of the respondents are disagree, neutral and strongly disagree respectively on the issue of fixed asset valuation results on their initial price by deduction of their value based on the percentage of the original value.

According to above data the majority of respondents are in the high values. This shows the activity of fixed asset disposal is based on their initial price by deduction of their value based on the percentage of the original value. And also the second middle values scored fixed asset disposal is based on replacement values of the office equipment and furniture to value the object. On the other hand very few respondent responses are very low.

According Table 4.5.12.1 above item No.4 above data 58% majority of respondent response are strongly agree and 23.7% of the respondent are agree on public bodies are satisfied by the services they obtained from AAPPD b/c the replacement cost of the disposal of fixed asset should be sold or disposed of without incurring any loss to the public body. While 5.3%, 11.5% and 1.5% of the respondents are disagree, neutral and strongly disagree on the issues in the study area.

According to the above GOFAM formula some samples that taken from the AAPPD 2019 vehicles and machineries the valuation result of estimated value and the market value of these fixed asset value after the asset dispose of. These secondary data shows some samples of the bid valuation of the vehicles and machineries that sold based on the estimated value of fixed asset.

The estimated price of the fixed asset (vehicle and machineries) will be calculated according to the GOFAM formula of vehicles and machineries, So, Before dispose the above fixed asset (Mitsubishi power truck) the evaluation committee or Officers give the value of the vehicle based on primary and secondary data according to the following GOFAM.

The AAPPD 2019 year 4th quarter bid evaluation result shows that, for examples the Addis Ababa city administration road authority Mitsubishi power truck plate Number 4-00175A.A estimated price would be valued as follows;

The initial price valuation committee or Officers give the value of the vehicle based the GOAFM formula as the following.

A = price Adjustment (from 0.2-0.5) = 0.25

R = replacement cost (that can be used from current market price) = (1203170.25)

Y = year (service years of the machine or vehicle) = 0.4

Mk = type of vehicles or machine=0.9

Ct = country of origin=1.0

MD = model of the machine or vehicle=0.9

C = condition of the machine or vehicle=0.8

Then the CO =cost of machineries and vehicles

Co=A x R x Y x Mk x Ct x MD x C

Co= 0.25 x1203170.25 x0.4 x0.9 x1.0 x0.9 x0.8=77965.43

So, the initial price of the above vehicle is 77965.43 According to this value the AAPPD bid valuation committee or department prepare the bid document to sale the vehicle as the in the tables specific.

From the above data the Addis Ababa city administration road authority Mitsubishi power truck plate Number 4-00175A.A sold or disposed with market price of birr 175889. So, the difference between initial price and its sale price is $(175889-77965.43=97923.57)$. From these secondary data we suggest that the GOFAM formula of Addis Ababa city administration procurement and property disposal regulations, rules, directives and the above formula must be updated according to the current market price.

Therefore, from the primary and secondary data fixed assets should be sold or disposed without incurring any loss.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECCOMENDATIONS

The researcher can conclude the study as the following depending up on the result obtained from primary data replied questionnaire, and secondary data. In this part of study, main Findings, conclusions and recommendations are discussed.

5.1 Summary of Finding

From the findings of the study the researcher assured that, fixed asset disposal planning is depending on the needs raised from public sectors, as they provide fixed asset disposal needs on time was the main factor for fixed asset disposal criteria, Lack of providing clear document and poor implementation of information communication technology about disposable fixed assets by including full history/ information from public sectors was the main challenge for fixed asset disposal performance, Hence, from the findings of the study conclude that, Scrap and obsolete assets is disposed according to its remaining value, fixed asset disposal process was planned as formal activities.

In addition to the above findings the researcher concludes fixed asset disposal process was conducted by competent staff that had required skills, knowledge, relevant educational background and work experience, accountability mechanism was established to protect fraud & corruption happened by an individual in fixed asset disposal process and doing continuous awareness creation about fixed asset disposal rules, regulations, procedures for the staffs members was important to improve fixed asset disposal performance and fixed asset disposal activities were performed according to rules, regulations and procedures. Finally, property disposal rules, regulations, directives, procedures and its GOFAMM formula doesn't show the real market/current market of the fixed assets, it needs update according to the current situation and accountability in AAPPPDS was applied in case of loses & damage happened by the negligence of individuals in fixed asset disposal process. Therefore, AAPPPDS should establish systems to scale-up staff members understanding about fixed asset disposal rules, regulations & directives, fixed asset disposal depends on all surplus, scarp and obsolete asset and the findings of the study we can conclude that, doing on to make transparency and fair computation, update the rules, regulations and GOFAMM manuals in fixed asset disposal process is important for fixed asset disposal performance.

