

# Non-Current Assets Procedure

## Section 1 - Purpose

(1) The [Accounting Policies Register](#) defines Accounting Policies governing the definition, recognition, initial and subsequent measurement/valuation, depreciation/amortisation and de-recognition of non-current assets for the University and its [Controlled Entities](#) (the Group).

(2) This Procedure establishes procedural requirements for the recording and accounting of non-current assets across the Group to deliver compliant financial reporting in accordance with requirements of the [Accounting Policies Register](#).

### Scope

(3) The Procedure applies to all employees, consultants and contractors of the Group with responsibilities or accountabilities for the financial processing and reporting of non-current assets for all entities in the Group.

(4) The following non-current assets are in scope of this Procedure:

- a. Property, Plant and Equipment: including Construction in Progress, Land, Buildings, Plant & Equipment, Leasehold improvements, Library General, Library Specific, Works of Art and Infrastructure;
- b. Intangible assets: including Construction in Progress, Patents, IT software (including cloud-based services), Digital Library collections;
- c. Right of Use Assets: including Building and Plant & Equipment;
- d. Service Concession Assets;
- e. Lease asset – lessor [lease incentives offered to lessees];
- f. Finance lease asset;
- g. Non-current assets held for sale.

(5) Also in scope are the following asset-related liabilities:

- a. Right of Use Liabilities;
- b. Make Good Provisions and Onerous Lease Provisions relating to leases;
- c. Service Concession Liabilities.

(6) The following non-current assets are not within the scope of this Procedure:

- a. Investment in Controlled Entities;
- b. Deferred government benefit for superannuation;
- c. Other non-current receivables [employee loans].

## Section 2 - Policy

(7) Refer to the [Accounting Policies Policy](#) and [Accounting Policies Register](#) for accounting policies governing non-current assets, including:

- a. Conceptual definition of an asset;
- b. General principles of asset recognition;
- c. Asset classes;
- d. Capitalization thresholds;
- e. Depreciation rates by asset class and sub-class;
- f. Calculation of gain or loss on disposal of assets;
- g. Measurement and valuation techniques by asset class, including frequency of revaluation by asset class and requirements for use of external independent valuers;
- h. Specific practical guidance including:
  - i. costs incurred after asset go live date, including Defect Liability Period costs and other subsequent costs;
  - ii. capitalization of net borrowing costs incurred to fund capital construction;
  - iii. asset trade-ins.

## Section 3 - Procedures

### Part A - Accountabilities and Key Risks

#### Overall accountability for adherence to this Procedure

(8) The Director, Financial Operations, Tax and Treasury has overall accountability for ensuring adherence to this Procedure across the Group, and thereby ensuring non-current asset accounting and reporting in accordance with the [Accounting Policies Register](#). The Director, Financial Operations, Tax and Treasury is supported by the Financial Operations Expenditure Manager, who has responsibility for ensuring the adherence to the Procedure, and for providing necessary training to all necessary individuals involved in the financial processing and reporting of non-current assets. The Financial Operations Manager, Controlled Entities, will support the Financial Operations Expenditure Manager by ensuring adherence to this Procedure across controlled entities.

(9) The Head of Accounting Advisory and Controls is available for consultation on complex non-current asset assessments where significant judgments are required.

#### Key risks for non-current assets

(10) This Procedure articulates a range of activities that collectively seek to mitigate the following identified key risks for non-current assets:

- a. Misstatement of asset value;
- b. Assets not recorded in Register;
- c. Invalid/inappropriate depreciation / amortization rates used;
- d. Misappropriation of assets;
- e. Unauthorized access to the Asset Register;
- f. Inadequate review of changes to the Asset Register;
- g. Unauthorized disposals.

### Part B - Procedural requirements for all asset classes

#### Controls over access to, and changes to, the Asset Register

## The Asset Register

(11) The Asset Register is an integrated asset module (sub-ledger) within the Finance One General Ledger system and is the repository for detailed information for all assets within the scope of this Procedure.

(12) The Financial Operations Expenditure Manager will ensure that the Asset Register reconciles to the General Ledger each month, in accordance with the requirements of the [General Ledger Governance Procedure](#).

(13) System access to the Asset Register is governed by the [Critical Finance Systems User Governance Procedure](#).

(14) All changes to the asset data in the Asset Register, including meta-data attributes, require approval of the Financial Operations Expenditure Manager.

(15) An exceptions report will be reviewed monthly by the Financial Operations Expenditure Manager to identify and review all changes made to the Asset Register, including creation of new assets and adjustments to the metadata of existing assets. All changes must be supported by documentation, which must be retained on file. Unexpected changes will be investigated and resolved in a timely manner. Completion of this activity, with a summary of findings and any actions arising, will be reported to the Director, Financial Operations, Tax and Treasury.

## Capital asset management - general requirements for use of the General Ledger

### Capital additions initially recorded in the Income Statement

(16) Under the current operational use of the University Finance One General Ledger, capital addition costs are initially charged to the Income Statement and are subsequently transferred each month to the Balance Sheet (either to CIP or directly to the Asset Register).

(17) Correct usage of the Ledger (both Natural Accounts and Major Accounts) is critical to enable timely and accurate identification of capital expenditure in the Income Statement. The Financial Operations Expenditure Manager will ensure robust processes are in place to ensure correct usage of the Ledger for the coding of capital transactions each month.

### Natural Accounts to be used in the Income Statement and Balance Sheet (parent entity only)

(18) The relevant sections of the Income Statement and Balance Sheet under the scope of this Procedure are as follows. Details of Natural Accounts mapped to each of these reporting codes are included in Appendix Three.

Management Reporting (MR) code or Financial Accounting (FA) code	Purpose of Natural Accounts in this MR code or Financial Accounting (FA) code
Income Statement:	
MR_7.01.01.01 - Capital Equipment MR_4.04.02.01 - CMP - WIP - Design phase MR_4.04.02.02 - CMP - WIP - Construction phase	Used as the initial location of recording capital expenditure prior to transfer to the Balance Sheet. CMP codes are also used for non-capital expenditure that is included in the Capital Management Plan budget. This non-capital expenditure is recognized as an expense and therefore not transferred to the Balance Sheet. Capital expenditure on CMP codes is identified by reference to the Major Account, and the Major Account Funding Scheme code (refer clause 21) that is included with CMP natural account use.
MR_4.05.01.01 - Depreciation MR_4.05.01.02 - Amortisation	Used to record depreciation and amortisation charges related to non-current assets in scope of this Procedure

Management Reporting (MR) code or Financial Accounting (FA) code	Purpose of Natural Accounts in this MR code or Financial Accounting (FA) code
Income Statement:	
MR_4.01.02.02.01 - Professional Salaries	Used as the initial location of recording employee expenses. Capital expenditure on this MR code is identified by reference to the Major Account, and the Major Account Funding Scheme code (refer clause 21).
MR_4.04.01.07-Non-capitalised equipment	Used to record equipment items that do not meet the capitalization threshold defined in the Accounting Policies Register
MR_4.04.01.13 - Subscriptions MR_4.04.01.22 - Library Collections MR_4.04.01.23 - Computing, IT and Software MR_4.04.02.03 - Facilities	Used to record operating costs that are often associated with capital projects
MR_4.04.01.26 - Gain or loss on disposal of Assets	Used to record the proceeds and asset write-off costs associated with asset disposals
<b>Balance Sheet:</b>	
FA_4.02.01 - Non-current Finance lease receivables	Used to record finance lease receivables where the University is the lessor
FA_4.05.01.01.01 - Non-current Lease asset	Used to record a right-of-use asset where the University is lessee
FA_4.07.01.01 - Cost: PPE Construction in progress	Used to record the initial costs to acquire or construct an item of Property, Plant and Equipment (PPE) before the item of PPE is commissioned
FA_4.07.02.02 - Valuation: PPE Land	Used to record the fair value of land
FA_4.07.03.02 - Valuation: PPE Buildings	Used to record the fair value of buildings
FA_4.07.03.03 - Accumulated depreciation: PPE Buildings	Used to record the accumulated depreciation charge recognized for buildings
FA_4.07.04.02 - Valuation: PPE Plant and equipment	Used to record the cost of plant and equipment including motor vehicles
FA_4.07.04.03 - Accumulated depreciation: PPE Plant and equipment	Used to record the accumulated depreciation charge recognized for plant and equipment
FA_4.07.05.01 - Cost: PPE Leasehold improvements	Used to record the cost of leasehold improvements
FA_4.07.05.03 - Accumulated depreciation: PPE Leasehold improvement	Used to record the accumulated depreciation charge recognized for leasehold improvements
FA_4.07.06.01 - Cost: PPE Library General	Used to record the cost of the general library collection
FA_4.07.06.03 - Accumulated depreciation: PPE Library General	Used to record the accumulated depreciation charge recognized for the general library collection
FA_4.07.07.02 - Valuation: PPE Library Special	Used to record the fair value of the special library collection
FA_4.07.08.02 - Valuation: PPE Works of Art	Used to record the fair value of works of art
FA_4.07.09.02 - Valuation: PPE Infrastructure	Used to record the fair value of infrastructure
FA_4.07.09.03 - Accumulated depreciation: PPE Infrastructure	Used to record the accumulated depreciation charge recognized for infrastructure
FA_4.08.01.01 - Cost: Patents, trademarks and other rights	Used to record the cost of patents, trademarks, and other rights
FA_4.08.01.02 - Accumulated amortisation and impairment: Patents,	Used to record the accumulated amortisation charge recognized for patents, trademarks, and other rights

