

Document Information

1. Document Details

Title:	Fixed Asset Policy
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Version No:	3
Status:	Final

Important Note: If the 'Status' of this document reads 'Draft', it has not been finalised and should not be relied upon.

2. Revision History

Version	Revision Date	Summary of Changes	Changes tracked?
1	Dec 2020	Creation of a Fixed Asset Policy for MTU	-
2	Aug 2021	Update Capitalisation & Disposal Valuation Limits	-
3	Sept 2023	Update Depreciation Policy (par 11)	Yes

3. Relevant Existing/Related Documents

THEA Code of Governance for Institutes of Technology
Existing Fixed Asset Policies and Procedures in CIT & IT Tralee

4. Consultation History

This document has been prepared in consultation with the following bodies:

C&AG & Finance Office

5. Approvals

This document requires following approvals (in order where applicable):

Name	Date	Details of Approval Required
Finance Committee	12/02/2024	Recommend to GB for Approval
Governing Body	07/03/2024	Approval of Updated Fixed Asset Policy

Fixed Asset Policy

1. Purpose

The objectives of the University's Fixed Asset Policy are to:

- Provide a systematic, transparent and accountable method of monitoring and controlling the acquisition and disposal of, and granting access to, University assets.
- To protect the University and its staff from any conflict of interest, either potential or real, which may arise between University departments, services, centres, offices, etc in the acquisition or disposal of fixed assets and any persons or groups purchasing such fixed assets from the University.
- To ensure value for money in the acquisition and disposal of, or granting access to, University assets, and to maximise the residual value from such disposals, where applicable.

2. Scope

The University is required by the Comptroller and Auditor General to maintain a Fixed Asset Register of all capitalised items and to physically account for the existence of these assets. The Fixed Asset Register may also record "Controlled Assets / Tagged Equipment" which have a value below the capitalised threshold. These include items that are sensitive, portable, or prone to theft.

The University shall have Fixed Asset Procedures with give effect to this policy and set out the detailed authority and responsibilities in addition to specific requirements in terms of acquisition of, disposal of or access to Fixed Assets.

3. Definitions

According to FRS102, Property, plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period;

Depreciation is an accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy.

4. Roles and Responsibilities

The Governing Body has overall responsibility for the custody, safekeeping, utilisation access to and disposal of, University assets. In general these functions are delegated through relevant Officers (e.g. Head of Department / Head of Function) who act on behalf of the University.

Whilst assets may be purchased or acquired from various sources of funding, it is the responsibility of the relevant officers (e.g. Heads of Department / Head of Function) to ensure the safe custody of assets under its remit including assets acquired under research grants and other external sources of funding. The Fixed Asset Register will be centrally maintained by the Capital Assets Section of the Finance Office as part of its finance system. Responsibility for updating the register is that of individual departments, schools, faculties, centres and offices.

Any modification to the Fixed Asset Policy shall require the approval of the Governing Body.

Capitalisation of Fixed Assets

5. Fixed Assets and Depreciation

Fixed assets, with the exception of land and art, are stated at historical cost or valuation less accumulated depreciation. Land and art are stated at historical cost or valuation. Original acquisition cost includes the purchase price plus any cost incurred to place an asset into service.

All fixed assets are purchased using appropriate purchasing or tendering procedures.

6. Land and Buildings

The purchase, lease or rent of land and buildings can only be undertaken with authority from the Governing Body. The Chairperson of the Governing Body should seek the approval of the Higher Education Authority (HEA) / Minister for Further and Higher Education, Research, Innovation and Science and the Minister for Public Expenditure and Reform in advance of any material acquisition of land, buildings or other material assets proposed by the University. This also includes long term leases or purchase of right to use (rather than own) an asset.

7. Valuation on Acquisition

Where land or property is being considered for acquisition an independent valuation must be obtained. These valuations should be obtained before any decision is taken by the Governing Body to purchase / acquire or sell / dispose lands. The valuations should be obtained from professional property valuation surveyors.

