

## **1.0 POLICY**

Grant MacEwan University shall maintain internal processes and control mechanisms for the safeguarding of its capital assets. Accurate records, tracking, and valuation regarding the use and disposition of the capital assets shall be maintained to fulfill the mandate and mission of the University.

## **2.0 RATIONALE AND GUIDING PRINCIPLES**

### **2.1 Purpose**

The purpose of this policy is to provide direction on the acquisition, tracking, valuation and disposition of capital assets at MacEwan.

### **2.2 Rationale and Guiding Principles**

2.2.1 MacEwan safeguards and maintains its capital assets using efficient and effective stewardship practices to derive the maximum benefit from those assets.

2.2.2 Care and safeguarding MacEwan capital assets is the responsibility of all MacEwan employees.

2.2.3 The acquisition of capital assets aligns with the mission and strategic goals of the University.

2.2.4 The disposal of capital assets should be limited to those capital assets that cannot be put to good use elsewhere in the University.

2.2.5 In accounting for its capital assets, MacEwan follows:

2.2.5.1 Generally Accepted Accounting Principles (GAAP), standards and practices as detailed in the Canadian Institute of Chartered Accountants (CICA) Handbook;

2.2.5.2 relevant legislation; and

2.2.5.3 efficient and effective stewardship practices.

## **3.0 SCOPE AND DEFINITIONS**

### **3.1 Scope**

3.1.1 This policy applies to all members of the MacEwan community.

3.1.2 This policy applies to all MacEwan capital assets, including collections, whether purchased, leased or received in kind.

### **3.2 Definitions**

3.2.1 **Amortization** is the allocation of the cost of an asset over the span of its useful life.

3.2.2 **Capital assets** are composed of tangible and intangible properties that at time of acquisition have life expectancies of more than one year under

normal use. With the exception of the library collection, for practical purposes, MacEwan only records as capital assets those assets with a base value, individually or as a composite asset, of at least five thousand dollars (\$5,000). The library collection items, which have a life expectancy of greater than one year, will be capitalized in aggregate regardless of individual price.

3.2.3 **Collections** include works of art, historical treasures or similar assets:

3.2.3.1 held for public exhibition, education or research; and

3.2.3.2 protected, cared for and preserved.

3.2.4 **Composite assets** are composed of several pieces that are purchased jointly, function together and are collectively valued at five thousand dollars (\$5,000) or greater.

3.2.5 **Cost** includes initial purchase price and design, site costs (i.e., construction, demolition), transportation, installation, testing expenditures and taxes required to bring the asset to the intended use.

3.2.6 **Intangible properties** are assets that cannot be seen, touched or physically measured, and are identifiable as a separate asset.

3.2.7 **Members of the MacEwan community** are those persons involved in conducting University affairs or using University property (all students, employees, contractors, and all visitors while they are on University property or are using University property).

3.2.8 **Officer** means the president, vice presidents and equivalent positions, deans, directors and equivalent positions.

3.2.9 **Tangible properties** are assets that have a physical existence.

3.2.10 **Useful life** is the estimate of the period over which a capital asset is expected to be used by MacEwan. The life of a capital asset, however, may extend beyond its useful life to the University.

#### **4.0 REGULATIONS**

4.1 Detailed guidelines regarding asset capitalization, amortization and disposition shall be outlined in guidance documentation provided by the department responsible for financial services.

#### **4.2 Capital Assets**

4.2.1 All capital assets purchased with University operating, capital or restricted funds, as well as all donated capital assets, remain the property of the University regardless of physical location.

4.2.2 Acquisitions of capital assets shall comply with policies D4000 Procurement and D3700 Delegation of Signing Authorities.