Management Reporting (MR) code or Financial Accounting (FA) code	Purpose of Natural Accounts in this MR code or Financial Accounting (FA) code
Income Statement:	
FA_4.08.02.01 - Cost: Digital Library Collections	Used to record the cost of the digital library collection asset
FA_4.08.02.02 - Accumulated Amortisation-Digital Library	Used to record the accumulated amortisation charge recognized for the digital library collection asset
FA_4.08.03.01 - Cost: IT Software	Used to record the cost of computer software assets
FA_4.08.03.02 - Accumulated Amortisation -IT software	Used to record the accumulated amortisation charge recognized for computer software assets
FA_4.08.04.01.01 - Intangibles Construction in Progress	Used to record: 1. library collection prepayments; 2. the initial costs to acquire or construct an item of IT hardware before it is commissioned; or 3. the initial costs incurred to acquire or internally generate computer software before it can operate / is commissioned.
FA_4.09.01.01 - Right to Use Asset - Property	Used to record a right-of-use property asset where the University is lessee
FA_4.09.02.01 - Accumulated Depreciation - Right to use asset - Property	Used to record the accumulated depreciation charge recognized for a right-of-use property asset
FA_4.09.03.01 - Right to use asset - Equipment	Used to record right-of-use equipment asset where the University is lessee
FA_4.09.04.01 - Acc Depr Right to use asset - Equipment	Used to record the accumulated depreciation charge recognized for right-of-use equipment asset
FA_4.10.01.01 - Service Concession Asset: cost and depreciation	Used to record the current replacement cost of, and accumulated depreciation charge recognized for, a service concession asset
FA_5.04.04.01 - Current Lease incentive	Used to record current lease incentive liabilities where the University is lessor
FA_5.04.08.01.01 - Current Service Concession Liab	Used to record current service concession liabilities for service concession assets that are not existing assets of the University
FA_5.05.01.01 - Current Lease Liabilities	Used to record current lease liabilities where the University is lessee
FA_6.03.01.02 - Make good: Non-current provisions	Used to record non-current make good provisions to lessor property where the University is lessee
FA_6.04.02 - Non-current Lease incentive	Used to record non-current lease incentive liabilities where the University is lessor
FA_6.04.05.01 - Service Concession Liability	Used to record non-current service concession liabilities for service concession assets that are not existing assets of the University
FA_6.05.01.01 - Non-current lease liabilities	Used to record non-current lease liabilities where the University is lessee
FA_7.01.01.01.01 - PPE revaluation surplus	Used to record the accumulated revaluation surplus recognized for revalued assets

## Major Accounts to be used

(19) Major capital works are managed as projects, and assigned a bespoke Major Account in Finance One, in accordance with the [Project and Operations Ledger Account Policy](#) and [Project and Operations Ledger Account Procedure](#).

(20) Selection codes are assigned to Major Accounts for major capital works as follows:

- a. For internal reporting purposes, Property CMP projects are assigned Project Subgroup 3N.
- b. IT CMP projects are assigned Project Subgroup 30 for non-capitalizable costs and Project Subgroup 31 for capitalizable costs.

Selection code	Purpose of Selection code
Project Type code 3NN 4NN	Capital Management Plan (CMP) code for IT capital works project Capital Management Plan (CMP) code for Property capital works project Project Type codes are used to identify capital works projects for purposes of the Capital Management Plan budget and reporting.
Project Group code	Project Group code for Property CMP projects The Project Group codes are used to group Property capital works projects for purposes of the Capital Management Plan budget and reporting.
Funding Scheme code 80001 MQ Prop Capex 81001 MQ IT Capex	Property capital works project IT capital works project The Funding Scheme codes are used to identify capital works projects for the Capex Project Report.
Building code	Building for Property capital works The Building codes are used to connect Property capital works projects to buildings, and Asset Register records.

### Transfer of capital expenditure from the Income Statement to CIP

(21) The Financial Operations Expenditure Manager will ensure robust processes are in place to transfer identified capital expenditure from the Income Statement to the CIP account and will review a reconciliation of the transfers each month.

(22) The Capex Project Report will support the transfer of capital expenditure from the Income Statement to the CIP account. The Capex Project Report comprises two parts:

- a. Expenditure by capital works project (report 1a);
- b. Expenditure by natural account for capital works projects (report 1b).

(23) Capital expenditure for the period will be transferred by debit entry to the CIP account at capital works project level in accordance with report 1a. The credit entry will be posted at natural account level in accordance with report 1b, and on the capex offset project account for IT or Property capital works rather than individual capital works projects.

(24) The clearing accounts are as follows:

Capex offset project account	Purpose of capex offset project account
16998/30	Used to record the credit entry for Property capital works expenditure transferred to the CIP account
18088/30	Used to record the credit entry for IT capital works expenditure transferred to the CIP account

### New Asset additions - transfers from CIP to Asset Register

## **Use of asset classes and sub-asset classes in the Asset Register**

(25) Non-current assets are classified into asset classes, as defined in the Accounting Policies Register. Asset classes are further classified into asset sub-classes. Examples of expenditure by asset sub-class are included in Appendix One to this procedure.

(26) Correct assignment of capital assets to asset class/sub-class is essential, as it impacts both depreciation/amortization rates and presentation in the financial statements. The Financial Operations Expenditure Manager will ensure capital expenditure is grouped according to this sub-class guidance prior to transfers from CIP to the Asset Register.

## **Asset transfer forms / project completion certificates**

(27) On completion of the asset acquisition/construction, capitalized costs are transferred from CIP and grouped into new asset(s) within the Asset Register. Asset transfer forms or project completion certificates will include the following information:

- a. Asset Description;
- b. Supplier Name;
- c. Asset class /sub-class;
- d. Asset in service date;
- e. Asset location (building, room number);
- f. Asset custodian and their department code;
- g. Depreciation rate to be used;
- h. For any assets/projects where costs have been grouped to form asset/sub-asset classes – detailed working showing grouping of capital expenditure in accordance with the Appendix One to this Procedure; and
- i. For project completion certificates:
  - i. Capital works project account number, project description, and CIP account amount (completion amount); and
  - ii. Certification by the Project Manager to the completeness of the capital works project.

(28) To ensure quality of asset creation, the Financial Operations Expenditure Manager will critically review and approve all transfer forms prior to transfer of data from CIP to Asset Register, to ensure:

- a. appropriate allocation of labour costs between operating and capital spend, and further delineating capital labour between individually identified assets. Labour allocation tools used to determine labour splits must be referenced back to and supported by project scope, project plans, change requests and other key operational project material;
- b. accurate classification of capital expenses by asset class and sub-class;
- c. appropriate creation of a new asset versus addition to an existing asset (only appropriate if the additional costs enhance the service capacity or extend the useful life of the existing asset);
- d. appropriate selection of depreciation rates;
- e. no capitalization of operating costs;
- f. clear documentation of the total project spend is captured and retained with the asset.

(29) Additionally, documentation supporting the creation of new assets in the Asset Register will be quality assurance reviewed by the Financial Operations Director for material assets above the following thresholds:

New asset creation / asset modification, by asset class	Threshold for new/modified asset to require Director review
Property, Plant & Equipment; Service concession Assets	\$10m
Intangible Assets; Right of Use Assets.	\$2.5m

## Reconciliation of spend remaining in CIP

(30) The monthly reconciliation of the CIP account balance will include:

- a. CIP account balance by capital works project;
- b. Prior Year/s (PY) and current year (by month) amounts transferred to the CIP account for each capital works project;
- c. Expected completion date by capital works project for the purposes of aging;
- d. Status by capital works project – in progress, Defect Liability Period (DLP), or completed;
- e. Other amounts (if any) e.g., capitalized borrowing costs.