5.2 Conclusion

A. Practices and challenges of fixed asset disposal planning

As the research findings show, AAPPPDS plan disposable fixed assets as formal activity by establishing strong accountability system and allocating the right person on the area of fixed asset administration and disposal staff. According to existing audit reports in Addis Ababa City Government public budgetary institutions and Sub cities most of them still focus on procurement of new fixed assets rather than administering disposable fixed assets in hand.

The literature suggests the surpluses are the result of overstocking or obsolescence and the materials are in new or in good condition or if they are odds and ends of scrap desired by do it yourself employees, then can be a satisfactory method of disposal. According to this research finding, there is limitation on disposing all surplus, scrap and obsolete fixed assets in AAPPPDS, and this is due to poor recording of fixed asset history.

According to reports from AAPPPDS, Fixed asset disposal departments in most of the Addis Ababa city Government budgetary institutions and Sub Cities disposed limited on different fixed assets that did not serve government offices, whereas many scrap and surpluses i.e. papers, hazard chemicals, technological outdated electronics, damaged computers, printers photo copiers still not disposed by AAPPPDS and occupied large space inside and outside the office. To confirm the findings, the AAPPPDS disposal department report shows that the disposed fixed assets focus on cars, machineries (rollers, dozers...), different types of spare parts, tiers, motor vehicles, scrap metals and Vehicle battery which were stored and put her and there for a long years.

The essence of any manager's job is planning and control. The materials planning and budgeting function is given a prominent place in the integrated materials management set-up. This is so because, planning for materials and working out a realistic budget not only help motivate people but also serve as a control device. The Assets Management Plan (AMP) assists with decisions over which assets to renew, improve, maintain or dispose of, by translating asset management planning into action. In AAPPPDS the disposal planning is based on the need raised from Addis Ababa city Administration Budgetary institutions and Sub cities. The study shows that the fixed asset disposal process in AAPPPDS should as part of fixed asset disposal were done as planned activity rather than committee work.

B. Staff Awareness and Understanding

In accordance with understanding of property disposal process, rules, regulations and directives, the research findings show the staff had better understanding of property disposal process, rules and regulations.

To increase understanding of rules, regulations and directives of fixed asset disposal in AAPPDPS the concerned bodies must establish systems or develop strategy. The strategy includes running short term training, uploading soft copy of proclamation, directive and working manuals on the office website and facilitating accessibilities of printed rules, regulations and materials management theories literature. To exercise accountability of each and individual employees of OSC property administration department concerned to communicate and aware how to handling personal office fixed asset and the punishments when negligently fixed assets damaged.

The main players are the human resources or people irresponsible position who can enforce and take action on those rules and regulations effectively. As shown in the study analysis, in some extent there was limitation of property disposal according to the rules and regulations in Addis Ababa city Government Public Procurement and fixed asset Disposal service. In principle effective fixed asset management start from preparation of standardized storage and efficient utilization according to acquired property nature and lastly when effectively disposed before being damaged. In accordance with understanding of rules, regulations and procedures, the research findings show there was better understanding of fixed asset disposal process rules regulations and procedures.

To increase understanding of rules, regulations and procedures of fixed asset disposal in AAPPDPS and the concerned bodies must establish systems or develop strategy in the fixed asset disposal process. The strategy includes running short term training, uploading soft copy of proclamation, directive and working manuals on the office website and facilitating accessibilities of printed rules, regulations and materials management theories literature.

On the other hand, in relation to the data analyzed in chapter four about establishing system to increase understanding of the staff on fixed asset management and disposal rules and regulations, the finding implies there is established system to increase understanding of rule and regulation of fixed asset management and disposal. The AAPPDPS must facilitate the accessibility of all permitted public documents of rules and regulations with conditions of hard copies and soft copies including uploading on its official website. To exercise accountability of each and individual employees fixed asset administration and disposal department concerned to communicate and aware how to handling/protecting disposable fixed asset from lose and the punishments when negligently fixed asset damaged.

