

# Capital Asset Management Procedure

## Section 1 - Purpose

(1) To outline the steps to be followed by staff and students who are responsible for making decisions relating to University-owned assets by virtue of their positions such as Executive Dean, Dean, Head of Office, Faculty General Manager, Asset Liaison Officer, Asset Officer or user of University-owned assets.

## Section 2 - Policy

(2) Refer to the [Capital Asset Management Policy](#).

## Section 3 - Procedures

(3) It is the responsibility of staff to take appropriate and reasonable measures to identify, safeguard, track and record all Capital and Attractive (non-capital) Assets. Adhering to this procedure will assist in ensuring compliance with applicable legislation.

(4) This Procedure requires actions by the following:

- a. Asset Liaison Officer, Faculty or Office;
- b. Asset Officer, Office of Financial Services;
- c. Assistant Director, Business Services;
- d. Vice-President, Finance and Resources;
- e. Executive Dean / Dean / Head of Office;
- f. Finance and Facilities Committee;
- g. Property Officer, Macquarie University Property;
- h. Purchasing Officer;
- i. Staff member; and
- j. Taxation and Insurance Officer, Office of Financial Services.

(5) The steps in this Procedure are:

- a. Training;
- b. Acquisition;
- c. Recording;
- d. Capitalisation;
- e. Disposal;
- f. Stocktake; and
- g. Valuations.

## Part A - Asset Officer

### Training

(6) Provide training as follows:

- a. train Asset Liaison Officers in correct procedures, including how to ensure the integrity of the Asset Register;
- b. train newly appointed Asset Liaison Officers in stocktake procedures at the time of their appointment; and
- c. retrain existing Asset Liaison Officers as part of the preparation for a stocktake.

## Part B - Staff member

### Acquisition

#### Enter Assets into Finance One

(7) When acquiring assets, enter a requisition into the Finance One Purchasing Module using the correct natural account – e.g. for plant and equipment this would be:

Capital assets	5005
Non-capital assets	5006
Information technology capital projects	5016
Information technology equipment / software below \$5000	5017
Equipment and appliances below \$5,000	5018
Laboratory equipment below \$5,000	5019
Capital improvements (Property)	8205
Capital improvements (Informatics)	8224
Capital improvements (Others)	8225

## Part C - Asset Officer

### Review Finance One

(8) Provide details of assets by doing the following:

- a. note asset purchases through Finance One that have been identified as an asset but are not easily recognisable;
- b. send details to the relevant Asset Liaison Officer; and
- c. require the Asset Liaison Officer to provide the complete information, using the Asset Data Form(ADF), including a serial number and the location as a minimum, electronically and within five (5) working days (and if possible, prior to month end).

### Reconcile Assets

(9) Reconcile all capital assets on a monthly basis including the following asset categories:

- a. land;
- b. buildings;
- c. infrastructure;
- d. works of art;
- e. museum collections;
- f. coin collections;
- g. library – Special Collection;
- h. patents;
- i. plant and equipment; and
- j. information technology assets.

## **Review Rates of Depreciation**

(10) On an annual basis, review the current rates of depreciation assigned to each category, as specified in the Capital Asset Schedule.

## **Part D - Asset Liaison Officer**

### **Provide Details of Acquired Assets**

(11) Complete an Asset Data Form(ADF) to provide details to the Asset Officer of any assets that have been acquired but are not on the Asset Report, including any donated assets.

### **Administer Assets**

(12) Take responsibility for the assets of the financial unit, as follows:

- a. match assets received with a purchase order and stores delivery advice;
- b. ensure assets received are in good working order;
- c. ensure assets are readily identifiable and records are kept of unique identifying numbers;
- d. ensure assets are adequately secured; and
- e. ensure staff ceasing duty with the University return all University items in their possession.

## **Part E - Asset Officer**

### **Recording**

(13) Record all capital asset details including acquisitions and disposals (sale, transfer, destruction and theft) in the Asset Register.