## Subsequent measurement including use of expert valuers

(31) The Accounting Policies Register details which asset classes are subsequently measured at depreciated historic cost and which at fair value.

(32) For those classes measured at fair value the Register details the required fair value methodology and frequency of revaluation. All fair value revaluations are conducted by expert external valuers.

(33) Refer to Appendix Two for specific requirements of the valuation of Land, Building, Infrastructure and Service Concession Assets asset classes.

(34) The Director, Financial Operations, Tax and Treasury will oversee the revaluation of all 'fair value' asset classes in accordance with the requirements of the Accounting Policy Register, including:

- a. procurement and selection of suitably experienced, qualified and objective valuation experts, in line with the [Procurement Policy](#);
- b. agreement of scope in line with accounting requirements detailed in the Accounting Policies Register;
- c. provision of key assumptions and agreement of methodology used to complete the valuation;
- d. agreeing the source data to be used by the valuer;
- e. overseeing timely and quality deliverables from the valuers;
- f. critiquing and discussing draft revaluation proposals with the valuers;
- g. recommendation of revaluation changes to the Group Deputy Chief Financial Officer and Vice-President Finance & Resources for approval (noting that revaluation changes to land and buildings also required approval from the Property Director);
- h. clearance of all valuation adjustments with the external auditors.

(35) The Financial Operations Expenditure Manager will support the revaluation of each appropriate asset class by:

- a. ensuring the timely and accurate provision of all agreed source data to external valuers, including:
  - i. For existing assets:
    - Asset Register extracts;



ii. For assets under construction that are expected to complete before the valuation date:

- Construction in Progress spend LTD;
- Estimates of further spend expected between the date of the CIP extract and the completion of the asset.

- b. ensuring valuation adjustments are processed in a timely manner into the Asset Register once approved, with changes reconciled back to the valuer's reports.
- c. verifying the system-calculated depreciation/amortization charge in the first month after a valuation adjustment against a manually calculated expectation of the charge, based on valuation data, to identify any potential errors made during the manual updating of data in the Asset Register.
- d. ensuring that the movement in the revaluation reserve for each asset class is reconciled to adjustments arising from external valuation reports.

(36) The Property Director, or their nominated delegate, will support the revaluation of Land, Building and Infrastructure asset class valuations by providing:

- a. operational information relating to the assets as necessary for the valuation process e.g., maps, drawings, permits, technical specifications, registrations;
- b. access to assets, safety briefings for site visits and accompanied tours of facilities;
- c. management information about any planned changes to the use of the assets that may impact the valuation.

## Other changes to asset information over time - the role of Asset Custodians

(37) Asset custodians are responsible for informing the Financial Operations team, in a timely manner, in the event of the following changes to asset circumstances:

- a. change in asset location;
- b. change in asset custodian;
- c. reduction in expected future use and/or planned replacement;
- d. obsolescence or disposal of the asset. Note that all asset disposals must be approved in accordance with the [Delegations of Authority Register](#).

## Depreciation and Amortization

### Selection and data integrity of depreciation and amortization rates

(38) Standard depreciation and amortization rates are included in the Accounting Policies Register. Variations to these rates can be made on the recommendation of the relevant operational Executive Director, with financial approval required as follows and approval retained on file:

NBV of Asset at date of recommended change in estimate	Approval needed
≤ \$10m	Director, Financial Operations, Tax and Treasury
≤ \$50m	Deputy Group Chief Financial Officer
> \$50m	Vice-President, Finance and Resources

(39) The Financial Operations Expenditure Manager will perform an annual review of the Asset Register to review depreciation rates in use for all assets against the standard rates in the Accounting Policies Register for that asset class. Exceptions will be identified and verified as bona fide variations by confirmation to written variation approvals.

## **Depreciation and amortization charges - system calculation and manual accruals**

(40) The Asset Register has capability to system-calculate the relevant monthly depreciation / amortization charge for each asset, based on the documented parameters of each asset. Calculations commence from the in-service date entered into the system and are accurate to the day (i.e., if an asset in-service date is mid-month, a partial month of depreciation is calculated for that asset's first reporting period).

(41) The system calculation is initiated and posted in accordance with the month-end timetable, published by the Director Financial Operations, after completion of the following activities and checks:

- a. Completion of all planned additions and disposals in the month;
- b. Review of depreciation and amortization charges for reasonableness.

(42) Accurate depreciation/amortization relies on timely capitalization of assets to the Asset Register. Occasionally, operational factors can cause a delay in the capitalization of assets. In such cases:

- a. Reversing depreciation/amortization charges should be manually accrued until such time as the asset can be capitalized, for all new assets with an initial value over \$500k;
- b. Upon (delayed) capitalization, the accurate asset-in-use date will be entered into the Asset Register, which will trigger a 'catch-up' of life-to-date depreciation/amortization to be charged in the first month of entry in the Register.

## **Review of depreciation rates in use**

(43) The Financial Operations Expenditure Manager will conduct an annual review of depreciation rates, as listed in the Accounting Policies Register, against comparable asset class rates used by a selection of other Australian Universities, to assess whether rates used by Macquarie University remain within tolerance of other entities in the sector. A report on findings will be submitted to the Director Financial Operations and Deputy Group Chief Financial Officer for discussion and decision.

## **Change of asset residual values or useful lives**

(44) Asset residual values and/or useful lives may be reassessed/changed:

- a. at the time of cost adjustment (improvement) to an asset;
- b. on modification or impairment of a lease;
- c. based on outcomes of external valuation;
- d. based on outcomes of annual asset verification; and/or
- e. based on new information from management including identified obsolescence.

## **Disposals**

(45) All asset disposals must be approved in accordance with the [Delegations of Authority Register](#). Evidence of authority for disposal will be retained on file.

(46) Disposal forms used will include key information about the asset to enable processing of the disposal from the Asset Register, including asset name, number, current net book value, net proceeds from sale, and rationale for disposal.

(47) Gains or losses on disposal will be calculated in accordance with the [Accounting Policies Register](#) and recorded in Natural Accounts mapping to MR\_4.04.01.26 - Gain or loss on disposal of Assets.

(48) The Financial Operations Expenditure team will process authorized disposals by removing the asset from the

Asset Register.

(49) Additionally, documentation supporting the disposal of assets in the Asset Register will be quality assurance reviewed by the Financial Operations Director for material assets above the following thresholds:

Class of asset disposed	Threshold for Director review of disposal - NBV of disposed asset
Property, Plant & Equipment	\$2m
Intangible Assets	\$2m

(50) Asset disposals will be reported bi-annually to the Finance and Facilities Committee.

## Asset Verification Plan

(51) Asset verification activities form an important part of asset management protocols. Asset verification activities will address the following key areas:

- whether the asset still exists;
- the condition of the asset;
- whether the asset is still in use;
- whether any changes are required to the expected remaining useful life, and therefore the depreciation rate;
- whether the asset requires disposal;
- any indicators of impairment or obsolescence.

(52) An annual Asset Verification Plan will be created by the Director of Financial Operations, approved by the Group Deputy Chief Financial Officer and retained on file.

(53) The Asset Verification Plan includes all asset-classes that are not subject to valuation by an external valuer in the financial year, except for Library General and Digital Library Collections (refer to the specific asset section below for asset verification approaches for these asset classes).

(54) The Asset Verification Plan sets out the annual plan for the following asset verification activities:

- Desktop attestation: written updates for each asset, by the relevant Asset Custodian, of the following attributes, with a target of 100% coverage over a rolling 12-month period:
  - asset custodian and their internal department;
  - asset location;
  - asset condition, intended ongoing use or planned replacement in advance of depreciation end date
  - obsolescence or need for disposal;
  - any other indicators of impairment
- Physical verification (excluding intangible assets, assets with a nil NBV and assets not on campus): a sample of physical assets that will be physically verified by a member of the Financial Operations team, based on a 36 month-rolling plan covering a target of 80% of the physical assets within the scope of the Plan (excluding intangible assets), with a Net Book Value >\$100,000 (parent entity) or \$2,500 (controlled entity).
- Timetable for desktop and physical verification
- Review of nil NBV assets to verify if they are still in use or require disposal.
- Bespoke factors: strategies to accommodation for any asset-related challenges or risks in the short-medium horizon, e.g., lack of access to assets, temporary campus closures, variations to sample selection based on previous findings or operational concerns or practicalities etc.