The literature indicated that all public budgetary organizations and sub cities faced similar problems in managing their disposable fixed assets. These included lack of central policy framework; fragmented management of public fixed assets; economic inefficiencies associated with public fixed assets; lack of information needed for managing fixed asset portfolios and lack of transparency and accountability (Audit Commission, 1988 a cited in Ngwira and Manase, 2016).

C. Practice of Regulation, Rules and Procedures Enforcement

Assets management policy as being a policy statement that provides the overarching principles and organizational objectives for managing the ruling body fixed assets to give effect to its vision. The policies could include; effective governance, sustainable service delivery, social and economic development, cost-effectiveness and efficiency and transparency for this reason the procurement and property administration proclamation 17/2009, property administration directives and manuals.

According to this research finding in AAPPPDS accountability during damage and loss of fixed asset negligently would be applied. To implement fixed asset disposal policy effectively the AAPPPDS require legal frame work and fixed asset managing strategy such as property administration proclamation, directive and working manual that's why the Addis Ababa City Government procurement and property Administration Proclamation 17/2009 indicate on article 59 details of fixed asset disposal by sale to public by competitive bid was applied, the remaining five methods of disposal were not applied in AAPPPDS. According to the council of Ministers Regulation No. 55/2013 dated August 16, 2013, authorized the AAPPPDS on disposable assets only by selling, that its estimated initial unit price of a single fixed asset above 50,000 birr and the total prices of total assets of furniture and equipment greater than 500,000 birr is disposed by public procurement and property disposal service.

In addition to the above paragraph, Addis Ababa city Administration public procurement and property disposal service (AAPPPDS) have an authority for all types of vehicles and machineries and any parts related to vehicles (i.e. tiers, different types of spare parts, batteries, ---), and scraps are disposed by sale to public by competitive bid.

Fixed asset administration proclamation, directive and working manual are old version. According to this research finding, it needs updating and amendment to the current situations of the country, especially to Addis Ababa city Government property administration context.

Regarding this research finding, fixed asset disposal were performing according to the rules, regulations and directives. Good fixed asset disposal policy, strategy and working manual alone cannot bring effective fixed asset disposal.

A poor implementation of information communication technologies has its own effect on fixed asset disposal performance. Therefore, according to the findings of this research, in AAPPDPS there is no implementation of information communication technologies to exchange information related to disposable fixed assets with different public budgetary institutions and sub cities. As a result of this the usual fixed asset disposal process takes a long period of time starting from need collection, planning and to the end of disposal.

5.3 Recommendation

Based on the findings of the study as summarized above, the researcher forwards the following recommendations.

- The researcher recommends that concerned bodies should submit their disposal needs to AAPPDPS on time by including/ containing full history of the disposable fixed assets.
- For effective fixed asset disposal, it is seriously necessary to update proclamations, directives and manuals of property administrations to solve problems that made obstacle on the performance of fixed asset disposal.
- To enforce the law and dispose fixed assets efficiently and effectively under rules, regulations and directive, the key points come from high concern to area, training, experience and availability of documents at all levels. These should be made available electronically and by hard copy to strengthen staff awareness of rules and regulations and ensure efficient and effective fixed assets disposal.
- To accomplish modern, accessible and economical public fixed asset disposal, the most needed are disciplined professionals and experienced man power. The AAPPDPS should build fixed asset disposal staff by hiring disciplined professionals and experienced work force. Every person should reserve himself from negligence in keeping/protecting of public fixed asset from damage.
- Necessary training should be given for employees of the department to make perform the task efficiently and effectively. Training should be given starting from top management to experts for a long period of time in adequate manner.
- AAPPDPS should prepare fixed asset disposal plan by involving all concerned departments prior to the beginning of budget year, and should implement according to planned activities to ensure resourceful fixed asset disposal.
- Adopt fixed asset administration and disposal software technology; develop appropriate and standardized manual as well as a system.