8. Fixed Asset Category

Asset will be classified under the following major categories:

- Land and Buildings
- Assets in Course of Construction
- Fixtures and Fittings
- Plant and Machinery
- Computer Equipment
- Furniture and Equipment
- Motor Vehicles

9. Cost or Valuation

Fixed assets in existence on 1 January 2021 (date of commencement order) are stated at net book value. Subsequent additions are stated at cost. Buildings under construction are accounted for at cost based on the value of the architect's certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

Individual Asset acquisitions that have an original unit cost of €10,000 or above (inclusive of VAT) are capitalised for inclusion in the University's financial statements.

Depreciation

10. Depreciation of Fixed Assets

All assets purchased before 1 January 2021 and capitalised will continue to be treated as fixed assets and depreciated to the end of their useful life. Depreciation is provided on tangible fixed assets (excluding land and art) on a straight line basis so as to write off their historical costs or valuations over their estimated useful lives as follows:

Fixed Asset Category	Years
Buildings - Permanent	50
Prefabricated Building	10
Buildings Temporary / Buildings Upkeep	20
Car Park	20
Pitches	20
Fixtures and Fittings	10
Computer Equipment	3
Plant and Machinery	10
Equipment	5
Furniture	5
Motor Vehicles	5

11. Application of Depreciation

Depreciation is calculated on a monthly basis. There is a full month's depreciation in the month of acquisition. There is no depreciation in the month of disposal.

12. Equipment funded from Research Grants and Contracts

All equipment funded from Research Grant and Contracts is depreciated over the life of the asset in line with the policy for all other fixed assets.

13. Leased Land & Buildings

Leased Land and Buildings are depreciated over the life of the lease.

Fixed Asset Register

14. Fixed Asset Register

The Fixed Asset Register shall comprise of all items capitalised in the University's Balance Sheet including Controlled Assets / Tagged Equipment and all items acquired by the University by means other than through direct purchase (e.g. Donations) which would be capitalised had they been so acquired.

15. Maintenance of Register

The Fixed Asset Register will be centrally maintained by the Capital Assets Section of the Finance Office as part of its finance system. Responsibility for updating the register is that of individual departments, schools, faculties, centres and offices. The asset register is reconciled on a regular basis to the general ledger.

16. Additions to the Register

Assets shall be added to the register based on:

- (a) Purchased item that are required to be capitalised on the balance sheet.
- (b) Controlled Asset / Tagged Equipment that are sensitive, portable, or prone to theft.
- (c) Items donated that would have been capitalised based on original cost.
- (d) Items transferred to the University from other bodies that would have been capitalised based on original cost.

17. Data Recorded

The Fixed Asset Module shall record information regarding each asset including:

- Financial Information – Cost, Depreciation, Cost Centre
- Purchase Details – Order No. Purchase date, Supplier, Invoice Date

The Fixed Asset Tracker shall record information regarding each asset including:

- Asset Details – Make Model, Manufacturer, and Serial No.
- Location Details – Campus, Room, Owner Department, Status.
- Audit Information – Audit date, Auditor ID.
- Loan Status – Asset on Loan, Loan Expiry Period

18. Audit of Register

To provide assurance to the Governing Body an internal audit or check of assets recorded in the Fixed Asset Register shall be conducted on a rotational basis. This may include internal checks, internal audit and / or external verification. A report shall be presented to the appropriate committee of the Governing Body for review on at least an annual basis providing the outcome of and details of such checks or audits.

19. Impairment of Assets

The audit of the Fixed Asset Register shall identify assets that are damaged and no longer of use. These shall be removed from the register and disposed. If the asset is not fully depreciated it is recorded as a loss on disposal. The Estates Office manage Buildings and Car Parks and shall furnish the Finance Office with copies of any Survey or Engineer's Reports that may materially impact on the value of those assets.

Fixed Asset Disposal

20. Removal from the Register

Assets may be removed from the register by disposal. The principal methods of disposal are as follows:

- (a) outright sale
- (b) auction by a contracted auctioneer
- (c) scrap - to a licensed waste dealer
- (d) recycle - to an authorised agency
- (e) trade in - to supplier against replacement items
- (f) donation to primary or secondary schools, or to registered charities or community organisations

The responsibility for the disposal of assets rests with each Head of Departments, School or Function. In the case of computers, the IT / Computer Services Manager needs to be informed. All disposals have to be notified and approved in advance in accordance with the University's policies. A Disposal of Fixed Asset Form is completed and signed.

