

# Financial Management of Assets Procedure

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## OVERVIEW

The Finance Branch maintains the Asset Register in order to comply with statutory reporting requirements. The Asset Register records the cost and the subsequent depreciation and valuation of University capital assets. Non-capital assets are also recorded to assist Faculties and Divisions manage non-capital assets. Faculties and Divisions are the custodians of capital and non-capital assets that are registered to them. The Finance Branch is the custodian of the Asset Register, and compliance with accounting standards.

A summary of responsibilities are below:

### Finance Branch

- Maintain the asset register: non-capital and capital assets (section 2.4)
- Ensure accounting standard compliance (refer to “*What is an Asset*” and section 1.5)
- Asset depreciation (section 2.1)
- 3 yearly land and buildings, library and art collection revaluations (section 2.2)

### Faculty and Division

- Asset acquisitions and registration (section 1)
- Monitor and review the net book value of assets are appropriate and have not materially changed (section 2.3)
- Asset adjustments or changes i.e. the asset’s cost centre, useful life, residual life, asset description or asset’s physical location (section 2.4)

- Care and use of assets (section 3.1)
- Loan or hire of assets (section 3.2)
- Disposal of assets i.e. asset trade-ins, sales, transfers to another institution, donation or scrapping (section 4.6)
- A stocktake is undertaken periodically by the Faculties and Divisions (section 4.4)

### Infrastructure

- In addition to Faculty and Division Responsibilities:
  - Advise Finance of work in progress (WIP) infrastructure in-service dates for capitalisation (section 1.5)
  - Monitor and review work in progress (WIP) projects (section 1.5)

### Information Technology & Digital Services (ITDS)

- In addition to Faculty and Division Responsibilities:
  - Advise Finance of work in progress (WIP) asset in-service (go-live dates) for capitalisation (section 1.5)
  - Monitor and review their work in progress (WIP) projects (section 1.5)
  - Monitor computer disposals for lease or owned assets (section 4.3)

## SCOPE AND APPLICATION

This procedure applies to all staff, students, titleholders and members of the University community involved in the acquisition, management and disposal of University assets.

### WHAT IS AN ASSET?

Assets are defined as any item owned or controlled by the University, of economic value, and with an expected useful life of greater than 12 months.

An asset can be physical (e.g. land, buildings, plant, equipment, motor vehicles, works of art, leasehold improvements), or intangible (e.g. computer software, trademarks, patents).

An asset may be acquired directly by purchase, bequest or donation, or result from construction. During the construction phase, the asset is known as a work-in-progress asset.

University assets are categorised into the following:

Asset	Definition	Accounting Treatment
<b>Capital Asset</b>	<p>An asset whose value at the time of acquisition is \$10,000 or above (excluding GST).</p> <p>The asset value includes all costs associated with the purchase, including freight, installation, cabling, customs charges, overseas taxes, additional safety requirements, and any other direct costs of readying the asset for its intended use.</p> <p><b>Exceptions</b> to the standard \$10,000 value threshold stated above:</p> <ul style="list-style-type: none"> <li>• Works of Arts, greater than \$2,000</li> <li>• Intangibles, greater than \$100,000</li> <li>• Library collection, no threshold, all collections are valued as a whole.</li> </ul> <p><b>Other exception:</b> Items in the University's cultural, historical and scientific collections (excluding works of art). These assets are not recorded on the Asset Register, as their value cannot be reliably measured</p>	<p>Recorded as an expense within a faculty or division.</p> <p>Recorded on the University balance sheet and depreciated over its useful life.</p> <p>Exceptions are also recorded on the University balance sheet and depreciated over the asset's useful life.</p>

<b>Non-Capital Asset</b>	<p>An asset that meets the following criteria:</p> <ul style="list-style-type: none"> <li>the asset's cost is between \$4,000 and \$10,000 (excluding GST),</li> <li>non-consumable items and,</li> <li>has a useful life of greater than 12 months.</li> </ul> <p>Non-capital assets are flagged by the Purchasing team when a purchase order is raised, in which the asset will be automatically loaded by the system onto the non-capital Asset Register. When the asset is receipted, the person receipting the goods will be prompted to enter the serial number or unique ID for that particular asset.</p>	<p>Recorded as an expense within a faculty or division.</p> <p>No provision is made for depreciation.</p>
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Refer to the [Chart of Accounts](#) for the general ledger account codes and examples of assets types.

## PROCEDURE

### 1. ACQUISITION AND REGISTRATION

#### 1.1 Acquisition through purchase

The procurement of capital and non-capital assets must be made in accordance with the [Procurement Procedures](#). The purchase must be made with a purchase order (via a Requisition in eProcurement) or Corporate Credit Card for online purchases only. The Management Accounting Team review the costs allocated against specific general ledger accounts prior to capitalisation of the asset(s).