- Delay of centrally disposed fixed assets has to be solved through continuous awareness for public sectors on fixed assets disposal process.
- Effective recording system of fixed assets and clear document should be adjusted to increase the frequency of disposing fixed assets. Preparation of sufficient storage is necessary to store the identified fixed assets in a save manner and to identify fixed assets that is ready for disposal from active one.
- Fixed asset administration proclamation, directive, rules, manuals and GOFAM formulas are old version and does not show the current situation as specified in the secondary data. So, it needs updating and amendment to the current situations of the country, especially to Addis Ababa city Government fixed asset administration context.

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APPENDICES
QUESTIONNAIRES
ST.MARY'S UNIVERSITY
School of Graduate Studies

Questionnaires to be filled by Addis Ababa city administration public procurement and property disposal service staffs and public bodies

Dear Respondents;

My name is **Mengistu Siferih Aycheh**. I would like to thank you for your cooperation. I am carrying out an academic research on ASSESSMENT OF FIXED ASSET DISPOSAL PRACTICE, in case of **Addis Ababa city administration public procurement and property disposal service (AAPPPDS)**

The validation of the research objective depends on your genuine and timely response by completing the attachment demographic and fixed asset disposal related questionnaires. Please be assured that the information acquired shall be use purely for academic purpose only and will be kept strictly confidential.

General instruction

You are requested to kindly answer all the questions in the appropriate box by indicating the sign (✓ or x). For questions that demand your opinion, please try to honestly describe as per questions on the space provided.

If you need any elaboration or to send via e-mail mengisifer@gmail.com Tel- 09-20-51-38-00

Part One: Demographic data

1. SEX

Male Female

2. EDUCATIONAL STATUS;

Certificate Diploma Advanced Diploma First Degree
 Second Degree PhD other (please state) _____

3. RELEVANT WORD EXPERIENCE;

Less than 2 years 2-4years 4-6 years above 6 years

4. PLEASE INDICATE YOUR DESIGNATION/POSITION;

Manager Directorate Team Leader senior expert Medium expert Other Please specify, _____

Part Two: Fixed asset disposal practices

1. What is the level of agreement with the following statements that relate to fixed asset disposal planning affect fixed asset disposal performance in AAPPPDS?

S.N	Questions related to fixed asset disposal planning performance	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1.1	Does the disposal of fixed asset performed based on the needs raised from public bodies.					
1.2	Fixed asset disposal need from individuals, departments and other public bodies raised on time.					
1.3	Scraps and obsolete assets is disposed according to its remain value.					
1.4	Public sector provides clear documents for disposable items that are going to be disposed.					
1.5	Fixed asset disposal process should be planned as formal activity					
1.6	Poor implementation of information communication technology affects fixed asset disposal process.					

If you want to add, please specify; _____

2. What is your level of agreement with the following statements that relate to the effect of staff competency on fixed asset performance in AAPPPDS?

S.N	Questions related to relate to the effect of staff competency on fixed asset performance	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
2.1	Fixed asset disposal process/activity is conducted by competent staffs.					
2.2	Does fixed asset disposal staff has the required skill and knowledge about fixed asset disposal.					
2.3	Employees at fixed asset disposal department have the relevant educational back ground related to the fixed asset disposal process.					
2.4	AAPPPDS property disposal staffs have the necessary skills and competency to handle complex fixed asset disposal function.					
2.5	In AAPPPDS the staffs have the ability to discuss on issue related to fixed asset disposal with public bodies.					
2.6	The fixed asset disposal employees' competency in skill and work experience was good.					
2.7	Accountability applied, if fraud and corruption happened by individual during fixed asset disposal process.					

If you want to add, please specify; _____

3. To what extent do you agree fixed asset disposal principles, rules, directives and procedures influence fixed disposal performance in AAPPPDS?

S.N	Questions related to fixed asset disposal principles, rules, directives and procedures	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
3.1	As a member of fixed asset disposal staff, have you a better understanding of fixed asset disposal principles, rules, directives and procedures?					
3.2	Accountability applied in the case of fixed asset disposal process lose & damage happened by the negligence of individuals					
3.3	Fixed asset disposal process is performed according to rules, regulations & directives					
3.4	Public bodies are satisfied by the services they obtained from AAPPPDS related fixed asset disposal					
3.5	The fixed asset disposal processes are focus on all surplus materials, scraps and obsolete assets.					
3.6	Inadequate monitoring and evaluation of fixed asset disposal process has an impact on fixed asset disposal performance.					
3.7	Fixed asset disposal process assures transparency and fair competition.					