21. 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 €70,000, the Office of the Vice President for Finance and Administration should obtain written a professional valuation for the asset in question.

22. Valuation thresholds

The following current market value thresholds shall apply to the disposal of fixed assets:

Market Value	Authorisation	Valuation
Less than €10,000	Head of Department/ Function	Estimated market value to be written on disposal form
€10,001 to €150,000	VP for Finance & Administration	Advertise sale in an open manner in the public domain to obtain at least three offers.
Greater than €150,001	Governing Body	Sale via auction or competitive tender process

Any exceptions to the disposal valuation thresholds require the approval of the Governing Body.

23. Disposal of Land & Buildings

The Chairperson of the Governing Body should seek the approval of the Higher Education Authority (HEA) / Minister for Education and Skills and the Minister for Public Expenditure and Reform in advance of any material disposal of land, buildings or other material assets with a value in excess of €150k proposed by the University.

24. 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 programs from computer hard drives with particular attention to potentially sensitive files and other information or programs licensed to the University, and / or 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 before exposure to the public.

25. Income from Disposal of, or granting access to, University assets

Income derived from the disposal of and / or granting access to University assets must be receipted immediately, with the income being accounted for as central funds of the University, unless otherwise agreed by prior written arrangement with the Office of the Vice President for Finance and Administration.

26. Disposal of Assets to Governing Body Members, Employees or their Families

Disposal of assets to Governing Body members, employees or their families or connected persons should, as with all disposals, be at a fair market-related price. Where the Governing Body is considering a proposal for any such disposal, the Governing Body member connected to the potential purchase should absent him or herself from the Governing Body deliberations on the issue. A record of all such disposals to such persons (to include details of the asset disposed of, price paid and the name of the buyer) should be noted in a register kept for this purpose (minor disposals below €5,000 may be omitted from the register). This register should be available for inspection, if requested, by the Governing Body or by any Governing body member. The Governing Body may specify that any disposal above an approved threshold should be formally endorsed by the Governing Body who may impose specific restrictions with regard to any such disposal. This should only happen in exceptional circumstances.

27. Reporting Disposals to the Governing Body

Details of all disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties below the threshold value of €150,000 without auction or competitive tendering process should be formally reported to the Governing Body, including the paid price and name of the buyer on an annual basis.

28. Reporting Disposals to the Annual Governance Statement

Disposals of assets or granting of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 which have not been subject to auction or competitive tendering process should be included in the Annual Governance Statement.

29. Board Resolutions

Any Governing Body resolutions regarding the purchase or sale of an asset should state the price the asset has been purchased or sold for.

Loaning & Insurance

30. Loans of Fixed Assets

Assets maybe loaned to staff members or students to facilitate them in carrying out their duties or studies. The Capital Assets Section of the Finance Office shall maintain a central repository of all signed and approved assets that are on loan including who is responsible for the asset whilst on loan and the authorisation from the relevant officer. The University will have a Loan of Equipment procedure which will set out the conditions of the loan.

31. Conflicts of Interest

Heads of departments, service/research centres, offices, etc., nominated responsible officers and nominated destruction witnesses must ensure that no conflict of interest occurs in, or as a result of, asset disposals, or granting access to University assets.

32. Theft of Fixed Assets

Missing assets are investigated by staff from the relevant department / function and details are recorded and reviewed by management.

Theft or damage should be immediately reported to the Capital Assets Section of the Finance Office.

Theft should be reported to An Garda Síochána to comply with insurance policies.

33. Insuring Assets

The insurance policy is reviewed annually by the VP Corporate Affairs / VP Finance and administration, or their nominee, to ensure adequate cover over the replacement cost of fixed assets which may become stolen or damaged.

34. Compliance

Heads of Department / Heads of Function are responsible for adherence to this policy in the disposal / granting access to, all assets registered to or located in their Unit. They must also ensure compliance with any other related relevant Statutes and Government Regulations.