 <p>OTAGO POLYTECHNIC Te Kura Matatini ki Otago</p>	OTAGO POLYTECHNIC MANAGEMENT POLICY		Number: MP0362.01
	Title:	Asset Management (Operational – Acquisition and Disposal)	
	Classification:	Operations	
	Chief Executive Approval:	Effective Date: 1 December 2018	Review Date: 1 November 2019
	Previous Policy No:	MP0315	Status: Current
	Contact Authority:	Deputy Chief Executive Corporate Services	

Purpose Effective asset management and capital expenditure are essential for the continuity, development, and growth of Otago Polytechnic.

The purpose of this policy is to ensure that capital expenditure by the Polytechnic is planned, evaluated, authorised, implemented, monitored and reported in a systematic manner, for best practice, and that the disposal of assets is a transparent process that achieves best value for the Polytechnic. A flowchart of the process is attached in Appendix 1.

Statutory Compliance Education Act 1989, and all subsequent amendments
Public Finance Act 1989, and all subsequent amendments Public Records Act 2005, and all subsequent amendments

Definitions **Assets** can be defined by their nature and include:

- i. fixed assets (capitalised assets including electronic resources)
- ii. work in progress

Other assets not covered in this policy being:

- iii. investments
- iv. intangible assets
- v. current assets

Intangible assets i.e. non-physical assets such as goodwill, course development, patents and other intellectual property

Current assets i.e. assets that have an initial economic life of less than one year or are able to be realised within one year

A capitalised asset:

- i. is an item that has an estimated useful life in excess of one year
- ii. has a cost that satisfies the capitalisation thresholds
- iii. has not been acquired or constructed with the intention of resale; and
- iv. may include such expenditure incurred on an existing asset to improve its functionality and/or extend its useful life but not merely reinstate the future economic benefit of an asset (i.e. repairs and maintenance).

The **fixed asset register** is the schedule of fixed assets maintained by the Finance team and is used for financial reporting purposes.

The **SPM asset management system** (SPM) provides condition assessment data, used for strategic decision making in regards to acquisition, repair and disposal of assets. The SPM system is maintained by the delegated SPM administrator.

The **capitalisation threshold for the fixed asset register** is \$2000 excluding GST and applies to:

- i. individual assets;
- ii. a collection of related items or components that cannot operate in isolation, whose combined original cost exceeds the threshold;

- iii. an accessory which is acquired for permanent attachment to an existing capitalised asset. The cost of the accessory is to be added to the existing asset if it meets any of the capitalisation thresholds; and
- iv. pooled assets of a similar type, whose combined cost exceeds the threshold.

The **capitalisation threshold for the SPM asset management system** is \$2000 excluding GST.

Disposal of assets - the sale or partial sale, scrapping, write off, barter, trading or any other means of ceasing beneficial ownership or custody of assets.

Policy

1. **Purchase of Assets** (See flowchart Appendix 2 and refer to standard operating procedure *MP0362a Asset Management_SOP/001*)
 - 1.1. All purchases of assets should be included in the current capital expenditure budget or reforecast approved by Council. Policy *MP0303 Authorities and Delegations from Chief Executive* sets out the circumstances and procedures whereby unbudgeted assets can be purchased (only allowed if approved by the Chief Operating Officer prior to the purchase being made).
 - 1.2. Purchases must be made in accordance with policy *CP0013 Procurement and Purchasing*.
 - 1.3. All approved fixed asset (capital) purchases must have a five digit Capital Approval Number (CAN), assigned by either the Finance, Information Systems and Support (ISS) or Campus Services (CSD).
 - 1.3.1. The CAN number is used for the analysis code part of the account number, on the items purchase order. Once the purchase order is approved and physically received the order must be receipted in Finance One. After the purchase is receipted, an Asset Additions Form must be completed refer to standard operating procedure *MP0362a Asset Management_SOP/001* and sent to Finance.
 - 1.4. Finance will:
 - 1.4.1. load the asset into the Fixed Asset Register
 - 1.4.2. assess if the asset needs to be loaded into the SPM Capital Asset Management System (land and buildings, and teaching assets greater \$2000).
 - 1.4.3. Contact the department to obtain the additional information required for the SPM system
 - 1.4.4. Forward the details to the SPM administrator for them to enter
 - 1.5. All assets must have a barcode number allocated (generally by Finance), and forwarded to the department for attachment to the asset. The exception is assets purchased by ISS and CSD who allocate their own barcode number and advise the Finance department. The barcode number becomes the unique identifier for the life of the asset.
 - 1.6. If the asset purchased replaces an existing asset, the existing asset must be disposed of in line with the following disposal of assets procedures. Refer to standard operating procedures in *MP0362a Asset Management_SOP001*
2. **Disposal of Assets** (See Flowchart Appendix 2 and refer to standard operating procedure *MP0362a Asset Management_SOP/001*)
 - 2.1. Assets may be disposed of for these reasons:

- a) Surplus to current or immediately foreseeable requirements
 - b) Part of an asset replacement programme
 - c) Unserviceable or beyond economical repair
 - d) Technologically obsolete and operationally inefficient.
 - e) A replacement asset has been purchased.
- 2.2. All monies received from disposal of assets must be banked into Otago Polytechnic bank account as soon as is practicable (section 203 Education Act 1989).
- 2.3. The Polytechnic has delegated authority to dispose of assets up to a certain financial limit (currently \$50,000). Assets with values above this limit require written consent from the Secretary of Education to:
- a) Sell or dispose of assets or interests in assets
 - b) Mortgage or change assets or interests in assets
 - c) Grant leases of land or buildings.
- 2.4. Disposal of assets will be carefully managed to ensure the best net value for the asset is realised, and completed in an efficient, effective and transparent manner. All disposals will be appropriately authorised and adequately documented.
- 2.5. Employees, contractors or Council members (and their related parties) should not be given preference to purchase surplus assets over the general public.
- 2.5.1. Employees, contractors or Council members may purchase an asset in an open tender or auction process providing they have no decision making involvement in the disposal process.
- 2.5.2. Subject to 2.5.1 Employees, Contractors or Council members may purchase assets without an open tender or auction process provided that
- a) the market value has been established by reference to independent comparisons for the like product (e.g. using Trademe) and
 - b) the market value is less than \$1000 and
 - c) the Director Business Services has approved the sale

3. Recording of Assets

- 3.1. All assets that exceed the capitalisation threshold (refer definitions above) must be recorded on the fixed asset register by the Finance team and in the SPM system by the delegated SPM administrator in accordance with the procedures below and the flowcharts at the end of this document.
- 3.2. Assets are recorded in the fixed asset register for finance purposes and in the SPM asset management system for strategic asset management purposes.
- 3.3. In the fixed asset register, purchased assets are initially recorded at cost price with the exception of donated items which are recorded at their fair market value.
- 3.4. After the initial purchase, assets are recorded at cost price less depreciation or at revaluation dependant on the asset class.
- 3.5. The approved methods of measurement by class of asset are:

Asset Class	Model of Measurement	Cycle
Land	Revaluation	3 yearly
Building Structures	Revaluation	3 yearly
Building Services	Revaluation	3 yearly
Building Fit-outs	Revaluation	3 yearly
Infrastructure assets	Revaluation	3 yearly
Leasehold improvements	Cost	
Computing Equipment	Cost	
IT Software	Cost	
Furniture & Equipment	Cost	
Library Collections	Cost	
Vehicles	Cost	
Works of art, classical antiquities, heritage collection, heritage musical instruments, carvings	Cost	

4. Asset Stocktake

Physical verification of assets is to be completed in line with the following procedures:

- 4.1. Schools and Service Areas are primarily responsible for undertaking verification (stocktake) of their assets and specified items (except for land and buildings). This verification process is to be completed annually.
- 4.2. Finance is responsible for undertaking verification of specified items (except for land and buildings). This verification process is to cover:
 - a) Annual physical verification of assets with net book value over \$50,000.00
 - b) Bi-annual physical verification of assets with net book value between \$20,000 and \$49,999.99
 - c) Tri-annual verification of assets with net book value between \$2,000 and \$19,999.99
 - d) Assets with net book value below \$2,000 will not be subject to asset verification.
- 4.3. The objective of physical verification is to maintain the integrity of the Polytechnic's Asset Register by:
 - a) Ensuring that all assets held with a net book value over \$2,000 are recorded in the register;
 - b) Verifying that all assets in the register with a net book value over \$2,000 have been physically located and are still functional and in use; and
 - c) Updating the register for unrecorded changes in asset ownership, responsibility or location.

