

Asset Management Policy and Procedure

1. Purpose

This policy and procedure documents the management of assets that are purchased by, bequeathed or given to EIA, for the purpose of learning, teaching, research or industry engagements.

All assets in EIA should be managed prudently to avoid any inappropriate use and to ensure compliance with accounting recording procedures.

This policy complies with the Higher Education Standards Framework (Threshold Standards) HES 2015 in the Tertiary Education Quality and Standards Agency Act 2011 by the Commonwealth of Australia, specifically to Section 6.2.

2. Scope

This policy and procedure applies to all EIA staff.

3. Responsibility

The Finance Manager/Executive Manager of Operations is responsible for the implementation of this policy and procedure.

4. Definition

Asset: an economic value item with an expected useful life of 12 months or more that is either owned or used by EIA. An asset can be tangible or intangible, and can be acquired through purchase, bequest or as a result of construction such as a new or refurbished building or facility. The following should be noted when classifying assets:

Assets which are in the construction phase are known as work-in-progress assets;

Improvements to any leased properties are classified as assets, but other leased items such as printers and computers are not assets.

Building and land:

- buildings and land that is owned freehold by EIA and used for the purpose of learning and teaching, research and industry engagement;
- investment properties held primarily to earn rental income.

Capital improvements to buildings are categorised as building assets and include substantial renovations, alterations, additions and structural changes that increase the useful life of the building or to amend it for different uses. Regular repairs or maintenance are not classified as building assets.

Capitalised asset: An asset that at the time of acquisition is of the value(s) listed in Table A. The values include all costs related to preparing the asset ready for use but exclude any GST or cost of item(s) purchased for future use for repair or maintenance. Items that are purchased in bulk will be recorded at the individual cost.

Furniture: includes chairs, desks, workstations, bookshelves, etc.

Intangibles: includes computer software installations, trademarks, and patents. Intellectual property is not categorised as an asset unless it can be measurable.

Leasehold improvement: any improvements paid by EIA on a property which is leased.

Library collection: hard copies and electronic copies of books, journals, videos, audios, data, and other related materials.

Local asset: Asset whose value excluding GST at the time of acquisition is listed in Table A.

Office equipment: includes phones, tablets, laptops, computers, photocopiers and printers, projectors, modems, routers, servers etc.

Works of art: including paintings, artistic photographs, drawings, sculptures and other classified art.

Table A.

Asset	Value (excluding GST)		Asset	Value (excluding GST)	
	Capitalised	Local		Capitalised	Local
Building	≥ \$10,000	-	Library resources	Whole collection	-
Land	≥ \$10,000	-	Machinery and equipment	≥ \$10,000	< \$10,000
Furniture	≥ \$5,000	< \$5,000	Motor vehicles	≥ \$10,000	< \$10,000
Leasehold improvements	≥ \$10,000	-	Office equipment	≥ \$5,000	< \$5,000
Intangibles (e.g. computer software)	≥ \$50,000	< \$50,000	Works of art	≥ \$2,000	< \$2,000

5. Procedure

- 5.1 Acquisition and recording of Capitalised assets: capitalised assets that are purchased within a department are recorded as expenses, but in the financial statements of EIA, they are recorded in the balance sheet and depreciated over their useful life.
- 5.2 Acquisition through purchase: Items with a value of \$5,000 or more must be purchased in accordance with the Purchasing and Outgoing Payments Policy and Procedure. The Accounts Officer will be prompted by MYOB to confirm whether the purchase is a capitalised asset.
- 5.3 The Accounts Officer shall ensure each purchase is coded to the appropriate Expense Account Code, for the relevant asset category in the Charts of Accounts in MYOB. When an individual component of an item is integral to a large asset and after assembling with have a value as listed in Table A, it should be classified as a capitalised asset.
- 5.4 Acquisition through transfer from another institute: Research assets may be transferred to EIA from another institute/education provider when a researcher transfers from that

institute to EIA. These assets need to be added onto the Capitalised Asset or Local Asset register.

5.5 Acquisition through loan: Assets that EIA has acquired through a loan are not included in the Capitalised Asset, and if the loan is of a period of 3 months or more, it needs to be included in the Local Asset register.

5.6 Acquisition and recording of local assets: local assets that are purchased within a faculty are recorded as expenses, and there are no provisions for depreciation.

5.7 Acquisition through purchase: Purchases of local assets should be in accordance with the Financial Management Policy. Assets with a value of up to and including \$5,000 can be purchased using a purchase order, credit card or direct order from the vendor. Assets over \$5,000 must be purchased through a purchase order.

5.8 Acquisition of assets through loan:

Only officers with the authority to authorise expenditure for the purchase of assets can approve acquisition through a loan. These authorities are detailed in the Financial Delegations of Authority.

5.9 Depreciation: Capitalised assets are recorded at cost and depreciates using the following:

- Depreciation on freehold buildings is calculated using a diminishing value basis.
- Depreciation is not applicable for land, investment properties, and art pieces
- Depreciation on other property, plant, and equipment is calculated on a straight-line basis, to write off the cost amount over the useful life of the asset
- Any leasehold improvements are amortized on a straight-line basis over the period of the lease or predicted useful life, whichever shorter

5.10 Disposal of assets:

The Financial Delegations of Authority sets out the authorities for the disposal of assets, based on the purchase value or current value, whichever is greater. Only an authorised officer can approve the disposal of an asset and any related terms.

In authorising the disposal, the authorised officer is declaring that the asset is now:

- A surplus to EIA
- Has reached its useful life or predetermined criteria
- Stolen or missing
- Performing below the expected rate
- Unserviceable or superseded

The register shall be updated following the disposal of an asset.

5.11 Recording on the Local Asset Register: Each faculty should maintain their own Local Asset Register, and the Finance Manager is responsible for record keeping and monitoring. As the minimum, the register should include the following:

- Description of asset
- Value
- Date of purchase
- Location of asset
- Asset custodian
- Date of disposal

5.12 Items that are susceptible to theft or misappropriation must be included in the register, these items which are small and portable, and potentially attractive for personal use or resale. Examples include:

- Projectors, laptops, cameras, television
- Electrical appliances, power tools

5.13 Theft or damage:

- Theft of or wilful damage to assets must be reported to the Finance Manager, who shall then submit a report in writing to the Security Services, and they may contact the Police and EIA's default insurance company where necessary.
- Accidental damage to assets must be reported to the Finance Manager, who shall then submit a report in writing to EIA's default insurance company

5.14 Using assets: all staff and students with access to EIA assets shall

- Treat asset with care and follow any instructions if applicable
- Only use asset for EIA purposes or other authorised use
- Ensure that assets are serviced and maintained regularly, and repaired when necessary
- Ensure that assets are properly safeguarded from damage, theft or inappropriate use

5.15 Valuation and re-valuation: Selected capitalised assets to need to undergo regular valuation or revaluation in accordance with Accounting Standards AASB116 and AASB13. These processes will be implemented and governed by the Finance Manager.

6. Relevant documents

Purchasing and Outgoing Payments Procedures

Financial Management Policy

Document Title	Asset Management Policy and Procedure
Date Created	18/05/2019
Created By	Finance Manager
Current Version	1.1
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Approval Authority	Board of Directors
Custodian	Governance Officer
Responsible for Implementation	Finance Manager/Executive Manager of Operations
Version History	
Version Number	Amendments
1.1	Change company name to Edvantage Institute Australia (EIA); update responsibility