

## Policies and Procedures

### Change Log

Policy: QA315 Acquisition, Disposal, and Accounting for **Fixed Assets**

Revision: V3 for UMT approval in advance of FRC on **10/10/2019** and subsequent Údarás na hOllscoile approval on **24/10/2019**

**Changes from previous version:**

- a) Re-drafting of document in standardised Quality Office format** (see note below)
- b) Introduction of new section dealing with “Heritage Assets and Archive/Literary Collection Assets” - paragraph 5 and related protocol – as recommended by the C&AG**
- c) Combining QA315A on disposal of assets within this Policy**
- d) Introduction of procedures specific to heritage assets**

**Proposed by: Gearóid Ó Broin, Director Financial Accounting Q3 2019**

*Notes: Policy Owners are responsible for creating and revising policies in a format that complies with QA002 and having them approved by the appropriate committees after review by the relevant member of UMT. Following approval all policy documents must be forwarded to the Quality Office for storing in the Policy Repository.*



Code: QA315  
Title: **Acquisition, Disposal, and Accounting for University Tangible Fixed Assets**  
Date: **October 2019**  
Approval: UMT/FRC/Údarás na hOllscoile

## 1.0 Purpose

1.1 To ensure that tangible fixed assets acquired, owned, or controlled by the University are managed in accordance with established best practice *i.e.* are safeguarded by appropriate identification, categorisation, recording, insuring, verification of existence/condition, and by monitoring utilisation, and scheduling replacement as appropriate.

1.2 To provide a systematic and accountable method of monitoring and controlling the acquisition, disposal, and custody of University fixed assets.

1.3 To protect the University from any conflict of interest, either potential or real, which may arise for University staff, funders, colleges, schools, institutes, support units *etc.* in the acquisition, disposal, and general management of fixed assets.

1.4 To ensure value for money in acquiring and maintaining fixed assets and where applicable to maximise residual value at disposal.

## 2.0 Description

2.1 The policy outlines the responsibilities in relation to acquiring, disposing of, and granting access to University fixed assets. It also outlines detailed procedures to be followed in relation to these transactions.

2.2 This policy provides for the maintenance of a register of fixed assets in line with section 3 of the Procedures for acquisition and accounting for University Tangible Fixed Assets, attached. The existence and condition of a representative sample of University fixed assets may be verified on an annual basis and details of material assets, that are recommended for renewal or replacement, shall be reported to the relevant UMT member.

2.3 The University regards applicable provisions of the latest Code of Governance of Irish Universities as representing the standard the University shall adhere to.

## 3.0 Responsibilities

3.1 The Governing Authority has overall responsibility for the acquisition, disposal, custody, safekeeping, utilisation, and maintenance of University fixed assets. In general, these functions are delegated through a decentralised structure with responsibility vested in relevant University Officers who act as custodians.

3.2 Custodians are responsible for:

- familiarising themselves and complying with relevant policies and procedures;
- discharge of all costs incurred in the process acquiring/disposing/granting access to fixed assets, such as transportation costs, auction fees, recycling fees *etc.*;
- the stewardship, control, and proper utilisation of fixed assets under their control and for the correct identification, tracking (tagging), and appropriate maintenance of same;
- the establishment and maintenance of appropriate records of fixed assets under their control and for advising in respect of related condition, remaining useful life, replacement value and replacement scheduling; and
- advising the Bursar's Office of assets acquired for deployment in the University whether purchased, donated, acquired in exchange, loaned *etc.*, including all relevant asset details and where relevant plans to dispose of University assets.

3.3 The Director of Physical Resources is responsible for the maintenance, monitoring of use, and condition of all University land and buildings (whether owned, leased, or controlled by it) and reporting on same to UMT on a regular basis.

3.4 The Bursar is responsible for the maintenance of a register of fixed assets and for coordinating the annual review, verification, and replacement planning process, achieved through the annual planning and budgeting setting cycle.

#### **4. 0 Depreciation**

4.1 All fixed assets (except land) will be depreciated at appropriate rates and related capital grants amortised in accordance with applicable Financial Reporting Standards.

4.2 Any recognised diminution in value of fixed assets shall be accounted for, and reported in, the next set of published Financial Statements.

#### **5. 0 Heritage Assets**

5.1 Heritage assets for the purposes of this policy are defined as those that have unqualified historical and cultural importance to the State. They include archives relating to literature and other arts such as drama as well as period houses, structures, artefacts and artworks.

#### **6. 0 Related Policies**

6.1 Procedures for acquisition, disposal, granting access to, and management of relevant University Assets including Heritage assets, are attached as appendices to this policy.

6.2 Applicable procurement regulations as set out in University policy shall govern the acquisitions of fixed assets.



## **Procedures** Acquisition and Accounting for University Tangible Fixed Assets

### **1. Acquisition – Purchased Fixed Assets**

The procurement of tangible fixed assets shall be carried out in strict compliance with the University's Procurement Policy and applicable National and EU legislation. The principles of openness, transparency, and value for money shall apply.