If you want to add, please specify; _____

4. Fixed assets disposal performance and depreciation expense

S.N	Questions related to fixed asset depreciation expense	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
4.1	There is valuation method in APPPDS which are applicable for vehicle & machineries according to GOFAM formula					
4.2	There is valuation method in APPPDS which are applicable for furniture & equipment according to GOFAM formula					
4.3	Asset are valued their initial price by deduction of their value based on the percentage of the original value.					
4.4	asset should be sold or disposed off without incurring any loss to the public body					

If you want to add, please specify; _____

Figure 1, 2019 AAPPDS disposed fixed asset bid evaluation result

አዲስ አበባ ከተማ አስተዳደር የመንገዶች ባለስልጣን
የተሽከርካሪው ቦሌ ዳይሬክቶሬት ለ.አ. 400175 A.A

ተ.ቁ	የተመራቱ ስም	የተሽከርካሪው ዓይነት	የተሽከርካሪው ወ. ቁጥር	የተሽከርካሪው ስልጣን	የሞተር ቁጥር	የቻንሲ ቁጥር	የዕድሜ መዘን ዋጋ	ተመራቹ የሰጠው ዋጋ	ደረጃ
1	ኤ.ሩ.ሪ.ም አሸቱ	መጠን-ጥን ፖ. ወ. ር. ክ.	FU415M	4-00175 A.A	8DC9-4368125	FU415H-A4Q212	77,365.43	135,879.00	1ኛ

አዲስ አበባ ከተማ አስተዳደር የመንገዶች ባለስልጣን የሚገኝ የተሽከርካሪው
የተሽከርካሪው ቦሌ ዳይሬክቶሬት ለ.አ. 400175 A.A

ተ.ቁ	የተመራቱ ስም	የተሽከርካሪው ዓይነት	የተሽከርካሪው ወ. ቁጥር	የተሽከርካሪው ስልጣን	የሞተር ቁጥር	የቻንሲ ቁጥር	የዕድሜ መዘን ዋጋ	ተመራቹ የሰጠው ዋጋ	ደረጃ
1	ፊ.ላ.ቀ አሸመ	ግንባታ	BOMAGBW-144AD-2	DDR-813	4173146	101810010155	128,250.00	186,100.00	1ኛ

አዲስ አበባ ከተማ አስተዳደር የመንገዶች ባለስልጣን የሚገኝ የተሽከርካሪው
የተሽከርካሪው ቦሌ ዳይሬክቶሬት ለ.አ. 400151 A.A

ተ.ቁ	የተመራቱ ስም	የተሽከርካሪው ዓይነት	የተሽከርካሪው ወ. ቁጥር	የተሽከርካሪው ስልጣን	የሞተር ቁጥር	የቻንሲ ቁጥር	የዕድሜ መዘን ዋጋ	ተመራቹ የሰጠው ዋጋ	ደረጃ
1	አ.ሪ.ወ.ር.ቅ ካርቶ	አምባላንስ /ልዩ ተ-ገባላቸኝ	0.154	4-00151	VABB1403720	1RMJFD27DP2 K52489	92,796.00	163,000.00	1ኛ

Handwritten signatures and stamps are present on the document, including a large signature on the left side of the first table and a circular stamp on the right side of the second table.

Source, 2019 AAPPDS bid evaluation document

Figure 2, 2019 AAPPDS disposed fixed asset bid evaluation result

አዲስ አበባ ከተማ አስተዳደር የክፍያ ተጠያቂነት ደብዳቤ

የተሰጠበት ቁጥር: 4-01279 AA

ተቋም	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ስም	የባለቤት ስም	የግብር ቁጥር	የግብር ቁጥር	የግብር መጠን	የተሰጠበት ቀን	የተሰጠበት ቀን	የተሰጠበት ቀን
1	መ/አ/ሀ/ማ/ሆ	ሪኛ	Clio	4-01279AA.A	F382695	VEIEB10CE29911116	58,075.92	106,200.00		