#### 1.2 Acquisition through non-monetary donation

The authorities and processes for accepting items for the University's art, heritage and teaching collections are specified in the [Collection Management Policy & Procedures](#).

Authorities and processes for accepting other non-monetary gifts for which the donor is seeking tax deductibility are specified in the [Giving Policy](#).

If the non-monetary donation is considered an asset:

- Determine the value of the gift in conjunction with the donor (if gift is tax deductible) or by estimation based on the asset's market value or other appropriate means.
- If the gift meets the definition of an asset, please submit an [Asset Form](#) to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au).

#### 1.3 Transfer of research assets from another institution

Research assets may be transferred when a researcher transfers to the University from another institution and if applicable, within the terms of the relevant research funding agreement

Asset transfer without cost:

- Ensure an estimated market value is attributed to the asset
- Submit the [Asset Form](#) with appropriate substantiation to support the estimated market value to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au).

#### 1.4 Acquisition through loan

Assets on loan to the University must be recorded on the Asset Register for insurance purposes and to safeguard the asset to:

- Ensure that the terms of loan are clearly documented,
- Liaise with [Legal & Risk](#) regarding insurance matters, and
- Submit an [Asset Form](#) to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au).

#### 1.5 Acquisition through asset construction (work in progress asset)

There are two major construction asset types:

- Software development and implementation, that would normally consist of employee costs and other associated expenditure (ITDS team), and
- Building additions or renovations (Infrastructure team).

Expenditure on these projects are recognised as work in progress (WIP).

The Infrastructure and ITDS team need to monitor and review their work in progress projects to ensure costs are capital in nature.

In addition, the Infrastructure and ITDS team must advise Finance (Management Accounting Team) of the asset in-service (go-live) dates of their WIP projects to ensure that the Fixed Assets team can perform a timely review and capitalisation of assets onto the Capital Assets Register.

## 2. DEPRECIATION, ADJUSTMENTS AND TRANSFERS

### 2.1 Depreciation of Capital Assets

The University depreciates assets over their useful lives. Works of Art and Land assets are not depreciated.

Asset net book values (carrying values) are reviewed at the end of the reporting period to ensure they are appropriate (refer 2.3). Additionally, a specific event may result in the adjustment to the carrying value of an asset.

The following table details estimated useful lives:

Buildings	80 – 100 years
Leasehold improvements (shorter of lease term or useful life)	5 – 50 years
Library Collection	10 years
Plant and equipment inc. motor vehicles, office equipment and furniture	5 – 10 years
Intangible assets	5 years
High end scientific instrumentation	5 – 30 years

Asset net book values (carrying values) are reviewed at the end of the reporting period to ensure they are appropriate (refer 2.3). Additionally, a specific event may result in the adjustment to the carrying value of an asset.

### 2.2 Revaluation of Capital Assets

For accounting purposes, land, buildings, the library collection and the art collection are revalued every three years. For land and buildings, an additional desktop assessment of market movements is performed annually.

### 2.3 Monitoring and review

The net book value of assets are reviewed by the Faculty or Division at the end of the accounting period to ensure that the net book value of the asset is appropriate and has not materially changed.

### 2.4 Asset adjustments and changes

Faculties and Divisions must submit an [Asset Form](#) to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au) when:

- an asset is transferred to another cost centre (any consequential General Ledger adjustments are the responsibility of the transferor), noting that the Faculty/Division receiving ownership of the asset will need to approve the Asset Form, and
- there is a change to a key element of the asset, the asset's useful life, the asset's residual value, the asset description or location of the asset.

## 3. CARE AND USE OF ASSETS

### 3.1 General principles

- Use assets for University purposes
- Maintain plant/equipment as per [Chapter 3.7 Plant/Equipment Safety Management](#)
- Appropriately safeguard assets from damage, theft and misappropriation.

**Note:** Theft of or damage to assets must be reported to [Campus Security](#) and if applicable, the [Insurance Office](#) in Legal & Risk. To update the register, submit [Asset Form](#) to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au).

### 3.2 Loan or hire of University assets

University assets must not be lent for private use to staff, students or the general public.

- Terms and conditions of loan or hire must be documented and used for University purposes, please consult [Legal & Risk](#)
- If plant/equipment, refer to [Chapter 3.7 Plant/Equipment Safety Management](#)
- Raise a [Billing Request eForm](#) considering any GST implications
- Update the location of the asset using the [Asset Form](#).

Assets funded from external sources that are subject to specific rules and conditions on usage may only be lent or hired in accordance to those rules and conditions.

## 4. DISPOSAL OF ASSETS

### 4.1 Disposal authorities

The authority to dispose of a University Asset (capital, non-capital or any other asset of value) must be approved by a staff member holding an [Expense Delegation](#).

This authority is determined by the net book or current value, whichever is greater.