(55) Findings from the executed Asset Verification Plan (including adjustments required to the Asset Register and outcomes of the investigation of any discrepancies arising from the work conducted), will be reported by the Director, Financial Operations, Tax and Treasury to the Group Deputy Chief Financial Officer bi-annually.

(56) The Financial Operations Expenditure Manager will ensure that any updates required to the Asset Register as a result of the findings of the annual Asset Verification Plan are processed into the Asset Register in a timely manner.

### **Indicators of impairment and impairment reviews**

(57) Should any indicators of impairment be identified as part of the Asset Verification Plan, or from other management information, the Financial Operations Expenditure Manager will conduct an impairment assessment in accordance with the requirements of the Accounting Policy Register.

(58) Outcomes of all impairment reviews will be presented to the Director, Financial Operations, Tax and Treasury and Group Deputy Chief Financial Officer and Vice-President, Finance and Resources in a timely manner.

### **Month-end analysis and review**

(59) Pre-month end preparation: planned major activities impacting non-current assets in scope of this Procedure are discussed in the pre-month-end planning meeting each month, in accordance with the month-end timetable, with actions assigned to appropriate staff.

(60) Capital expenditure: Analytical summaries of capital expenditure will be prepared and reviewed in detail each month in accordance with the published month-end timetable, detailing, by project:

- a. additions in the month and life-to-date (LTD) additions
- b. transfers from CIP to Asset Register
- c. project stage and expected end date

(61) Depreciation and amortisation: monthly and YTD Income Statement charges will be compared to prior month, prior year and budget to identify variations in expected trends. Material variations will be investigated promptly.

(62) Asset Register exception report: as described in section 3.3 above.

## **Part C - Procedural requirements specific to each asset class**

### **Property, Plant and Equipment and Intangible Assets: Construction in Progress**

(63) Ageing of CIP balances will be prepared each month by the Financial Operations Expenditure Analyst, and reviewed by the Financial Operations Expenditure Manager, to highlight all assets that have commenced service but are yet to be transferred to the Asset Register. Assets more than three months past their asset-in-service date will be reported to the Director Financial Operations accompanied by a plan for resolution.

### **Property, Plant and Equipment: Land**

(64) Land holdings will be reconciled to the Government Property Register annually, as part of the annual revaluation process.

### **Property, Plant and Equipment: Buildings**

#### **Building construction projects - timely assessment and identification of capital and operating costs**

(65) Building construction projects are likely to include a mixture of capital and operating costs.

(66) An initial assessment of the capital and expenditure components of a proposed building project must be completed by the Program or Project Manager and will be reviewed by the Finance Business Partner before the project is submitted for internal funding approval, with the assessment included in the business case.

(67) Costs incurred over the life of a building project must be identified and recorded with sufficient granularity to delineate between the types of costs that are capitalizable and expensed, and the specific assets to be capitalised.

### **Buildings - deemed asset in use date**

(68) The asset in use date for a new building will be the date the occupancy certificate is granted, unless advised otherwise in writing by the Property Director.

### **Buildings - review of useful economic lives**

(69) The feasible Remaining Useful Economic Life of each building is assessed and suggested to management annually by the external valuer.

(70) The Financial Operations Expenditure Manager will liaise annually with the Property Director to assess whether the feasible Remaining Useful Economic Life needs to be reduced to reflect the intended use of the building.

(71) Identified variations in remaining Useful Economic Life that would trigger a change in annual depreciation require approval as follows:

<b>Change in annual depreciation charge triggered by change on remaining UEL - by asset class</b>	<b>Approval required for change in remaining UEL</b>
< \$500k	Director Financial Operations
< \$2m	Deputy Group Chief Financial Officer
> \$2m	Vice-President Finance & Resources

### **Buildings - Defect Liability Period (DLP) costs**

(72) DLP costs, and their eligibility for capitalization, are defined and discussed in the Accounting Policies Register. DLP costs will be capitalized with the following frequency from Construction in Progress to the newly created underlying building asset in the Assets Register:

<b>DLP costs incurred against an individual building at end of month</b>	<b>Minimum frequency for transfer of expenditure from CIP to Asset Register</b>
Less than \$250k	Quarterly (months 4,7,10,12)
More than \$250k	Monthly

### **Buildings - Capitalization of Net Borrowing Costs**

(73) The [Accounting Policies Register](#) contains policy guidance on when it is permitted to capitalize borrowing costs incurred to fund the construction of a physical asset (most commonly a building) is included in. Any such costs are capitalised as part of the new building asset.

### **Property, Plant and Equipment: Plant & Equipment**

(74) Purchase orders for equipment eligible for capitalization must be coded to the Natural Account 5005 - Equipment - Capital within MR\_7.01.01.01 - Capital Equipment. The Financial Operations Expenditure Analyst will review these accounts each month to identify equipment to be capitalized and liaise with the relevant Asset Custodians to obtain all

necessary information required to make a new asset entry into the Asset Register.

(75) Partial, deposit or progress payments towards an asset are held in CIP until the asset is in the condition and location for use, when it will be transferred to the Asset Register.

(76) The Financial Operations Expenditure Analyst will conduct a quarterly review of transactions coded to the Natural Accounts that map to MR\_4.04.01.07 - Non-capitalised equipment, to identify any capitalizable assets that have been coded to the wrong Natural account. Evidence of review and actions arising will be retained on file.

### **Property, Plant and Equipment: Leasehold improvements**

(77) The depreciation rate for leasehold improvement assets must align with the lease term of the asset being leased.

(78) Leasehold improvement assets and Make Good Provisions will be assessed quarterly for completeness and alignment with the lease term of the asset being leased, and on the:

- a. Execution of a new lease agreement and;
- b. Modification or impairment of an existing lease.

Evidence of review and actions arising will be retained on file.

### **Property, Plant and Equipment: Library General and Intangible assets: Digital Library Collections**

#### **Identification of capitalizable assets**

(79) As detailed in the Accounting Policies Register, Library expenditure is capitalized when the asset or license includes perpetual access rights to the purchased information. This includes both physical assets, such as books, as well as digital assets.

(80) Decisions about the nature of the license agreement, and whether it includes the perpetual right clause, are made by the Library Operations team, which then raises Purchase Orders for the licenses to either capitalizable or operating expense Natural Accounts as follows:

<b>Library expenditure</b>	<b>Natural Account to be used</b>
If capitalizable	5012 - Library Collection CAPEX, part of MR_7.01.01.01 - Capital Equipment
If not capitalizable	5026 - Library Collection OPEX, part of MR_4.04.01.22 - Library Collections

(81) The Financial Operations team will conduct a bi-annual quality control over this process undertaken by the Library Operations team, to ensure an ongoing understanding of, and adherence to the need for careful coding on library digital invoices based on clauses governing perpetual access. Results of this quality control review will be retained on file.

#### **Allocation of capitalizable items between Library General and Digital Library Collections**

(82) Capitalizable library assets (both physical books and intangible digital library items) are coded to Natural Account 5012 - Library Collection CAPEX which is mapped to MR\_7.01.01.01 - Capital Equipment. Costs to this Natural Account are then required to be split into two asset classes for capitalization into the Asset Register:

<b>Type of capitalizable expenditure coded to Natural Account 5012</b>	<b>Asset-class</b>
Physical books	PPE: Library General

(83) In recent years the vast majority of expenditure in Natural Account 5012 has related to Digital Library Collections items (> 98% in 2021). For efficiency, all expenditure coded to this Natural Account 5012 will be deemed to be a Digital Library Collection asset, if this ratio of intangible: tangible expenditure does not fall below 95:5. The Financial Operations team will conduct an annual review of this ratio to ensure adherence to this clause and will retain evidence of this review on file. Should the review reveal that the ratio falls below 95:5 over an averaged 12-month period, the allocation of costs to the two asset classes will then adjust to reflect the ratio determined in the most recent annual review for the following 12 months, until the next review is performed.

### **Asset verification and write-off**

(84) PPE: Library General and Intangible Asset: Digital Library Collections assets are capitalized as a monthly sum of spend in the month; the Asset Register is not intended to detail each individual item purchased (this operational data is stored in the Library catalogues). Consequently, asset verification of these two asset classes is not practical. Assets in these classes are pragmatically deemed to have no further value to the University once they are fully depreciated and are removed from the Asset Register once they reach nil NBV in accordance with this Procedure.

### **Property, Plant and Equipment: Library Specific**

(85) Library Specific assets comprise specific rare book, map and other artefact collections. In accordance with the [Accounting Policies Register](#), they are not depreciated and are fair valued by an external valuer triennially.

### **Property, Plant and Equipment: Works of Art**

(86) Works of Art assets are typically acquired by way of non-cash gift donation. Donated capital additions are added to the Asset Register when the asset is deemed to be controlled by the University, with the other side of the entry recorded as 'non-cash donation' in the Income Statement.

(87) Works of Art additions to the Asset Register will be reconciled bi-annually to the donation register maintained by the Philanthropy team.

(88) The total Works of Art asset-class in the Asset Register will be reconciled bi-annually to the operational database of Works of Asset owned by the Librarian.

### **Property, Plant and Equipment: Infrastructure**

(89) The asset in use date for new infrastructure will be:

- a. the same asset in use date for the building if the infrastructure is a component of a new building; or
- b. in line with the project completion certificate.

### **Intangible assets: Patents**

(90) Patents are typically derecognized for two reasons, either the:

- a. License is terminated or ends: patent assets may exist because the University has provided a licensee exclusive rights to a University patent's associated intellectual property. When a license either ends or is terminated, the patent is considered to have no further economic benefit to the University (unless renewed).
- b. Patent is abandoned by the University whilst costs are still in construction in Progress: patents often take many years to develop and have multiple stop/go decisions throughout their development process. One of the key hurdles in the development is proceeding to the 'National Phase'. Typically, a patent only proceeds to the National Phase when a partner (who has agreed to cover reimbursement of National Phase costs) has been

secured. The University may abandon potential patents at this stage if the University is unable to attract interest and secure a partner to cover ongoing expenses.

(91) All patents (both completed assets in the Asset Register and those in development, with costs in Construction in Progress) will be reviewed annually by the Financial Operations Team in conjunction with Office of the PVC Research and Innovation (patent custodians). Disposal will be approved in accordance with the Delegations Register.

## **Intangible assets: IT software (including cloud computing arrangements and website development costs)**

### **IT projects - timely assessment and identification of capital and operating costs**

(92) IT projects are likely to include a mixture of capital and operating costs. Criteria for IT software costs that can be capitalised are included in the Accounting Policy register.

(93) As initial assessment of the capital and expenditure components of a proposed IT project must be completed by the Program or Project Manager and will be reviewed by the Finance Business Partner before the project is submitted for internal funding approval, with the assessment included in the business case.

(94) Costs incurred over the life of an IT project must be identified and recorded with sufficient granularity to delineate between the types of costs that are capitalizable and expensed, and the specific assets to be capitalised.

### **IT projects - labour allocation**

(95) Labour costs form a material component of most IT projects. Time allocations in labour allocation tools must be classified in line with activities as defined in the Accounting Policies Register to enable delineation between both capital and operating activities, and to further split within capital expenditure according to the specific assets to be capitalised. Time allocations by activity and team member must be reviewed and approved by the IT Program or Project Manager each quarter, as a minimum, or more frequently if significant shifts in time allocation occur within the quarter. Evidence of review and approval will be retained on file.

### **IT projects - initial useful economic lives**

(96) Typical useful economic lives are detailed in the [Accounting Policies Register](#).

(97) Written approval of the expected useful life is required from the Chief Information and Digital Officer at the time of transfer from Construction in Progress to the Asset Register in the following circumstances:

- a. Use of a Useful Economic Life that differs from guidance in the Accounting Policy Register
- b. Useful economic life for any IT project with a value over \$5m.

### **IT projects - annual review of useful economic lives**

(98) Annual confirmation of remaining expected useful life of all intangible IT assets (software and cloud-based services) and tangible IT hardware is required from the Chief Information and Digital Officer for assets with a remaining net book value over \$1m at the end of the financial year.

## **Right of Use (ROU) Assets and Liabilities: Building and Plant & Equipment**

### **Initial identification**

(99) The Financial Operations Expenditure Manager will conduct a quarterly review (via inspection of the Contracts Database and enquiries with management) to identify all new contracts across the Group that may contain a lease. Evidence of review and actions arising will be retained on file.



(100) Costs for short term and low value leases ('exempt leases' – as defined in the Accounting Policies Register) are expensed as operating costs over the term of the lease.

(101) Non-exempt leases are accounted for via the creation of a Right of Use Asset and Liability, in accordance with the requirements of the Accounting Policies Register. The Financial Operations Expenditure Manager will manage the timely creation and subsequent accounting for Right of Use Assets and Liabilities identified during each quarterly review. Asset creation documentation must include all necessary data inputs for asset calculation and recognition, including:

- a. term of lease duration;
- b. rental payments;
- c. lease incentives;
- d. discount rates;
- e. lease extension options.

(102) The Financial Operations Expenditure Analyst will conduct a quarterly review of the Natural Accounts in MR\_4.04.01.11 Rental, Hire and Other Leasing Fees to identify costs associated with any leases above the 'exempt lease' thresholds that have been incorrectly expensed to the Income Statement instead of creating a Right of Use Asset and Liability. Evidence of review and actions arising will be retained on file. Correcting journals will be processed to reverse any Income Statement expenses and create a Right of Use Asset and Liability.

### **Subsequent review and adjustments**

(103) The Financial Operations Expenditure Manager will manage the quarterly review of existing Right of Use Assets and Liabilities to identify whether the contractual terms of any of the leases have been modified and assess if these modifications trigger a remeasurement event, as defined in the Accounting Policies Register. Evidence of review and actions arising will be retained on file.

(104) To aide this review, details of all property leases (both land and buildings and including long term leases of land under peppercorn lease) are maintained in the Progenesis database, which is owned by the Property division. The Property Director has responsibility for ensuring this database remains current, accurate and complete. The Financial Operations Expenditure Manager will obtain a verified extract of the Progenesis database from the Senior Asset Manager each quarter to facilitate this review of changes in lease parameters.

(105) Additionally, the Financial Operations Expenditure Manager will also seek written quarterly guidance from the Property Director regarding:

- a. management's intention for utilizing any options to extend or truncate current leases, where this is at the discretion of the University (as this impacts the useful economic life of assets and extent of liabilities relating to the lease) and;
- b. management's intention to vacate a lease early – as this may trigger an impairment assessment of any associated lease assets.

(106) The Financial Operations Expenditure Manager will ensure that any changes to lease contractual terms and any changes in management's intentions for the duration of use of the leased assets are assessed for the financial impact of all lease-related assets and liabilities, including ROU Assets, Lease Liabilities, Leasehold Improvements as well as Make Good Provisions and potential Onerous Lease Provisions.

### **Service Concession Assets**

## **Initial identification**

(107) The Financial Operations Expenditure Manager will conduct a quarterly review to identify (via inspection of the Contracts Database and enquiries with management) all new contracts across the Group that may meet the criteria of a Service Concession Asset and ensure any such contracts are accounted for in accordance with the Accounting Policies Register. Evidence of review and actions arising will be retained on file.

## **Subsequent review and adjustments**

(108) The Financial Operations Expenditure Manager will manage the quarterly review of existing Service Concession Assets to identify whether the contractual terms of any of the assets have been modified and assess if these modifications trigger a remeasurement event, as defined in the Accounting Policies Register. Evidence of review and actions arising will be retained on file.

## **Lease asset - lessor**

(109) Lease assets are recognized when the Group provides a lease incentive (e.g., rent free period or assumption of fit out costs) to a lessee.

## **Initial identification**

(110) The Financial Operations Expenditure Manager will conduct a quarterly review to identify (via inspection of the Contracts Database and enquiries with management) all new or amendments to existing contracts across the Group where the entity is a lessor and identify if there are lease incentives included in the contract and ensure any such lease incentives are accounted for in accordance with the Accounting Policies Register. Evidence of review and actions arising will be retained on file.

## **Subsequent review and adjustments**

(111) Lease incentives recorded are reviewed in accordance with the Balance Sheet Reconciliation Procedure for completeness and accuracy and retention of supporting documentation to substantiate the lease incentives recognized, including verification of key lease terms to the Progenesis database attestations provide by Property, as noted in the ROU Asset section of this Procedure.

## **Finance lease asset - Group as lessor**

### **Recognition**

(112) Finance lease assets are recognized when the Group transfers substantially all the risks and rewards of use over an asset to which it has legal title, to the lessee, at inception of the lease.

## **Initial identification**

(113) The Financial Operations Expenditure Manager will conduct a quarterly review to identify (via inspection of the Contracts Database and enquiries with management) all new contracts across the Group that may meet the criteria of a Finance Lease as Lessor and ensure any such contracts are accounted for in accordance with the [Accounting Policies Register](https://policies.mq.edu.au). Evidence of review and actions arising will be retained on file.

