

Finance and Accounting Manual

Asset Acquisition, Transfer and Depreciation Procedures

Approved by the Chief Financial Officer on 15 March 2011

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Updated: 25 September 2012

Updated for Delegations amendment: 26 May 2017 (commencing 1 June 2017)

Updated for administrative amendment: 18 December 2017, commencing 1 January 2018

1. Overview

1.1 Purpose

The purpose of these procedures is to provide details of how to acquire or transfer assets and by way of depreciation reflect the diminution of the asset's useful life. Depreciation also matches the expenses against revenues for a reporting period.

1.2 Coverage

These procedures apply to all staff involved in the acquisition, management, maintenance and disposal of the University's Assets.

2. Procedures and Guidelines

2.1 Acquisition

(i) The University's [Procurement Policy](#) and the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#) need to be read in conjunction with these procedures and reference should be made to the [Asset Identification and Classification Guidelines](#). The University's preferred position is to purchase computers and other equipment. The following is a summary as it applies to the acquisition of assets.

(ii) School/Administrative Units determine the need for the asset as approved in the original budget for the year, or any subsequent budget approval.

(iii) An External Requisition Form (available from University Publishing Service) is completed for assets over \$10,000 (GST exclusive) and approved by the Head of the School/Administrative Units or delegated officer as required by part 6.3 or part 6.4 of the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

(iv) **Trade-In.** Where trade-in of an existing item is included in the acquisition of a new item, the External Requisition and PeopleSoft purchase order must separately show details of the item being acquired and its cost, details of the item being traded in, the trade-in value and the net amount of the order. The cost of the item being purchased should be charged to the appropriate expenditure account class and the proceeds from the trade-in should be credited to the appropriate income account class. An [Asset Disposal](#) form must be completed with details of the item traded in and must be processed in the PeopleSoft Asset Register by the School/Administrative Unit.

2.1.1 Receipt Advice

(i) When the School/Administrative Unit receives an asset, details of the asset including the following must be provided to Accounts Payable:-

- (a) Location Code
- (b) Custodian
- (c) Serial ID Number
- (d) Asset Tag Number

The pre-printed Asset Tag should then be affixed onto the equipment by the School/Administrative Unit. The pre-printed Asset Tags are available from Financial Control and Treasury Unit.

Note: Asset details of CAPAS and EXPAS equipment must be provided to Accounts Payable.

(ii) Accounts Payable will receipt the asset against the invoice in the PeopleSoft system.

2.1.2 Invoices

(i) The correct asset expense classifications must be provided and the invoice approved by the delegated officer before being sent to Accounts Payable for processing.

(ii) The correct coding of the invoice is important as the Monthly Management Reports, the Asset Register system and the Annual Accounts all rely on the accurate coding of asset purchases.

(iii) For assets costing \$10,000 and over (GST exclusive) account classifications in the range 5350 to 5365 must be used. For EXPAS Equipment costing between \$1,000 to \$9,999 (GST exclusive) account classification 5302 must be used. It is recommended that you use account class 5302 to capture computer equipment purchases under \$1,000. For one-off purchases of large value software (not annual licences) >\$10,000, class 5351 must be used.

(iv) Account class 5290 is available for equipment costing less than \$1,000 (excluding GST), other than computer equipment.

2.1.3 Donated Assets

(i) School/Administrative Units are required to provide a listing of all items received as a donation, gift and bequest to the Financial Control and Treasury Unit on a monthly basis. The items received are to be valued at fair value by the School/Administrative Units providing that it is available. The listing should also include the Custodian, Location, Serial Number and Asset Tag Number of the items received.

(ii) Financial Control and Treasury Unit is responsible to record the value of the Donated Assets in the General Ledger and in the Fixed Asset Register.

2.2 Transfer of Assets

- (i) Transfers of assets must be approved by an officer with delegated authority from the area with possession and responsibility for the asset.
- (ii) The [Asset Transfer Notification](#) form is to be completed by the transferring department.
- (iii) The transferee (receiving) School/Administrative Units will organise the physical removal of the item and charge the costs of such removal to their School/Administrative Units.
- (iv) The Asset Transfer Notification form is to be processed in the PeopleSoft Asset Register by the transferee (receiving) School/Administrative Unit.
- (v) Any transfers of assets require the transferee School/Administrative Unit to supply the responsibility centre to which the charges are to be allocated.

2.2.1 Value of Transferred Asset

The amount of the transfer will be on the basis of:

- (a) the net written down value (cost **less** accumulated depreciation) of the item in the Asset Register, or
- (b) the estimated price of the item agreed between the Heads of the two School/Administrative Units.

2.3 Depreciation of Assets

2.3.1 General Information

- (i) Depreciation is charged centrally (no charge to business units) on all assets with a purchase price (GST exclusive) of \$10,000 and greater. The calculation of the charge is determined from the purchase date or the date of installation ready for use and the particular depreciation rate for that asset group.
- (ii) Depreciation rates for assets are based on a rate reflecting the estimated economic life of the asset while in the control of the University.
- (iii) Depreciation is applicable from the first of the month following delivery of the item or from the date of installation ready for use. The latter is applicable for major projects such as buildings or large equipment programs such as the fit-out of laboratories.
- (iv) Different asset classifications have different rates of depreciation to cater for varying economic life expectancy.
 - Buildings will depreciate in value due to wear on the external facings of the building or deterioration in the stonework from the climate.
 - Plant and equipment will depreciate either from use or obsolescence.
 - Computer equipment depreciates faster than most other assets due to technological development.
- (v) Depreciation rates are determined for each class of asset in the ledger.
- (vi) Some assets may vary in value over time and are not subject to depreciation. These items include works of art or rare books.

2.3.2 Schedule of Depreciation Rates

Current depreciation rates are as follows: -

<i>Asset Class</i>	<i>Depreciation Rate</i>
Laboratory Equipment	5%
Plant and Equipment excluding laboratory equipment Office Furniture and Equipment	6.67%
Computer Equipment	20%
Motor vehicles	15%
Land	Nil
Buildings	2%
Embedded Plant and Equipment in Buildings	
- Embedded mechanical and electrical installation	6.7%
- Embedded plant and equipment	10%
Library items – (Research collection)	Nil
Library items - (Undergraduate collection)	20%
Library items - (Digitalised collection)	Nil
Infrastructure	2%
Heritage Assets	Nil
Leasehold Improvements	2% or more depending on lease contract
Livestock	Nil
Capital Works in Progress	Nil
Intangible – Major IT Software	14.29%
Other Intangibles – Equipment	5%

2.4 Assets acquired for Research Activities

Generally, assets acquired for research activities using external research grant funding belong to the University. Each research grant will have terms and conditions regarding ownership of assets acquired during the research project using grant funds.

First named Chief Investigators that transfer to another Australian University during the course of their research project may apply for the administration of the research project to be transferred to their new University, including assets acquired for the research project. Approval to transfer assets is subject to the terms and conditions of the research grant and usually requires agreement by the relevant Head of School at the University of Sydney. The Financial Control and Treasury Unit must be advised by School/Administrative Units of any assets transferred, including supporting documentation.

The Financial Control and Treasury Unit can assist in this matter.

3. Internal Controls

3.1 Responsibilities/Accountability

<i>Officers</i>	<i>Responsibilities</i>
University staff	<ul style="list-style-type: none"> • Purchase the most appropriate asset on the basis of cost and quality. • Prepare external requisitions for asset purchases of more than \$10,000 (GST exclusive). • Approve external requisitions, invoices and forms within delegated authority. • Allocate the correct asset classifications on all requisitions, invoices and forms. • Agree on a price for transfer of equipment within the university. • Process all transfers in the PeopleSoft Asset Register by School/Administrative Units.
Purchasing Teams – Campus Infrastructure and Services, P2P sites	<ul style="list-style-type: none"> • Examine the external requisition to ensure correctness and appropriateness. • Ensure that all external requisitions and orders have the correct classifications.
Financial Control and Treasury	<ul style="list-style-type: none"> • Ensure that the asset classification is correct when the details appear on the New Items Report. • Use the New Item Report to collate and examine all purchases using asset classifications for loading into the Asset Register. • Reconcile the gross proceeds account classifications with the proceeds figure shown on the Retirements Report monthly. • Reconcile the Asset Register acquisitions, transfers, depreciation, and accumulated depreciation to the General Ledger classifications for each class of asset.