### **Calculate Cost**

(14) To calculate the cost of a purchased asset include the:

- a. purchase or acquisition price;
- b. related freight costs;
- c. installation charges;
- d. customs charges and taxes; and
- e. any other direct costs that are incurred getting the asset into a condition necessary for its intended use.

## **Direct Costs**

(15) To calculate equipment costs, include additional items even if they were not initially ordered as a single amount as part of the initial cost (e.g. items required for equipment that cannot be commissioned unless all are fitted).

(16) Include software if it is included with the equipment, and warranty costs for the first year.

## **Training and Maintenance Costs**

(17) Do not include training or maintenance costs, except where these costs cannot be separated from the acquisition cost.

## **Information Technology (IT) Equipment**

(18) All information technology equipment should be leased. Leased equipment cannot be capitalised unless specific grant funding has been provided for the purchase of this equipment.

## **Group Assets**

(19) Where the purchase price of a group of assets is above \$5,000 and includes individual items that can operate independently, do not group the assets but cost them as separate items (e.g. if you purchased ten chairs at a total cost of \$5,600, the individual value of each chair is \$560, therefore this will not be included in the Asset Register).

(20) Where the purchase of a group of assets is for the purpose of improvement and is not merely a replacement of 'like with like', the purchase is to be capitalised.

(21) Record those assets with a cost of \$5,000 or more.

## **Attractive Assets**

(22) Do not record assets costing less than \$5,000 in the Attractive Asset Register, except for:

- a. laptops costing \$3,000 or more (no other computer equipment);
- b. digital cameras costing \$3,000 or more;
- c. all other equipment deemed to be assigned for personal use while employed at the University e.g. iPhone, Blackberry, iPad; and
- d. any other item of equipment the University / Faculty / Office deems an Attractive Asset where the item cost more than \$1,000 but less than \$4,999 (GST exclusive) and have a useful life of two years or more.

(23) Note that these items are recorded to assist with expenditure control purposes at the financial unit level, and for security and insurance purposes, as they are considered to be at risk of theft. Attractive items are expensed in the year of acquisition.

# **Part F - Property Officer**

## **Capitalisation**

### **Determine Major Capital Works Category**

(24) Before commencing major capital works (e.g. building related, major information technology (IT) project), determine whether the project is for capital improvement or repair and maintenance, as follows:

- a. capital improvement involves making significant additions, alterations, renovations or structural changes that extends the useful life or adapts the space for changing needs or standards. It also includes enhancements and

improvements to the value and/or performance of the original asset (eg the replacement of a roof using better materials is a capital improvement and is to be capitalised); or

- b. repair and maintenance involves restoring an item to its normal operating condition or to prevent further deterioration and service interruption. This includes minor improvements that enhance appearance but do not change the functionality of the asset. Payments of this nature should be expensed in the year purchased.

(25) Note that natural account 8205 (managed and controlled by Property in conjunction with the Office of Financial Services) has been established for work in progress capital improvements. Natural accounts also exist for Informatics (8224) and for all other items (8225).

## **Part G - Asset Officer**

### **Identify Capitalisation and Expense Costs**

(26) The Property Officer provides monthly reports of the capital project against planned deliverables, timelines and approved project budget.

(27) Receive these reports and identify what is to be capitalised or expensed and make the necessary movements from the work in progress account.

(28) Capitalisation of costs should begin when a project has been approved with the intent it will be completed. For a rejuvenation of existing buildings / infrastructure project or IT project, the stage of the project determines whether the costs are to be capitalised or expensed. There are three stages for capitalisation purposes:

- a. Stage One - Preliminary
  - i. Activities in the initial investigation, scoping and feasibility phases occur before the project is approved to proceed. These activities include relocation of existing tenants and related decanting costs, and demolition of old construction. Costs associated with these preliminary steps are not considered to be part of major capital works and are therefore to be expensed as incurred.
- b. Stage Two - Construction
  - i. Once the project and funding has been approved, activities in the construction phase begin. These include design, documentation / specification, site preparation (including site preparation of old construction), construction and fit out.
- c. Stage Three - Post-construction
  - i. Post-construction activities are those performed once construction has been completed. For buildings, the completion date would be the date shown on Certificate of Practical Completion, which is issued by a registered architect. Post-construction includes costs for remedial work to end of warranty period, removalist costs and on-going maintenance costs.

