

## ASSET MAINTENANCE POLICY

Current version in effect from: 12 Dec 2024

Approved by Council: 11 Dec 2024

Revised by Council:

Policy steward: Vice-Chancellor

### Related documents

*Delegations Policy*

*Commonwealth Authorities and Companies Act 1997 (CAC Act)*

*Australian Accounting Standards, incl.*

*AASB 116 Property Plant and Equipment*

*AASB 136 Impairment of Assets*

*AASB 138 Intangible Assets*

### 1. Rationale and Objectives

1.1 This Policy governs the control and accounting of non-financial assets. It is intended to assist the University in maintaining an effective property control system. The implementation of an effective and accurate process for tracking fixed assets will assist the University to

- a) Maintain accountability for and track the movement of valuable items used in the University's operations, and
- b) Prepare General Purpose Financial Reports that require accurate accounting for fixed assets.

### 2. Scope

2.1 This Policy applies to all assets owned and maintained by the University. It does not apply to assets owned and maintained by Colleges.

### 3. Asset Definitions

There are two types of non-financial assets recorded in the asset register: capital assets and portable and attractive assets.

3.1 **Capital Assets:** Capital assets may be tangible or intangible. To be classified as a capital asset the following criteria must be satisfied:

- a) The asset provides potential services or future economic benefits that directly or indirectly allow the University to perform its function;
- b) The University has control over the potential services or future economic benefits of the asset;
- c) The asset has a useful life of more than one financial year;
- d) The asset has a cost or other value that can be measured reliably; and

- e) The asset has a cost that is equal to, or exceeds, the capital asset threshold of \$1,000.

3.1.1 **Tangible Assets:** Tangible Assets have a physical form, such as office equipment, hardware, office fit out and motor vehicles. Where an asset meets the definition of capital assets upon acquisition, the following must occur:

- a) The asset key details are recorded in the asset register;
- b) The asset is accounted for in the relevant fixed asset account on the University balance sheet; and
- c) The asset is recorded in the fixed asset depreciation schedule and has depreciation accounted for it.

3.1.2 **Intangible Assets:** Intangible Assets are non-monetary assets without physical substance, such as computer software (purchased and internally developed software). Where an intangible asset meets the definition of capital assets upon acquisition, the following must occur:

- a) The asset is accounted for in the relevant Intangible Asset account on the University balance sheet;
- b) The asset is recorded in the intangible asset amortisation schedule and has depreciation accounted for it.

3.1.2.1 For cloud computing arrangements (CCAs), where the University does not possess the underlying software or hardware assets, but rather can access and use it as needed (CCAs encompass software as a service (SAAS), infrastructure-as-a-service and other hosting, file sharing and data storage arrangements):

- a) SAAS arrangements that only provide the University with a right to receive access to the supplier's application software and are regarded as service contracts. Costs associated with these SAAS arrangements is accounted for as an expense.
- b) SAAS contracts is capitalised if there is a contractual right to take possession of the application software at any time during the hosting period without significant penalty, and the University has the right to and can feasibly either run the application software on their own hardware or contract another party, unrelated to the vendor, to host the software.

3.1.3 **Bulk Assets:** Where items with an individual value smaller than the threshold of \$1,000, form part of a bulk purchase of similar items or an integrated set of equipment, the total value of all the items may be recognised as a single capital asset. This is provided the total value exceeds the threshold (for example, items such as workstations and chairs purchased as part of an overall office fit-out project). If a bulk purchase of items is proposed, the Financial Controller must determine whether the items will be treated as a capital asset.

3.2 **Portable and Attractive Assets:** Portable and attractive (P&A) assets are items with an acquisition cost of less than the capital asset threshold of \$1,000 for individual asset and are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale, such as a mobile phone, tablet, or camera. Where an asset meets

the definition of portable and attractive assets upon acquisition, the following must occur:

- a) The asset key details are recorded in the asset register; and
- b) The asset is accounted for as an expense in the University financial accounts.

#### **4. Asset Management Responsibilities**

- 4.1 The Financial Controller is responsible for overall asset management, ensuring an effective system of accountability and control is in place for the management of University assets. In conjunction with the Vice-Chancellor, the Financial Controller determines appropriate procedures and delegations for asset management, as outlined in Schedule A to this policy.
- 4.2 University employees must report any suspected improper or negligent use by any person of any University assets to the Vice-Chancellor, who must decide if further investigation of the alleged misuse is warranted.
- 4.3 Assets lost, stolen or destroyed
  - 4.3.1 All University employees are responsible for the proper operation and safeguarding of both capital and controlled assets they access and use.
  - 4.3.2 If an employee suspects that an asset has been lost, stolen or destroyed, they must notify the relevant team leader in accordance with Schedule A, as soon as the loss is known or suspected.
  - 4.3.3 If an asset is confirmed as lost, stolen or destroyed, the Financial Controller must determine whether an insurance claim is relevant, assist with lodgement of the claim and notify the Vice-Chancellor.
  - 4.3.4 Where an asset has been lost, stolen or destroyed, the Vice-Chancellor may instigate a further investigation.
  - 4.3.5 If assets are suspected to have been stolen by an employee, the matter must be referred to the Vice-Chancellor.
  - 4.3.6 Where an employee is found to have contributed to the loss or damage of an asset through serious or willful negligence or misconduct, the employee may be held liable for the value of the loss or damage.