Referral

Documents

Appendix 1: Otago Polytechnic Assets Flowchart

Appendix 2 Otago Polytechnic Fixed Assets Cycle – Capital Assets Addition Process
MP0362a Asset Management _ SOP001

MP0303 Authorities and Delegations from Chief Executive

MP0304 Specific Financial Authorities and Delegations

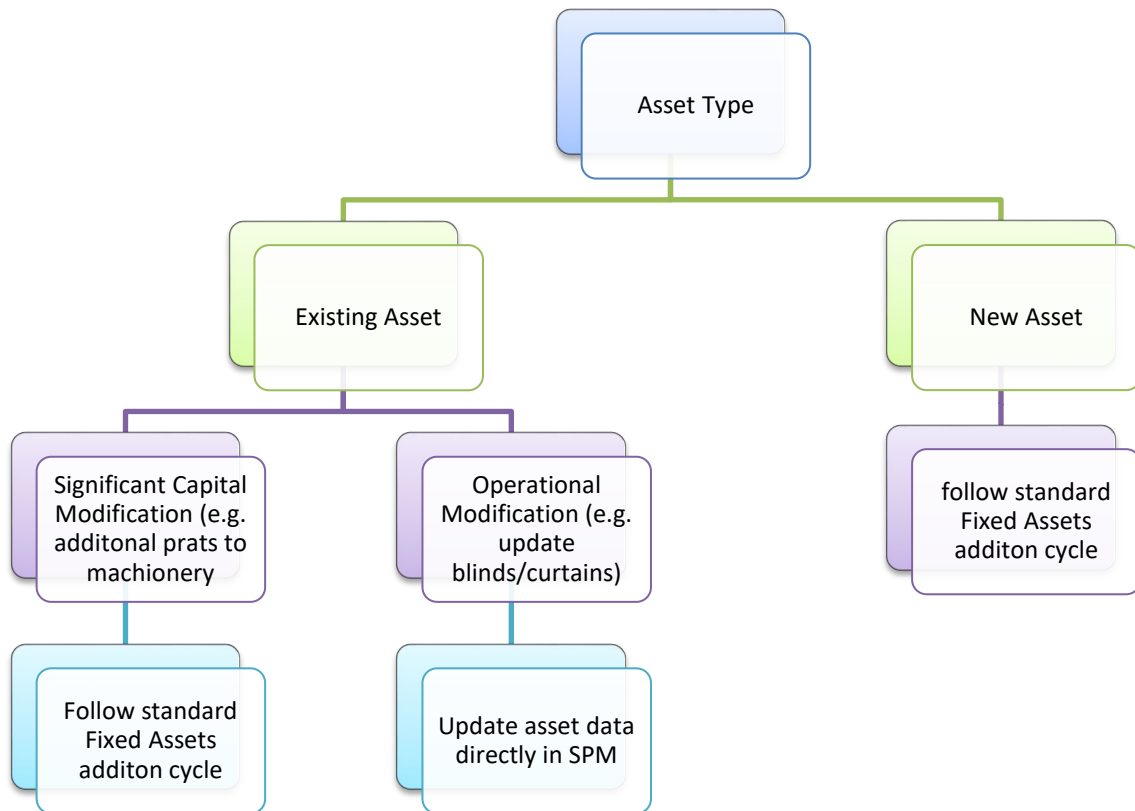
CP0013 Procurement and Purchasing

MP0363 Strategic Asset Management (new draft policy in progress)

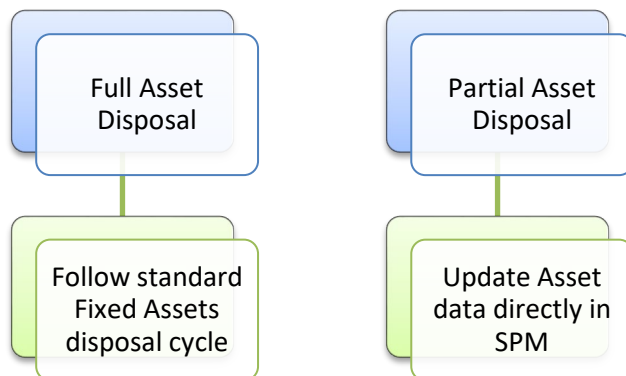
Approved by Chief Executive
Date: 1 December 2018




Asset Addition



Asset Disposal



Appendix 2
Otago Polytechnic Fixed Assets Cycle – Capital Assets Addition Process