## **Initial measurement and estimates**

(114) Assets that are subject to a finance lease to a lessee are reclassified from the original asset class (e.g., Land or Buildings) to a finance lease receivable.

(115) The Financial Operations Expenditure Manager will manage the assessment of estimates and assumptions for finance leases, including the assessment of the interest rate implicit in the lease and the assessment of residual

values of the asset under the lease. Key estimates will be endorsed by the Deputy Group Chief Financial Officer with evidence of review retained on file.

### Subsequent review and adjustments

(116) The Financial Operations Expenditure Manager will manage the quarterly review of existing Finance Leases where the University is the lessor, to identify whether the contractual terms of any of the assets have been modified and assess if these modifications trigger a remeasurement event, as defined in the [Accounting Policies Register](#). This review will include verification of key lease terms to the Progenesis database attestations provide by Property, as noted in the ROU Asset section of this Procedure. This review should include the various long-term leases of land with nil lease payments. Evidence of review and actions arising will be retained on file.

### Appendices

Number	Appendix Title
One	Asset classes and sub-classes
Two	Revaluation requirements for Land, Buildings and Infrastructure
Three	Natural Accounts used within the scope of this Procedure

## Section 4 - Guidelines

(117) Nil.

## Section 5 - Definitions

(118) Refer to the following Finance Policies and Procedures for specific terms used in this document:

- a. [General Ledger Governance Policy](#) and [General Ledger Governance Procedure](#)
- b. [Project and Operations Ledger Account Policy](#) and [Project and Operations Ledger Account Procedure](#)
- c. [Accounting Policies Policy](#) and [Accounting Policies Register](#).
  - i. Asset Register: sub-ledger of General Ledger system containing details of non-current assets, including original and current value, asset location, asset custodian and depreciation rate
  - ii. Asset custodian: operational owner of a non-current asset.

### Appendix One: asset classes and sub-classes

This Appendix provides general guidance on non-current asset expenditure should be grouped by asset sub-class in preparation for capitalisation to the Asset Register. Examples of expenditure are not exhaustive.

**Asset Register codes are shown in CAPITALS.**

Asset Class name	Asset sub-class name	Example of expenditure
PPE NOTE		
Land LAND	Land LAND	Land over which the University has legal title

Asset Class name	Asset sub-class name	Example of expenditure
Buildings BUILDING	Buildings BUILDING	<p>A building includes all internal and external structural works and typically includes:</p> <ul style="list-style-type: none"> <li>preliminaries, scaffolding demolition, excavation and professional fees associated with surveying,</li> <li>project management and architecture</li> <li>Authorities/permits utilities/demolition</li> <li>Consultants fees including legal &amp; security</li> <li>Structural works</li> <li>Tunnels/excavation</li> <li>Slab/pilings/footings frame roof/ceilings/floors/walls</li> <li>Windows</li> <li>Exterior fabric</li> <li>Elevators</li> <li>Fire services</li> </ul>

<b>Asset Class name</b>	<b>Asset sub-class name</b>	<b>Example of expenditure</b>
Plant & Equipment P&E	Agricultural assets PE_AGRI	Historical code with nominal remaining NBV - do not use going forward
	Fixture and Fittings PE_F&F	Fixtures and fittings from interior fit outs, including: False ceilings Screens and partitioning Doors and door hardware Signage and banners
	Refrigeration and Air Conditioning PE_AIR	Refrigeration and Air Conditioning equipment.
	Audio Visual (AV) PE_AV	Audio Visual equipment
	Communications PE_COMM	Communications equipment
	Electrical equipment PE_ELEC	Electrical equipment including fire and lighting Co-Generation Plant
	Furniture PE_FURN	Office and lab space furniture that meets the collective spend threshold limits defined in the Accounting Policy Register, including: Chairs and desks Meetings tables Bookcases/filing systems/drawers Whiteboards
	Physical IT equipment PE_IT	Physical IT equipment including servers, switches etc.
	PE_ITPRJ	Historical code with nominal remaining NBV - do not use going forward
	PE_LAB	Laboratory Equipment
	PE_MED	Medical Equipment
	PE_MISC	Miscellaneous Equipment – only use this code if not other code is appropriate
	PE_OFF	Historical code with nominal remaining NBV - do not use going forward
	PE_PHOTO	Historical code with nominal remaining NBV - do not use going forward
	PE_REFUB	Historical code with nominal remaining NBV - do not use going forward
	PE_WSHOP	Historical code with nominal remaining NBV - do not use going forward
Motor Vehicles MV	Motor Vehicles MV	Motor Vehicles registered to a University entity. Note: this asset class is included within Plant & Equipment in the financial statements
Leasehold Improvement Asset LHI	Leasehold Improvement Asset LHI	Capitalizable Fit Out and other improvement costs incurred to ready a leased site for use. Make Good Assets covering the expected costs of returning the lease property to its original condition at the end of the asset
Library General LIBGEN	Library General LIBGEN	Physical books and journals and other physical library learning content owned by the University
Library Special LIBSPEC	Library Special LIBSPEC	Physical specific library collection, including rare books, rare maps

Asset Class name	Asset sub-class name	Example of expenditure
Works of Art WOA	Museum Collection ART_MC	Specific Museum Collections including: the Museum of Ancient Culture; Numismatic Collection and the Macquarie Chair
	Works of Art ART_WOA	Works of Art (including paintings and sculptures) either purchased or gifted under the Cultural Gifts Program
Infrastructure INFRA	Infrastructure INFRA	Physical structures and facilities, typically fixed in nature (e.g. buildings, roads, power supplies) required for the operation of the University. Examples include: 1. Water supply and systems 2. Sewer & stormwater systems 3. Electricity supply systems 4. Gas supply systems 5. Dams and other water storage facilities 6. Fencing and landscaping 7. Outside lighting 8. Service tunnels 9. Roads and footpaths 10. Systems cabling and communication systems
<b>INTANGIBLE ASSET NOTE</b>		
Intangibles: INTANGIB	Patents PATENTS	Issued patents
	IT software ITSOWTA	Capitalizable software costs, including eligible cloud computing services expenditure – refer to Accounting Policies Register for guidance
	Digital library collection DIGITLIB	Digital Library assets where the licence to the asset provides access to the information in perpetuity
<b>RIGHT OF USE ASSET NOTE</b>		
Right of Use Asset RUA	Right of Use Asset: Property RUA_PROP	Right of Use Asset over property leased to an entity in the University Group
	Right of Use Asset: IT Assets RUA_ITEQ	Right of Use Asset over physical IT assets leased to an entity in the University Group (not cloud computing – refer ITSOWTA above)
<b>SERVICE CONCESSION ASSETS NOTE</b>		
Service Concession Asset SCA	Service Concession Asset: Building SCA_BLDG	Service Concession Asset over assets leased to a third party in the University Group (lessor).
	Service Concession Asset: Land SCA_LAND	
	Service Concession Asset: Infrastructure SCA_INFR	

## Appendix Two: Revaluation requirements for Land, Buildings and Infrastructure (both classified as PPE and SCA)

These asset classes are formally revaluations annually by external expert valuers, on a rotational triennial pattern of physical and desktop techniques, as detailed below.

Formal and desktop revaluation typical activities and outputs are summarised below:

Year 1	Formal revaluation
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Year 2	Desktop valuation performed by external valuer
Year 3	Desktop valuation performed by external valuer

Activity	Physical Valuation	Desktop Valuation	Impacted Asset Class
On campus inspection of subject assets	P	O	All
Titles searches including all leases and other encumbrances on assets with summary of impact on valuations	P	O	Land within Campus boundaries
Review of tenancy schedules for tenanted properties	P	P	Tenanted Buildings and land
Review of available market evidence to reassess the market approach and the income approach of subject assets including the provision of the supporting documentation and schedules for each asset.	P	P	Tenanted Buildings and land
Review of available market evidence to reassess the land value apportionment of subject assets	P	P	Tenanted Buildings and land
Review of published cost information (i.e. Rawlinson Construction Handbook) or other indices appropriate to the asset category	P	P	Non-tenanted buildings Infrastructure
Validate key assumptions with management (Property and Finance) on each asset category	P	P	All
Assess actual costs for recent construction projects on comparable assets	P	P	Non-tenanted buildings Infrastructure
Validate with management on key assumptions impacting land valuation specifically Campus Plan (for changes in Gross Floor Area limits and allowable development on each Precinct) and market evidence of rates per Gross Floor Area/other metrics for each Precinct	P	P	Land within Campus boundaries
Engagement with external auditors on queries and the provision of supporting documents as requested by auditors.	P	P	All