3.2 Asset Classifications - PeopleSoft Chart of Accounts

All purchases, disposals, recategorisations (ie. recategorising an asset from one asset category to another asset category), transfers (ie. transfer an asset from one responsibility centre to another responsibility centre) and adjustments to asset values are shown separately in the appropriate classifications of the ledger.

An overview of relevant classifications is provided below; however, the University's [Chart of Accounts](#) should be referred to for current information.

(i) Non-Current Asset - Expenditure Classifications

All asset purchases are accounted for in the General Ledger via appropriate expense classifications for assets. The GST exclusive purchase price (plus freight and installation costs) is used for each asset, not the net changeover (trade-in) cost.

5100 – 5249	Equipment repairs and maintenance
5290	Equipment Purchase <\$1,000
5302	Equipment \$1,000 - \$9,999 and computer equipment under \$1,000
5344	Software <\$10,000 and Annual Licence
5350 – 5370	Asset Additions \$10,000 and over

(ii) Non-Current Asset – Management (Balance Sheet) Classifications

Journals are prepared to reflect assets, depreciation and the carrying amount of capital assets sold. The classifications used for these purposes are referred to as management classifications.

0400 – 0731	Non-Current Assets
6150 – 6160	Carrying Amount of Assets Sold
7500 – 7599	Depreciation Expenses

(iii) Creation of new Asset Classifications

(a) The [PeopleSoft ChartField Maintenance: Classifications](#) form must be completed and submitted to the Financial Controller, Financial Control and Treasury Unit.

(b) All requests for the creation of the new asset classifications are to be authorised by the Financial Controller, Financial Control and Treasury Unit.

4. Related Information

4.1 Resources and weblinks.

(i) Training Materials

(ii) References

- [Asset Identification and Classification Guidelines](http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/17&RendNum=0)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/17&RendNum=0
- [Asset Disposal Procedures – Plant and Equipment](http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/26&RendNum=0)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/26&RendNum=0
- [Chart of Accounts](http://s1.sydney.edu.au/finance/accountants/chart_accounts.shtml)
s1.sydney.edu.au/finance/accountants/chart_accounts.shtml
- [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/72&RendNum=0)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/72&RendNum=0
- [Finance and Accounting Manual](http://sydney.edu.au/finance/about/manual.shtml)
sydney.edu.au/finance/about/manual.shtml
- [Procurement Policy](http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/40&RendNum=0)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/40&RendNum=0

(iii) Forms

- [Asset Disposal](http://sydney.edu.au/finance/docs/asset_disposal.xls)
sydney.edu.au/finance/docs/asset_disposal.xls
- [Asset Transfer Notification](http://sydney.edu.au/finance/docs/asset_transfer.xls)
sydney.edu.au/finance/docs/asset_transfer.xls
- [PeopleSoft ChartField Maintenance: Classifications](http://sydney.edu.au/finance/docs/peoplesoft_class_codes.xls)
sydney.edu.au/finance/docs/peoplesoft_class_codes.xls

4.2 University procedures superseded or replaced by this procedure:

(i) Finance and Accounting Manual

- Asset Acquisition, Transfer and Depreciation Procedures: 16 November 2010

5. Contact and Review

5.1 Contact

Unit: Financial Control and Treasury Unit
Phone: 9351-2663
Fax: 9351-5861

5.2 Review

The Chief Financial Officer will approve changes to financial procedures and guidelines and will co-ordinate changes to financial policy, with the Vice-Chancellor delegated to approve University financial and infrastructure policy.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the Financial Services website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via the [Feedback Form](#).