### **2. Acquisition – Donated or Loaned Fixed Assets**

Before accepting a donation or loan of a fixed asset, the relevant University staff member shall ensure that they have secured funding to, where relevant, accommodate the asset, insure it and to maintain it in good condition.

### **3. Classification, Valuation, and Recording of Fixed Assets**

Assets will be classified under the following major categories;

- Buildings
- Computer Equipment and Software
- Fixtures and Fittings
- Heritage Assets
- Laboratory Equipment
- Land
- Office Equipment
- Other Equipment
- Vehicles

All tangible fixed assets with an individual cost or value of €10,000 (inclusive of VAT) will be included in the Fixed Asset Register. Land and buildings will be valued at historical cost. Values per the Fixed Asset Register will be reconciled on an annual basis with the University's Balance Sheet.

All movable fixed assets will be appropriately tagged with an identification number. Title deeds and contracts (including maps) relating to all land and buildings will be maintained by the Director of Physical Resources. All locations at which University fixed assets (including title deeds *etc.*) are kept, will be recorded in the Register.

Subject to system software configuration, the Fixed Asset Register will include information in respect of individual assets in the following format:

- Serial Number
- Identification Number
- Description
- Location
- Supplier
- PO Number
- Acquisition Date
- Acquisition value (inclusive of VAT)
- Expected useful life at acquisition
- Estimate of current replacement value (inclusive of VAT)
- Estimate of maximum remaining useful life
- Depreciation Rate
- Net book value
- Estimate of current net realisable value
- Revaluation Date (if any)
- Revaluation amount (if any)

- Custodian
- Location of title deeds and contracts
- Funding source(s) (see 5 below)

#### 4. Depreciation

Depreciation will be calculated to write off tangible fixed assets on a straight-line basis, over their expected useful economic life to the University, using the following estimated useful lives:

<i>Asset category</i>	<i>Estimated useful economic life</i>
Buildings	50 years
Computer Equipment/Software	3 years
Equipment - Fixture and Fittings	5 years
Land	Not applicable
Leased Assets	Lease Term

#### 5. Funding Sources

Source of Funding of all assets will be recorded in the financial ledger and classified under the following categories.

- A) HEA Capital Grant
- B) Non HEA Capital Grant
- C) Income & Expenditure Transfer
- D) Other

Assets may be funded from one or a combination of the above sources. Decisions to proceed with asset acquisition in the absence of an identified funding source, should be recorded in the Minutes of the appropriate University Committee.

#### 6. Verification

Each year a sample verification exercise will take place. Based on the information contained in the Fixed Asset Register, the Bursar's Office will advise a selection of Budget Holders of assets recorded as being under their custody. The Budget Holder will review and update the information thus provided, making appropriate adjustments for any errors or omissions. The Bursar's Office will then update the Fixed Asset Register and circulate revised reports to the custodian.

The Bursar will present an annual report to Finance Resource Committee summarising the information contained in the Fixed Asset Register.



**Procedure** for disposal, granting access to, and related accounting for University tangible fixed assets

## 1 Methods of Disposal of Assets

The principal methods of disposal are as follows:

- a) outright sale
- b) auction by a contracted auctioneer
- c) scrap to a licensed dealer
- d) recycle to an authorised agency
- e) trade into supplier against replacement items
- f) donation to registered charity or community organisation

## 2 Methods of Granting Access to Assets

The principal methods of granting access are as follows:

- a) lease agreement
- b) rent agreement
- c) license agreement
- d) concession agreement
- e) option agreement

## 3 Professional Valuation Advice

In all cases where the anticipated disposal value, or where the anticipated value of granting access to a University asset is greater than €100,000, the relevant custodian should obtain a professional written valuation of the asset .

### 4 Valuation Thresholds

- (a) Less than €1,000

Whilst having due regard for the principles of openness and transparency, the University recognises that in the case of low value items, where the costs of disposal *e.g.* (advertising and administration) are likely to exceed the proceeds from sale, public tender may not be justified. Occasionally, individual offers may be received for obsolete equipment, including offers from staff members and connected persons. In the case of low value items valued at less than €1,000, the relevant Head of Unit/Budget Holder responsible for those assets may agree to dispose of the item(s) at their own discretion, subject to notifying the Bursar's Office in writing of their estimated value. **Supporting evidence of value must accompany such notifications.**

- (b) €1,001 to €25,000

Where the anticipated value of the transaction is between €1,001 and €25,000, it may be proceeded with, upon obtaining the relevant UMT member's documented agreement to the transaction and by advertising the sale or access in the public domain, *e.g.* local press and relevant internet site. The transaction should be open and transparent and at least three written offers should be procured.

- (c) €25,001 to €100,000

Where the anticipated value of the transaction is between €25,001 and €100,000, in addition to the above requirements, it may be proceeded with, upon obtaining the documented Bursar's agreement to the transaction.