(29) Capitalisation of costs should cease when the Project Sponsor has signed off that project objectives have been met and that the project is complete and ready for its intended use.

(30) On a monthly basis, work with Informatics and the relevant Capital Works Project Manager to compile a report on work in progress for capital improvements and send it to the Asset Officer.

(31) Examples of costs to be capitalised (subject to the capitalisation threshold) and expensed are provided in the table below:

Project Stage / Phase	Activity / Cost Item Description	Expenditure Type
Preliminary Stage (before approval to proceed)	<ol style="list-style-type: none"> <li>1. initial investigation</li> <li>2. scoping</li> <li>3. feasibility</li> <li>4. relocation</li> <li>5. demolition of old construction</li> </ol>	Expense  (Investigate possibility of using Asset Revaluation Reserve)
Preliminary Stage	<ol style="list-style-type: none"> <li>1. obtaining planning and building permits</li> </ol>	Capitalise
Construction Stage	<ol style="list-style-type: none"> <li>1. obtaining planning and building permits</li> <li>2. detailed design and specification</li> <li>3. site preparation</li> <li>4. construction</li> <li>5. project management / contractor costs directly attributable to that project</li> <li>6. fit out costs</li> <li>7. initial delivery and handling costs</li> <li>8. installation costs</li> <li>9. professional fees for architects and engineers.</li> </ol>	Capitalise
Post-construction Stage	<ol style="list-style-type: none"> <li>1. recurring maintenance and Infrastructure support</li> <li>2. ongoing administrative costs of running the facilities (ie any cost that cannot be directly attributable to a particular new acquisition or building, is not be capitalised).</li> </ol>	Expense

## Part H - Staff Member

### Disposal

(32) Note that:

- a. disposal includes sold, transferred, written-off, and stolen assets;
- b. the sale of second hand equipment by the University is subject to GST; and
- c. the Executive Dean / Dean / Head of Office is responsible for ensuring the appropriate disposal methods are followed and eliminating any conflict of interest as part of the sale.

(33) Prior to disposal, work with the Asset Liaison Officer to complete an Asset Data Form and include the following information:

- a. the asset number and description of the asset;
- b. the reason for the disposal;
- c. the proposed method of disposal, which varies depending on the type of asset and its value; and
- d. a confirmation email or signature from the Executive Dean / Dean / Head of Office authorising the disposal.

(34) Where the asset number is not known, then a description of the asset will be required as well as the asset:

- a. purchase order number;
- b. initial cost;
- c. current written down value;
- d. serial number;
- e. current location; and
- f. current custodian.

## **By Sale**

(35) The method of disposal used for the sale of assets (with the exception of motor vehicles) will depend on the Written Down Value of the asset being disposed.

(36) A direct sale is only applicable where an item is unique and the sale is financially beneficial to the University.

(37) When the original asset cost under \$5,000:

- a. check whether any other area of the University is able to utilise the asset (for office furniture, use the Macquarie University Furniture and Electronic Re-Use and Recycling Scheme – see [Office Furniture Reuse](#)). If not:
  - i. obtain a written recommendation for the sale from the Executive Dean / Dean / Head of Office;
  - ii. refer the recommendation to the Asset Officer for the appropriately delegated officer to determine whether to approve the sale; and
  - iii. then advertise the item for sale in Staff News.

(38) When the original asset cost \$5,000 or more (except for motor vehicles):

- a. arrange for a full public auction; or
- b. submit a case to the Vice-President, Finance and Resources for approval to sell by other means.

(39) A full public auction will involve:

- a. advertising the item(s) for sale in internal publications (eg Staff News) or in external newspapers;
- b. an open auction where the highest bidder wins the purchase of the asset;
- c. the Faculty / Office conducting the auction, sending all bidding details to the Asset Manager;
- d. the Asset Manager recording the highest bid and providing this information to the Faculty / Office;
- e. the Faculty / Office informing the successful bidder; and
- f. the Faculty / Officer issuing an official University receipt to the purchaser upon receipt of payment for the asset.