In authorising a disposal, the authoriser is declaring that the asset:

- is surplus to University requirements;
- has reached approved, predetermined criteria (e.g. mileage or image numbers),
- is under performing, unserviceable or obsolete, or
- is missing or stolen, and
- the processes set out below have been complied with.

### 4.2 General requirements for disposal of assets

- Any sale of assets to staff is in accordance with the University's [Conflict of Interest Procedure](#).
- Disposal of plant/equipment is in accordance with [Chapter 3.7 Plant/Equipment Safety Management](#) of the [HSW Handbook](#).
- Apply the [Motor Vehicle Procedures](#) to the sale or disposal of motor vehicles.

### 4.3 Computer disposal (leased or owned)

Any computer either leased or owned by the Faculty or Division must be returned to or disposed of via ITDS in order for the device to be securely wiped. Contact the [ITDS Service Desk](#) to arrange. Contract administration of the lease assets (buyout, charging details) is managed via [Strategic Procurement](#).

### 4.4 Capital assets

To enable the University's capital assets to be properly accounted for and the Asset Register accurately maintained, Faculties and Divisions should review their assets and advise of any changes or disposals as set out in this procedure. A stocktake of assets with a written down value greater than \$10,000 should be undertaken at a minimum of every 3 years by the Faculties and Divisions.

### 4.5 Non-capital assets

Faculties and Divisions can view a report showing the non-capital assets within their area, enabling them to better manage their assets and perform stocktakes. For access to run reports in the Finance System, raise a [Finance System Access Request Form](#) to request the role of "Query Viewer" and then refer to the [quick reference guide](#) to run the report.

Should the user not have access to the Finance System, the non-capital assets report can be requested from [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au)

After a three year period from the date of acquisition, unless otherwise notified, non-capital assets will be disposed of and will not be listed on the Assets Register. If during the three year period, the asset listed on the non-capital asset register is disposed of, a request can be submitted to [finmar@adelaide.edu.au](mailto:finmar@adelaide.edu.au) to update the Assets Register.

### 4.6 Process of disposal

It is the responsibility of the Faculty or Division to ensure that disposal of University assets are in the best interest of the University (e.g. sold for the highest possible price), sufficiently documented and approved in accordance to the University's [delegated authorities](#).

If the asset is sold, ensure the proceeds of the sale are coded to the correct Revenue Account as per the [Chart of Accounts](#).

Trade In	<p>If trade-in provides appropriate value to the University, ensure documentation clarifies that ownership of the traded-in asset is transferred to the supplier of the new asset</p> <p>Email <a href="mailto:finmar@adelaide.edu.au">finmar@adelaide.edu.au</a> for the current net book value of the capital asset.</p>	<ul style="list-style-type: none"> <li>• Supplier invoice lists the costs of the new asset and proceeds of traded in asset.</li> <li>• Submit an <a href="#">Asset Form</a></li> </ul>
Sale	<p>Assets may be sold by through a licensed auctioneer, by advertisement (<i>sites such as eBay or Gumtree are not acceptable</i>) or private sale (where there is only one apparent customer):</p> <ul style="list-style-type: none"> <li>• Identify a reasonable market value, email <a href="mailto:finmar@adelaide.edu.au">finmar@adelaide.edu.au</a> for the current net book value of the capital asset and previous sales of similar items to guide the sale price</li> <li>• Advertisement must clarify asset is sold “as is” with no warranties or support and must include GST</li> <li>• The transaction is transparent and auditable.</li> </ul>	<ul style="list-style-type: none"> <li>• Once a sale is concluded, raise a <a href="#">Billing Request eForm</a></li> <li>• Submit an <a href="#">Asset Form</a></li> </ul>
Transfer to another institution	<p>An asset may be transferred to another institution, at the University’s discretion, if it’s linked to the work of a researcher, if:</p> <ul style="list-style-type: none"> <li>• Transfer is in accordance with the terms of any relevant research funding agreement</li> <li>• Insurance and transportation arrangements are clearly established.</li> </ul>	<ul style="list-style-type: none"> <li>• If sold, raise a <a href="#">Billing Request eForm</a></li> <li>• Submit an <a href="#">Asset Form</a></li> </ul>
Donation	<p>Assets with no significant monetary value, or where no sales market exists may be donated elsewhere in the University, to non-for-profit organisations and charities or other similar institutions.</p>	<ul style="list-style-type: none"> <li>• Ensure arrangement is fully documented</li> <li>• Submit an <a href="#">Asset Form</a></li> </ul>
Scrap	<p>If an asset cannot be sold or donated, is obsolete or beyond economic repair, then it may be disposed of, or dismantled for spare parts.</p>	<ul style="list-style-type: none"> <li>• Arrange for item to be physically disposed.</li> <li>• Submit an <a href="#">Asset Form</a></li> </ul>