#### **5. Asset Acquisition**

- 5.1 Acquisition of assets must be approved in accordance with the Delegations Policy (Schedule 1).

#### **6. Asset Stocktake**

- 6.1 The asset stocktake is a sighting of assets to verify that the asset still exists and is correctly recorded in the Asset Register. The sighting includes inspection for any indication of impairment.
- 6.2 The stocktake is a part of the financial year end process and must be completed before year end. It is conducted annually for both capital and P&A assets by two employees.

6.3 As part of the annual review of asset valuation, all tangible and intangible assets are assessed for impairment, obsolescence, useful life and economic value. Any identified reduction in value of an asset will be reflected in the result of the stocktake.

6.4 At the end of the annual stocktake, the results must be reconciled with the asset register, any discrepancies investigated and verified with the responsible employees, and a summary report prepared for the Financial Controller. The approved results must be updated in the asset registers and properly accounted for in the financial ledger

## 7. Depreciation and Amortisation

7.1 Depreciation and amortisation are calculated on a straight-line basis (prime cost method) over the estimated useful life of an asset. When estimating an asset's useful life, consideration should be given to the expected physical wear and tear, obsolescence and legal or other limits on the use of the asset.

7.2 The estimated useful life for each class of depreciable assets has been determined as followed:

Asset class	Useful life
Leasehold improvements	Lease term
Hardware	2-10 years
Office equipment	5 years
Software	3-10 years

7.3 If an asset's estimated useful life falls outside the above range, a different useful life can be used with approval of the Financial Controller.

7.4 As part of the annual stocktake, the expected useful life, residual value and current carrying value of all assets must be reviewed. Such review will also be conducted when changes to the asset occur, for example, enhancement, partial write-off or impairment.

## 8. Asset Disposal

8.1 Disposal of assets arises when an asset:

- a) Is rendered obsolete by changes in technology or legislative requirement
- b) Is surplus to requirements due to changes in business processes, functions or usage patterns
- c) No longer fulfils the purpose for which it was acquired
- d) Has no further service potential
- e) Has reached an optimal trade-in value
- f) Would incur ongoing service costs that are more expensive than the cost of replacing the asset, or
- g) Has sustained irreparable damage.

- 8.2 Write-off arises when an asset is no longer available for use. This can happen if an asset is lost, stolen, destroyed or has reached the end of its natural useful life.
- 8.3 Software applications which are no longer in use, or have been replaced by new applications, must be written off. Where a software application has been enhanced and a portion of the original software has been replaced, the value of the replaced portion must be written off.
- 8.4 Prior to disposal or write-off, the Asset Disposal Request Form must be completed and approved in accordance with the Delegations Policy (Schedule 1). A copy of the form must be forwarded to Finance.
- 8.5 The authorised delegates for disposal or write-offs for University assets are the Financial Controller, the Information Technology Manager (for IT assets) and the Operations Manager (for non-IT assets).
- 8.6 The options for the disposal of an asset are as follows:
- a) Sale, in the form of public auction, tender or quotation
  - b) Trade-in, where an asset is used to reduce the cost of a replacement asset
  - c) Scrapping.
- 8.7 When an asset is either sold or traded in, the area handling the disposal is responsible for ensuring that a reasonable financial outcome for the University is achieved, the transaction is at arm's length and the sale price is reflective of prevailing secondary market prices. In determining a reasonable financial outcome, reference should be made to the written down value of the asset as recorded in the asset register.
- 8.8 Before disposal, all IT assets must be returned to Information Technology for proper disposal. All operating assets must be returned to Operations for proper disposal.
- 9. Date of next review**
- 9.1 This Policy must be reviewed no later than 31 December 2029.

## **SCHEDULE A – ASSET MANAGEMENT DELEGATIONS AND PROCEDURES**

Approved by the Vice-Chancellor: DRAFT

### **1. Finance Team**

- 1.1 Under the direction of the Financial Controller, the Finance team is responsible for the proper accounting, valuation and reporting of assets in accordance with current accounting standards.
- 1.2 The Finance team must ensure that asset management functions carried out by other teams are in compliance with the Asset Maintenance Policy.
- 1.3 The Finance team coordinates the annual stocktake of capital and P&A assets. They must provide a stocktake plan and instructions to all teams assisting with the stocktake.

### **2 Information Technology Team**

- 2.1 The Information Technology team is responsible for the purchase, allocation, management, disposal and tracking of all technological equipment and devices. The Information Technology team must ensure that the details of each asset are correctly recorded in the asset register.
- 2.2 At the annual stocktake, the Information Technology team works with the Finance team in accordance with the stocktake plan and instructions. The Information Technology team is responsible for the identification and inspection of IT assets. They are also responsible for the assessment of IT assets, including software, for obsolescence, useful life and economic value at the end of each financial year.

### **3 Operations team**

- 3.1 The Operations team is responsible for the purchase, management, disposal, tracking of furniture, fitting, promotional equipment, motor vehicles and non-IT office equipment etc. The Operations team must ensure that correct details are entered into the asset register.
- 3.2 At the annual stocktake, the Operations team will work with the Finance team in accordance with the stocktake plan and instructions. The Operations team is responsible for the identification and inspection of non-IT assets. They are also responsible for the assessment of operating assets for obsolescence, useful life and economic value at the end of each financial year.