## **Motor Vehicles**

(40) Disposal of motor vehicles is by auction. This is to occur once the vehicle:

- a. has reached approximately 40,000 kilometres; or
- b. is two years old; or
- c. is no longer required.

(41) The auction must be arranged by the Purchasing Section, Office of Financial Services, through the University's selected auctioneer or, occasionally by trade-in.

(42) For all sales, record acceptance of the highest offer or advertised price. Issue a tax invoice to the purchaser within 28 days of the date of sale.

## **By Transfer**

(43) Note that all assets purchased from funds administered by the University are the property of the University. The only exception is where an agreement to the contrary is part of the conditions associated with a particular contract or grant, and this has been agreed by the Vice-President, Finance and Resources.

## **Transfer within the University**

(44) Where responsibility for an asset changes from one financial unit to another, written acknowledgement along with an updated Asset Data Form is required from the delegated authority of both financial units.

(45) Report to the Asset Officer a transfer involving the physical movement of an asset but no change in responsibility.

## **Transfer to an External Organisation**

(46) Transfer of an asset to another organisation is only possible when:

- a. the Executive Dean / Dean / Head of Office certifies that the asset is not required for use within the University by other members of staff in their research or other professional duties;
- b. the Vice-President, Finance and Resources, or the Deputy Vice-Chancellor (Research) approves the transfer; and
- c. the Vice-President, Finance and Resources, or the Deputy Vice-Chancellor (Research) has negotiated an agreed price for the transfer with a counterpart at the other organisation.

(47) In addition, when a current research project is transferred to an external organisation, it is also possible for assets to be transferred but only where the following conditions are met:

- a. the particular grant or contract must contain a condition that these assets revert to the external organisation at the conclusion of the agreement;
- b. the assets must have been purchased for the project using external research funds; and
- c. agreement must be reached between the University and the other institution. The Vice-President, Finance and Resources, and the Deputy Vice-Chancellor (Research) are delegated to commit the University in such negotiations.

## **Due to Theft or Destruction**

(48) On campus - contact Security on 9850 7112.

(49) Off campus - notify the Police and then inform Security on 9850 7112.

(50) In all cases notify your immediate supervisor and the Asset Liaison Officer / Executive Dean / Dean / Head of Office, and Taxation and Insurance Officer.

## **Write-off**

(51) An asset must be written off if it is not in use or has no value.

## **Other Assets**

(52) Assets not covered by the above that are reported as being disposed are required to be destroyed, disposed of appropriately by e-waste, recycled or cannibalised, with useful components kept as spare parts if appropriate.

## **Part I - Taxation and Insurance Officer**

(53) Advise the Asset Officer of any reported asset thefts.

## **Part J - Asset Liaison Officer**



## **Notify Asset Officer of All Disposals**

(54) Notify the Asset Officer of all disposals of assets by submitting an Asset Data Form.

## **Part K - Asset Officer**

### **Update Asset Register**

(55) Receive notification of disposal of assets and prepare a report for the Vice-President, Finance and Resources, and the Finance and Facilities Committee.

(56) Remove an asset from the Asset Register (i.e. write-off the asset) in the following circumstances:

- a. sale of the asset;
- b. obsolescence of the asset due to it being:
  - i. no longer operational and uneconomical to repair;
  - ii. uneconomical to maintain or service;
  - iii. surplus to requirements; and
  - iv. technologically redundant or inferior and it does not make commercial or operational sense to keep (ie it has become aged and it is operationally inefficient or lacks commercial sense to maintain or it forms part of a larger asset eg a computer network that is not compatible with newly acquired items within that a larger asset set);
- c. theft, destruction or misplacement; and
- d. transfer to another organisation.

### **Review and Report Assets**

(57) Conduct a quarterly review of all assets that are on the Asset Register with a nil value. Each financial unit will determine whether those assets are still in use, and if so, determine and advise the value of each asset (if practical) and its effective life. Write-off an asset that is not in use or has no value.