### Appendix Three: Natural Accounts used within the scope of this Procedure (parent only)

Management Reporting (MR) code or Financial Accounting (FA) code	Natural Accounts in this MR code or Financial Accounting (FA) code
MR_7.01.01.01 - Capital Equipment	4144 I/Coy - FA Purchase MQH 4607 Sculpture and Artworks - Capital 4719 Patent Expenses 5005 Equipment - Capital 5012 Library Collection CAPEX 5014 Artefacts - Capital 5016 IT Capital Projects

Management Reporting (MR) code or Financial Accounting (FA) code	Natural Accounts in this MR code or Financial Accounting (FA) code
<p>MR_4.04.02.01 - CMP - WIP - Design phase</p> <p>MR_4.04.02.01 - CMP - WIP - Design phase (continued)</p>	<p>5201 WIP CMP - Council/Department of Planning</p> <p>5202 WIP CMP - Community Liaison Groups</p> <p>5203 WIP CMP - Environmental Protection</p> <p>5205 WIP CMP - Electrical Supply</p> <p>5206 WIP CMP - Gas Supply</p> <p>5208 WIP CMP - Health</p> <p>5210 WIP CMP - Roads and Maritime Services</p> <p>5211 WIP CMP - State Rail</p> <p>5216 WIP CMP - Consultant Project Manager</p> <p>5217 WIP CMP - Architect</p> <p>5218 WIP CMP - Interior Design</p> <p>5219 WIP CMP - Quantity Surveyor</p> <p>5220 WIP CMP - Structural Engineer</p> <p>5221 WIP CMP - Facade Engineer</p> <p>5222 WIP CMP - Electrical Services Design</p> <p>5223 WIP CMP - Mechanical Services Design</p> <p>5224 WIP CMP - Lift Services Design</p> <p>5225 WIP CMP - Hydraulic Services Design</p> <p>5226 WIP CMP - Fire Services Design</p> <p>5227 WIP CMP - Kitchen Design</p> <p>5228 WIP CMP - Enviro Sustainable Design</p> <p>5229 WIP CMP - Geotechnical Consultant</p> <p>5230 WIP CMP - Landscape Design</p> <p>5231 WIP CMP - Traffic Consultant</p> <p>5232 WIP CMP - Acoustic Consultant</p> <p>5233 WIP CMP - Signage, Graphics Design</p> <p>5234 WIP CMP - Planning</p> <p>5235 WIP CMP - Land Surveyor</p> <p>5236 WIP CMP - BCA Consultant</p> <p>5237 WIP CMP - Fire Engineer</p> <p>5238 WIP CMP - Disabled Access Consultant</p> <p>5239 WIP CMP - Private Certifying Authority</p> <p>5240 WIP CMP - Heritage, Archaeological</p> <p>5241 WIP CMP - Dilapidation Surveyor</p> <p>5242 WIP CMP - Tenants</p> <p>5243 WIP CMP - Hazmat Consultant</p> <p>5244 WIP CMP - Audio Visual Design</p> <p>5245 WIP CMP - IT &amp; Comms Design</p> <p>5247 WIP CMP - Property Marketing</p> <p>5248 WIP CMP - Feasibility</p> <p>5249 WIP CMP - Taxes</p> <p>5250 WIP CMP - Legal Costs</p> <p>5251 WIP CMP - Land/Building Costs</p> <p>5252 WIP CMP - Capitalised Financial Costs</p> <p>5254 WIP CMP - Contingency</p>



Management Reporting (MR) code or Financial Accounting (FA) code	Natural Accounts in this MR code or Financial Accounting (FA) code	
MR_4.04.02.02 - CMP - WIP - Construction phase	5212 WIP CMP - Long Service Levy 5255 WIP CMP - Main Contractor 5256 WIP CMP - Temporary Buildings 5257 WIP CMP - Plant Hire and Purchase 5258 WIP CMP - General Office Consumables 5259 WIP CMP - Demolisher 5260 WIP CMP - Excavation, Shoring, Piling 5261 WIP CMP - Landscaping 5262 WIP CMP - Concrete Structure Works 5263 WIP CMP - Masonry 5264 WIP CMP - Waterproof Membranes 5265 WIP CMP - Steel Structure 5266 WIP CMP - Metalwork 5267 WIP CMP - Louvres, Grilles, Shutters 5268 WIP CMP - Balustrade, Handrail, Fencing 5269 WIP CMP - Carpenter 5270 WIP CMP - Doors, Frames and Hardware 5271 WIP CMP - Joinery, Toilet Partition 5272 WIP CMP - Roofing, Wall Cladding 5273 WIP CMP - Sanitary Plumbing, PC Items 5274 WIP CMP - IT & Communications 5275 WIP CMP - Fire Protection Services 5276 WIP CMP - Air Conditioning & Ventilation 5277 WIP CMP - Lift & Escalator Services 5278 WIP CMP - Electrical Services 5279 WIP CMP - Audio Visual 5280 WIP CMP - Partitions and Ceilings 5281 WIP CMP - Insulation 5282 WIP CMP - Floor Finishes 5283 WIP CMP - Shopfronts, Windows, Mirrors 5284 WIP CMP - Blinds, Window Furnishings 5285 WIP CMP - Painting (119) 5286 WIP CMP - Signage 5287 WIP CMP - Final Clean 5288 WIP CMP - Kitchen Equipment 5289 WIP CMP - Furniture, Fixture & Equipment 5290 WIP CMP - Removalists 5291 WIP CMP - Concrete Cutting, Coring 5293 WIP CMP - Defects Liability Period	
MR_4.05.01.01 - Depreciation	4047 Amortization Equipment 4049 Lease Amortisation 4711 Depreciation 4730 Leasehold Imp Depreciation Expense 4734 Infrastructure Depreciation Expense 4735 Buildings Depreciation Expense 4736 Plant and Equipment Depreciation Expense 4737 Library Collection Depreciation Expense 4738 Motor Vehicle Depreciation Expense 4739 IT Capital Resources Depreciation Expense 4741 Service Concession Asset Depreciation expense Bldg 4742 Service Concession Asset Depreciation expense Infrastructure 4743 Service Concession Asset Dep Expense and SC Dep F&F	
MR_4.05.01.02 - Amortisation	4731 Amortisation digital Library collections 4732 Amortisation IT Software 4733 Patents Amortisation Expense	
MR_4.01.02.02.01 - Professional Salaries	2116 Professional Internal Salary Recharges	

<b>Management Reporting (MR) code or Financial Accounting (FA) code</b>	<b>Natural Accounts in this MR code or Financial Accounting (FA) code</b>
MR_4.04.01.07-Non-capitalised equipment	4120 I/Coy - Equipment Non Capital MUH 4121 I/Coy - Equipment R&M MUH 4206 Furniture 4718 Minor Equipment Purchases PVT 5006 Equipment - Non Capital 5007 Equipment - maintenance and repairs 5009 Finishing 5017 IT Equip below \$5000 5018 Office Equipment & Appliances below \$5,000 5019 Lab Equipment below \$5000 5037 IT Project Non-Capital Expenses
MR_4.04.01.13 - Subscriptions	4400 Library materials 4402 University Subscription
MR_4.04.01.22 - Library Collections	5026 Library Collection OPEX
MR_4.04.01.23 - Computing, IT and Software	4001 Telephones/ Fax/ Telex TEST 4126 I/Coy - Telephone/Internet MUH 4803 ITS -Telephone/ Fax Call Charges 5001 Computer software and licenses 5004 Computing services 5028 IT Hardware Maintenance 5029 IT Software Maintenance 5030 IT Systems Support 5031 IT Hosting (non-cloud) Services 5032 IT Cloud Services 5033 Cyber Security 5034 Delivery as a Service 5035 Infrastructure as a Service 5036 Software as a Service

