Capital Asset Management Policy

Section 1 - Purpose

(1) The purpose of this Policy (Capital Asset Management Policy) is to:

a. identify what is classed as an asset;
b. clarify the assets to which this Policy applies;
c. clarify responsibility for assets;
d. clarify methods for the disposal of assets;
e. determine which assets are to be capitalised in accordance with general accounting principles;
f. determine the appropriate valuation of the asset;
g. provide the appropriate rate of amortisation of a capitalised asset based on its estimated useful life; and
h. provide a basis for insurance coverage and the external reporting of capitalised assets.

Background

(2) The University has a significant investment of public funds in the assets utilised throughout the University. To ensure that such an investment is properly managed, controlled and recorded, the State Government has, through the provisions of the Public Finance and Audit Act 1983 (NSW), provided a framework in which the University must operate. The Act also requires the Auditor-General to examine and report annually on the operations of asset control and reporting.

(3) The Asset Management section within Business Services of the Office of Financial Services, maintains a register of all University-owned Capital Assets as well as a register for those assets considered Attractive by the University using the Fixed Asset module of Finance One.

Scope

(4) This Policy applies to all staff and students of the University and its controlled entities.

(5) It will be of particular relevance to those staff and students who are involved in managing, reporting and using University-owned assets. This includes those staff responsible for making decisions regarding University-owned assets by virtue of their position as Executive Dean / Dean, General Manager, Head of Office, Asset Liaison Officer, Asset Officer and user of University-owned assets.

(6) This Policy applies to assets regardless of how they were acquired (e.g. via purchase, through a donation).

Section 2 - Policy

Acquisition

(7) All assets purchased from funds administered by the University are the property of the University, except where an agreement to the contrary is part of the conditions associated with a particular grant or contract.

(8) All acquisitions of Capital Assets will be entered in the Finance One system.

Recording

(9) The University will record all acquisition and disposals of its Capital Assets in the Asset Register and selective Attractive Assets in the Attractive Asset Register. This will occur when the asset has been paid for in full.

Capitalisation

(10) Capital works costs will be identified as an expenditure type of either Expense or Capital.

Depreciation and Amortisation

(11) The University will depreciate Capital Assets over their useful life.

(12) The University will use the straight line method of depreciation and review the rates of depreciation annually.

(13) The annual rates of depreciation for all University acquired assets will be maintained in the Capital Asset Schedule.

(14) A number of asset classes will not be depreciated, including Land, Works of Art, Sculptures, Museum collections and the Special Library collection.

Fully Depreciated Assets ($0 Value)

(15) The Asset Management section within Business Services will conduct a quarterly review of nil value depreciated assets that are on the Asset Register and have not been disposed to test if an asset is obsolete.

Disposal of Assets

(16) Disposal of a Capital Asset requires approval by the Executive Dean / Head of Office as well as the Vice-President, Finance and Resources, or Deputy Group Chief Financial Officer. Approval is required even when the written-down value (WDV) is nil.

(17) Capital Assets (with the exception of motor vehicles) will be disposed of using one of the following methods:

a. direct sale – where financially beneficial to the University and approved by the Vice-President, Finance and Resources;
b. advertisement in Staff News;
c. transfer to another financial unit within the University;
d. transfer to an external organisation;
e. sale by full public auction;
f. disposal by scrapping or dumping; and
g. removal from the University through e-waste.

(18) Attractive Assets will disposed of by:

a. offering the item to other areas of the University, and if not wanted; and
b. advertisement in Staff News.

(19) Motor vehicles will be disposed of by auction only. An auction will be held when the vehicle has reached approximately 40,000 kilometres, is two years old or is no longer required.

(20) Departure from the above methods of disposal may be approved by the Vice-President, Finance and Resources, the Chief Operating Officer or the Vice-Chancellor.

Stocktake and Valuation

(21) The University will:

a. value land and buildings every year;
b. value property, plant, equipment and collections over a three year period;
c. conduct a rolling stocktake over a two year period; and
d. report capital assets annually to the Audit Office of NSW.

Compliance and Breaches Statement

(22) The University may commence applicable disciplinary procedures if a person to whom this Policy applies breaches this Policy (or any of its related procedures).

Section 3 - Procedures

(23) Refer to the Capital Asset Management Procedure.

Section 4 - Guidelines

(24) Nil.

Section 5 - Definitions

(25) Commonly defined terms are located in the University Glossary. The following definitions apply for the purpose of this Policy:

a. Asset: any item of economic value, especially that which could be converted to cash. An asset can be:
    i. Physical or Tangible – an asset which includes land, buildings, infrastructure, plant, equipment, motor vehicles, work in progress and works of art; or
    ii. Intangible – an asset which includes trademarks, patents, computer software and work in progress.
b. Attractive Asset: a non-consumable item usually costing more than $1,000 but less than $4,999 and having a useful life of two years or more. These items are expensed in the year in which the expenditure is incurred.
c. Capital Asset: asset that has an individual cost or value of $5,000 or more (GST exclusive). The depreciated values of these assets are recorded in a balance sheet.
d. Capitalisation: the recording of an amount as an asset in the University's balance sheet that could otherwise have been treated as an expense.
e. Non-capital Asset: see Attractive Asset.
f. Obsolete Asset: asset of no further use to the University, or with little or no resale value, that has not yet been disposed of.
g. Written-down Value (WDV): the value of a capital asset after deducting the accumulated depreciation from its original cost price or fair value when it was acquired.

Status and Details

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Responsible Executive	Robin Payne Vice-President, Finance and Resources
Responsible Officer	Ben Gray Deputy Group Chief Financial Officer
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