- (d) Greater than €100,000

Except in exceptional circumstances (see below), where the anticipated value of the transaction is greater than €100,000, the relevant Head of Unit/Budget Holder shall notify the Bursar, who shall table the proposal at the next FRC with a recommendation. Upon receipt of FRC approval, the Budget Holder shall organise the disposal/granting access by way of auction or competitive tendering process. Heads

of Units/Budget Holders planning to dispose of, or grant access to University assets by auction, must use a University appointed Auctioneer.

Exceptional circumstances could include sale to a charitable body or where the University believes that competitive tendering is not appropriate due to the particular circumstances of the disposal. In all cases, the method used should be both transparent and achieve a fair market value.

#### **4.1 Where highest auction/tender bid not accepted**

In all cases where auction/public tender takes place (anticipated value is greater than €100,000) and it is proposed not to accept the highest bid, specific Údarás na hOllscoile (Governing Authority) approval will be required before the transaction is completed.

#### **4.2 Safety and Waste issues**

University assets disposed of will be classified as such in the University's Fixed Asset Register. Dangerous parts will be removed from machines deemed to be unsafe. Costs of disposal and/or recycling will be borne by the disposing unit. Where possible the University will cover the cost by using the scheme (WEEE/PRF Waste Electrical and Electronic Equipment Directive/Producer Recycling Fund) to minimise or eliminate this cost.

#### **4.3 Decommissioning of Assets Prior to Disposal**

All assets must be adequately decommissioned prior to sale or other disposal. Such decommissioning may involve deleting files and programmes from computer hard drives with particular attention to potentially sensitive files and other information or programmes licensed to the University, and ensuring that assets are completely safe and uncontaminated, with all potentially hazardous materials or substances removed or made safe in accordance with current Health and Safety Guidelines.

#### **4.4 Conflict of Interest**

University personnel must ensure that no conflict of interest occurs in, or as a result of, asset disposals, or granting access to University assets.

#### **4.5 Audit of Asset Disposal/Granting Access Process**

All disposals/granting access will be subject to random audit checks. All relevant documentation including a copy of the Disposal/Transfer of Asset Form (attached) must be retained by the Department/Budget Holder, *etc.* and made readily available for scrutiny by Auditors.

#### **4.6 Income from Disposal of, and/or granting access to University assets**

Income derived from the disposal or granting access to University assets must be receipted immediately, with the income being accounted for as central funds of the University, unless otherwise by prior documented arrangement with the Bursar. The Disposal/Transfer of Asset Form must include details of the receipt number when monies are received from the disposal of the assets.



## Procedure for Acquisition of Heritage Assets

**1.0** When the acquisition of a heritage asset is considered to be in the best interests of the University, the following procedure shall be followed:

**2.0 Business Case:** A report shall be prepared by the relevant Budget Holder setting out the details of the proposed acquisition including full description, price reasonableness, funding sources, and justification of acquisition. This report shall be presented for sanction to the UMT.

**3.0 Professional Advice:** Appropriate professional advice shall be procured from recognised external experts including reasonable price ranges and applicable taxation aspect for the planned acquisition.

**4.0 Cross Institutional Consultation:** Management should give due consideration to consultation with other institutions to ensure that conflicts of interest are avoided and opportunities for the development of nationwide collections are maximised.

**5.0 Special Factors:** The Budget Holder must ensure that account is taken of any associated access, storage, preservation and conservation challenges and costs, and they must have an agreed sustainability plan in place.

**6.0 Authorisation & Approval:** Archives, Literary Works, and Collections will generally be acquired via the University's Library

6.1 Art Works will generally be acquired via the University's Estates/Buildings Office.

6.2 Financial Thresholds: Acquisitions valued in excess of the EU supplies & service contracts threshold see <https://www.ojeu.eu/thresholds.aspx> must be approved in advance\* by the University's Finance Resources Committee and Údarás na hOllscoile .

6.3 All acquisitions must be in line with the University's Procurement Policy and National and EU Legislation in force at the time of acquisition. in line with the University's Procurement Policy and national and EU legislation.

*\*In circumstances where the timing of acquisition decision demands a turn around that cannot be met by the schedule of FRC meetings, the UMT may authorise the acquisition of assets in this category that do not exceed €1m in value, with subsequent notification to the next scheduled FRC.*

## DISPOSAL/TRANSFER of ASSET FORM

*Must be completed, whenever a University owned Asset is Sold/Scrapped/Transferred (e.g. to another University location) and returned immediately to Oifig na gCuntas, The Quadrangle, NUI Galway.*

**Fixed Asset Register No.**

**Asset Description**

**Serial Number**

**Year Acquired**

**Date of Disposal/Transfer**

**Reason for Disposal/Transfer**

**Sold to / Transferred to**

**Sales Price**

**Authorised by**

**Comments (Optional)**

**Discipline / Research Unit**

**Signature**

(Head of Discipline/Unit)

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**Date**

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**For Accounts Office Only**

**General Ledger Posting completed by:**

\_\_\_\_\_ Date \_\_\_\_\_

**Fixed Asset Registrar updated by:-**

\_\_\_\_\_ Date \_\_\_\_\_

**Cash Posting Trans No. (if applicable) completed by:-**

\_\_\_\_\_ Date \_\_\_\_\_