Management Reporting (MR) code or Financial Accounting (FA) code	Natural Accounts in this MR code or Financial Accounting (FA) code
<p>MR_4.04.02.03 - Facilities MR_4.04.02.03 - Facilities (continued)</p>	<p>4119 I/Coy - Repairs &amp; Maintenance MUH 4133 I/Coy - Repairs &amp; Maintenance MUCA 4205 Maintenance contracts 4207 Building Consultants Fees 4208 Student Housing 4209 Removal charge 4211 Minor construction, less than \$5000 5002 Roadworks 5003 Floor Coverings 5008 Landscaping 5010 New Building Works - Contract 5011 Maintenance &amp; Repairs existing Services &amp; Bldgs 5013 Upgrade/ Improvements Existing Bldgs 5309 Air Con/Refrigeration - Contract 5310 Air Con/Water Treatment-Contract 5311 Air Con/Refrigeration - Indoor Air Quality/Filters 5312 Air Con/Refrigeration - HVAC Repairs 5313 Air Con/Refrigeration - Other Repairs 5320 Bldg Sup - Building Contract 5323 Bldg Sup - Other,Casual Wages 5324 Bldg Sup - Uniforms 5325 Bldg Sup - Telephones 5326 Roads, Paths &amp; Carpark - R&amp;M 5327 Car Parking - Other 5331 Fire - False Alarms &amp; Processing Fees 5332 Fire - Contract 5333 Fire - R&amp;M-Lighting 5334 Fire - Evac Equip &amp; Training, EWIS 5336 Fire - Telephone / Fire Line/Monitoring 5337 Fire - Other 5338 Lifts &amp; Esc - Contract 5339 Lifts &amp; Esc - R&amp;M 5340 Lifts - Preventative 5341 Pest Control - Contract 5343 General Maintenance Contract 5344 R&amp;M - Electrical 5345 R&amp;M - Lamps, Tubes, Globes 5346 R&amp;M - Locks, Keys, Cards 5347 R&amp;M - Painting 5348 R&amp;M - Plumbing, Drainage Systems 5349 R&amp;M - Auto Doors, Roller Shutters 5350 R&amp;M - Other 5351 Plumbing - Contract 5352 Plumbing - Statutory 5353 Electrical - Contract 5354 BAS, BMS &amp; Controls - Contract 5355 BAS, BMS &amp; Controls - Other 5359 Security-R&amp;M, Access Keys 5361 Gardening - Common Areas Internal 5362 Gardening - Common Areas External 5384 NR - Preventative Repairs and Maintenance 5385 RE - Airconditioning Recharge 5386 NR - Corrective R&amp;M 5395 RE - Locksmith/Other Recharge 5397 Lifts - Corrective 5398 Electrical - Statutory</p>

<b>Management Reporting (MR) code or Financial Accounting (FA) code</b>	<b>Natural Accounts in this MR code or Financial Accounting (FA) code</b>	
MR_4.04.01.26 - Gain or loss on disposal of Assets	1707 Profit/Loss on Investment disposal 1909 Disposal Clearing Account 1910 Cash from Disposal of Assets 1914 Cash from disposal of asset 1915 NBV of asset - gain on disposal 4136 I/Coy- FA Purchase AMQ 4143 I/Coy - Equipment Non Capital AMQ 4705 NBV of All Assets Written-Off 4706 Loss on Disposal of Assets - PPE 4707 NBV of All Assets Disposed 4722 NBV of asset - gain on disposal	
FA_4.02.01 - Non-current Finance lease receivables	8240 Finance Lease MURP Non-Current	
FA_4.05.01.01.01 - Non-current Lease asset	8144 Lease Asset - Cochlear - Non Current 8244 Lease Asset - Hearing Hub - Cochlear - Non Current 8245 Lease Asset - Hearing Hub - AHS - Non Current	
FA_4.07.01.01 - Cost: PPE Construction in progress	8205 Buildings in Progress 8225 Work In Progress - Other 8227 Cap interest & transa cost on borrowing	
FA_4.07.02.02 - Valuation: PPE Land	8207 Land	
FA_4.07.03.02 - Valuation: PPE Buildings	8208 Buildings	
FA_4.07.03.03 - Accumulated depreciation: PPE Buildings	8215 Accumulated Depreciation - Buildings	
FA_4.07.04.02 - Valuation: PPE Plant and equipment	8209 Plant & Equipment 8211 Motor Vehicles	
FA_4.07.04.03 - Accumulated depreciation: PPE Plant and equipment	8213 Acc Dep Land, Art, Library Special 8216 Accumulated Depreciation - Plant & Equip 8218 Accumulated Depreciation - Motor Vehicle 8220 Accumulated Impairment Loss 8307 Accrued Accumulated Depreciation - Central Finance	
FA_4.07.05.01 - Cost: PPE Leasehold improvements	8229 Leasehold Improvements	
FA_4.07.05.03 - Accumulated depreciation: PPE Leasehold improvement	8230 Accumulated Depreciation - Lease Hold Improvement	
FA_4.07.06.01 - Cost: PPE Library General	8212 Library Collection - General	
FA_4.07.06.03 - Accumulated depreciation: PPE Library General	8217 Accumulated Deprec - Library Collections	
FA_4.07.07.02 - Valuation: PPE Library Special	8222 Library Collection - Special	
FA_4.07.08.02 - Valuation: PPE Works of Art	8210 Works of Art	
FA_4.07.09.02 - Valuation: PPE Infrastructure	8221 Infrastructure	
FA_4.07.09.03 - Accumulated depreciation: PPE Infrastructure	8214 Accumulated Depreciation - Infrastructure	
FA_4.08.01.01 - Cost: Patents, trademarks and other rights	8200 Patent Portfolio 8292 Work in Progress Patents	
FA_4.08.01.02 - Accumulated amortisation and impairment: Patents,	8223 Accumulated Depreciation - Patents	

<b>Management Reporting (MR) code or Financial Accounting (FA) code</b>	<b>Natural Accounts in this MR code or Financial Accounting (FA) code</b>	
FA_4.08.02.01 - Cost: Digital Library Collections	8248 Digital Library collections	
FA_4.08.02.02 - Accumulated Amortisation-Digital Library	8300 Accumulated Amortisation-Digital Library	
FA_4.08.03.01 - Cost: IT Software	8249 IT Software	
FA_4.08.03.02 - Accumulated Amortisation -IT software	8301 Accumulated Amortisation -IT software 8308 Accrued Accumulated Amortisation- Central Finance	
FA_4.08.04.01.01 - Library Collection Construction in Progress	8142 Library Collection prepayments - Capex 8224 Work In Progress - IT	
FA_4.09.01.01 - Right to Use Asset - Property	8323 Lease Right of Use Asset	
FA_4.09.02.01 - Accumulated Depreciation - Right to use asset - Property	8302 Accumulated Depreciation for ROU Asset	
FA_4.09.03.01 - Right to use asset - Equipment	8326 Lease Right of Use Asset Equipment	
FA_4.09.04.01 - Acc Depr Right to use asset - Equipment	8303 Accumulated Depreciation Leases Equipment	
FA_4.10.01.01 - Service Concession Asset: cost and depreciation	8350 Service Concession Asset - Land 8351 Service Concession Asset - Bldg 8352 Accumulated Depreciation - Service Concession Asset Bldg 8353 Service Concession Asset - Infrastructure 8354 Accumulated Dep - Service Concession Asset - Infrastructure 8355 Service Concession Asset - Furnitures & Fixtures 8356 Accumulated Dep - Service Concession Asset - F&F	
FA_5.04.04.01 - Current Lease incentive	Nil active	
FA_5.04.08.01.01 - Current Service Concession Liab	9561 Service Concession Liability -CURRENT	
FA_5.05.01.01 - Current Lease Liabilities	9536 Lease liability equipment FSE - current 9542 Lease Liability - Current 9550 Lease Liability Equipment - Current	
FA_6.03.01.02 - Make good: Non-current provisions	9034 Make Good Provision	
FA_6.04.02 - Non-current Lease incentive	Nil active	
FA_6.04.05.01 - Service Concession Liability	9560 Service Concession Liability	
FA_6.05.01.01 - Non-current lease liabilities	9537 Lease liability equipment FSE - non-current 9543 Lease Liability - Non Current 9551 Lease Liability Equipment- Non Current	
FA_7.01.01.01.01 - PPE revaluation surplus FA_7.01.01.01.01 - PPE revaluation surplus (continued)	9400 Asset Revaluation Reserve 9402 Realized Revaluation Reserve 9403 Revaluation Reserve Land Capital Assets 9404 Revaluation Reserve Bldg Capital Assets 9405 Revaluation Reserve Infrastructure Capital Assets 9406 Revaluation Reserve WOA Capital Assets 9407 Revaluation Reserve Library Capital Assets 9408 Revaluation Reserve Plant and Equipment	

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	26th November 2021
<b>Review Date</b>	26th November 2024
<b>Approval Authority</b>	Vice-President, Finance and Resources
<b>Approval Date</b>	11th November 2021
<b>Expiry Date</b>	Not Applicable
<b>Responsible Executive</b>	Robin Payne Vice-President, Finance and Resources
<b>Responsible Officer</b>	Ben Gray Deputy Group Chief Financial Officer
<b>Enquiries Contact</b>	Andrew Syros Director, Financial Operations, Tax and Treasury andrew.syros@mq.edu.au