አዲስ አበባ ከተማ አስተዳደር የግብር ተጠያቂነት ደብዳቤ

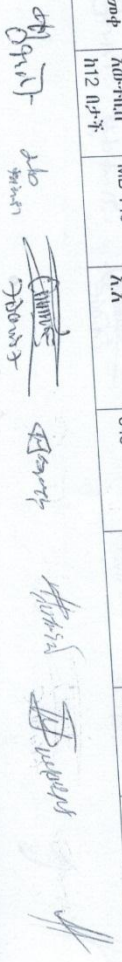
የተሰጠበት ቁጥር: 4-00950 AA

ተቋም	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ስም	የባለቤት ስም	የግብር ቁጥር	የግብር ቁጥር	የግብር መጠን	የተሰጠበት ቀን	የተሰጠበት ቀን	የተሰጠበት ቀን
1	ዲ.ባ.አ.ባ.አ.ገ.አ.አ.አ.	ገ.አ.አ.	RZNI69L-PNMDU	4-00950 AA	3R2-1776309	RRZNI69-000717	141,614.00	305,665.00		

አዲስ አበባ ከተማ አስተዳደር አቋቁሞ ታላቅ ክ/ከተማ ዋና ስራ አስፈጻሚ

የተሰጠበት ቁጥር: 04-01-00760 አ.አ.

ተቋም	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ዓ.አ.ባ.አ. (የግብር ዘመን)	የተሰጠበት ስም	የባለቤት ስም	የግብር ቁጥር	የግብር ቁጥር	የግብር መጠን	የተሰጠበት ቀን	የተሰጠበት ቀን	የተሰጠበት ቀን
1	የሀገራዊ ዲሞክራሲ አስተዳደር	አገልግሎት	MB-140	04-01-00760 አ.አ.	16197110008 348	KPD6612722P13 6617	97231.06	216,500.00		



SUPPLEMENTARY

N.B The research will take five months and two weeks to accomplish. The research will start on January, 2020 and end on January, 2021.

No	Activities	September		October				November				December				January				February	
		2 nd	3 rd	1 st t	2 nd	3 rd d	4 th t	1 st t	2 nd	3 rd	4 th h	1 st t	2 nd	3 rd d	4 th h	1 st t	2 nd	3 rd d	4 th h	1 st t	2 nd
1	Bibliographic Searches																				
2	Photocopy info from non-bibliographic																				
3	Problem defining & literature finding, Title																				
4	Submission of thesis																				
5	Fine tune research question and																				
6	Prepare research tools in detail																				
7	Make contacts for interview/questionnaire																				
8	Data collection																				
9	Data Analysis																				
10	Writing up of paper																				
11	Revision, editing and Submission																				
12	Submission of Research paper																				
13	Paper defense																				

Budget plan

NO	Items	Quantity	Unit price(birr)	Total price(birr)
1.	Stationary materials			
1.1	Duplicating paper	115pcs	2.00	230
1.2	Ball point Pen (blue, black & red)	8pcs	1.49	11.92
1.3	Note book small size	3pcs	9.74	29.22
1.4	Staples Medium size	3pcs	3.39	10.17
1.5	CD-RW	5pcs	22.84	114.20
1.7	Flash Disk 16GB	1pcs	264.41	264.41
Sub total				659.92
2.	Secretarial services			
2.1	Photo copy service for collected data	150 pages	1	150
2.2	Photo copy of different books	1500 pages	1	1500
2.3	Internet service	30 days	10.00	300.00
2.4	Proposal writing	60 pages	3.00/pages	180.00
2.5	Printing service	500 pages	1/pages	500
2.6	Secretarial service for final paper	80 pages	3.00/pages	240.00
2.7	Photo copy of the final paper	300 pages	1/pages	300
2.8	Binding cost for proposal and final paper	2pcs	30.00	60
Sub total				3230
3.	Personal costs			
3.1	Telephone service	30 days	30.00/day	900.00
3.2	Fee for data collector	3 persons	100.00/person	300.00
3.3	Invitation for information providers	4 persons	50.00/person	200.00
3.4	Transport costs	30 days	50.00/day	1500.00
Sub total				2900.00

4.	Other costs		
4.1	Contingency costs		679
Sub total			679
Grand total			7468.92