(58) Report all capital assets sold or otherwise disposed of to the Finance and Facilities Committee of the University Council.

### **Stocktake**

(59) Conduct a rolling two year stocktake of all physical assets to help reduce losses, and to ensure the information on the Asset Register is correct.

(60) The [Audit Office of NSW](https://www.audit.nsw.gov.au/) requires the University to provide written certification as to the existence and condition of all capital assets at year-end. This is in addition to any asset stocktake held during the financial year. Therefore, by November of each year, send an email to the Asset Liaison Officer and Executive Dean / Dean / Head of Office and include a list of all capital assets that are recorded on the Asset Register that are attributable to that financial unit.

### **Organise a Stocktake**

(61) Agree with the Asset Liaison Officer a date and time for a stocktake.

(62) Supply an Asset Report (extracted from the Fixed Asset Register), in advance of the stocktake and select random items from the list for verification.

## **Part L - Asset Liaison Officer**

### **Prepare for a Stocktake**

(63) Prepare for the stocktake by reviewing the list of assets and arranging for access with the relevant custodians.

### **Perform a Stocktake**

(64) Either you or the relevant Executive Dean / Dean / Head of Office must:

- a. ensure and certify that the selected assets on the Asset Report are accounted for;
- b. ensure that missing assets are noted and action is taken to locate them;
- c. detail the circumstances relating to any assets declared missing (eg the steps taken to locate such assets);
- d. advise the Asset Officer of any assets that are obsolete, unused or missing and arrange for them to be written-off;
- e. ensure the details of all assets on the Asset Report are correct;
- f. advise the Asset Officer of any assets that should be included on the Asset Report providing all relevant details such as the cost, date of purchase, supplier, location, custodian etc.;
- g. sign to confirm the assets have been the subject of the stocktake, certifying the observations made and any actions required; and
- h. arrange for the Asset Officer to co-sign the document.

## **Part M - Purchasing Officer**

### **Dispose of Motor Vehicles**

(65) Arrange the disposal of a motor vehicle through the University's selected auctioneer, or occasionally by trade-in. Auctions must only be arranged through a Purchasing Officer, Business Services Section.

(66) Report all sales to the Asset Manager and Tax Officer, providing the post sale summary report from the Auctioneer.

## **Part N - Executive Dean / Dean / Head of Office**

### **Verify Assets**

(67) At the end of each calendar year, provide written certification (via email) to the Asset Officer that the assets listed:

- a. exist;
- b. are in good order;
- c. are under the custody of their financial unit; and
- d. that the details of the assets are accurate.

## **Part O - Vice-President, Finance and Resources**

(68) Approve the disposal of Capital assets and provide a report of these disposals to the Finance and Facilities Committee.

## Part P - Finance and Facilities Committee

(69) Receive a report of the disposal of all capital assets.

## Part Q - Assistant Director, Business Services

### Valuations

(70) Organise valuations of University assets, as follows:

a. Property, Plant and Equipment

- i. Engage external professional valuers to determine the fair value of land, building, plant and equipment, and infrastructure.
- ii. Arrange a full-scale valuation over a three year period for plant and equipment and a full valuation of land and property every twelve months.
- iii. Use this information to:
  - inform the insurance portfolio; and
  - provide accurate and up to date information for balance sheets and end of year financial reporting.

b. Collections

- i. Every three years, engage a specialist in the relevant field to value unique assets such as artwork, library collections and museum collections.

## Section 4 - Guidelines

(71) Nil.

## Section 5 - Definitions

(72) Commonly defined terms are located in the University [Glossary](#). Definitions specific to this Procedure are contained in the [Capital Asset Management Policy](#).

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	22nd February 2021
<b>Review Date</b>	1st April 2021
<b>Approval Authority</b>	Vice-President, Finance and Resources
<b>Approval Date</b>	16th July 2012
<b>Expiry Date</b>	26th November 2021
<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>	Ben Gray Deputy Group Chief Financial Officer