- 4.2.3 All capital assets initially shall be recorded at “cost”, except donated assets, which shall be recorded at fair market value.
- 4.2.4 With the exception of the library collection, all capital assets shall be recorded in MacEwan’s Asset Management System. The individual library collection asset records shall be maintained in the library management system. The library collection shall collectively be recorded in MacEwan’s Asset Management System.
- 4.2.5 Departments are responsible for notifying the department responsible for financial services whenever a gift of capital assets is received (see policy D4200 Fundraising).
- 4.2.6 MacEwan shall affix asset tags to all capital assets for identification purposes.
  - 4.2.6.1 All capital asset tags will be generated and controlled by the department responsible for financial services.
  - 4.2.6.2 All receiving units are responsible for ensuring capital assets within their departments are tagged.
- 4.2.7 The department responsible for financial services shall coordinate a formal count of capital assets to be completed on a three-year rotating cycle.
- 4.2.8 The department responsible for financial services, in cooperation with the department responsible for facilities management, shall account for and track the capital asset surplus inventory.
- 4.2.9 Departments are responsible for notifying the department responsible for financial services when a capital asset has been moved, changed, redeployed or disposed of on a permanent basis.
- 4.2.10 Capital assets shall be maintained in a manner that maximizes the useful life of the capital asset without incurring operating costs that exceed the benefits derived from the asset.
- 4.3 **Amortization of Capital Assets**
  - 4.3.1 MacEwan shall amortize capital assets over their estimated useful lives in accordance with financial service guidance notes.
  - 4.3.2 MacEwan shall use the straight-line method of amortization. Changes to this require the approval of the chief financial officer.
- 4.4 **Disposition of Capital Assets**
  - 4.4.1 Capital assets shall be declared surplus to a faculty, school or department by the officer responsible for the faculty, school or department.
  - 4.4.2 Capital assets must be disposed of consistent with established agreements/contracts and/or conditions of funders.

- 4.4.3 Capital assets shall be disposed of in a manner that considers the triple bottom line as regulated in policy D6000 Sustainability.
- 4.4.4 No capital asset shall be disposed of without notifying the department responsible for financial services.
- 4.4.5 The department responsible for facilities management is accountable for the physical disposal of all furniture and fixtures.
- 4.4.6 The department responsible for information technology is accountable for the physical disposal of all IT computer equipment and infrastructure.
- 4.4.7 Funds generated from the disposal of assets shall be considered gains to the University in general and not to an individual area, unless other arrangements are approved by the chief financial officer.
- 4.5 **Collections**
  - 4.5.1 Collections shall not be amortized, because the useful life of a collection is undefined and the valuation problematic.
  - 4.5.2 Any proceeds from the sale of items in the collection shall be used for:
    - 4.5.2.1 acquisition of other items to be added to the collection; and/or
    - 4.5.2.2 direct care of the existing collection.
- 4.6 The chief financial officer is accountable for oversight of this policy.
- 4.7 The officer responsible for University financial services is responsible for the implementation of this policy and for developing operational policies and procedures to support this policy.
- 4.8 Responsibility for compliance with MacEwan policies and procedures extends to all members of the MacEwan community. Non-compliance may create risk for MacEwan and will be addressed accordingly (see clause 4.5.1 "Respect for the law and University governance" of the University's policy D1200 Code of Conduct – Employees for additional guidance).

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**FACT SHEET**

**Relevant Dates**

Approved: 2010.05.20

Next Review: 2016.05

**Source**

Modification History:

2010.05.20 Revisions approved by Board Motion 01-05-20-2009/10. (Replaces D3110 Fixed Asset Inventory and D5930 Art Collections)

2011.05.12 Revisions approved by Board Motion 01-05-12-2010/11.

**Accountability**

Office of Accountability: CFO & Associate Vice President, University Services

Office of Administrative Responsibility: Director, Financial Services

Approved By: Board of Governors

Contact Area: Financial Services, Asset Management

Authority: Generally Accepted Accounting Principles (GAAP)

**Related and Associated Matters**

Associated Policies & Procedures: D3000 Financial Management; D4200 Fundraising; D4000 Procurement; D6000 Sustainability; D1200 Code of Conduct - Employees

Associated Guidelines/Manuals, Forms:

Related Topics:

Related Policies: