

## CAPITAL ASSET POLICY

### PURPOSE

University employees purchase capital assets in conducting University business that provide more than one year of future benefit.

This policy establishes the University's commitment to safeguarding its capital assets and the corresponding accounting policy.

### SCOPE

This policy applies to all employees of the University including members of the Board of Trustees.

If any provision of the Policy is found to be inconsistent with the provisions of a collective agreement, the collective agreement will prevail, unless the Policy provision is required by law, in which case the Policy provision will prevail.

All capital asset purchases regardless of funding source (e.g. tuition, grant, sale of merchandise, etc.) or account (e.g. operating, capital, professional expense reimbursement, start-up, research, project, etc.) are the property of the University.

### POLICY STATEMENT

#### Purchase

All capital asset purchases must be made in accordance with the University's Purchasing Policy. Capital assets purchased must be for the benefit of the University.

#### Record Keeping

The responsibility for maintaining capital assets records of the physical capital asset resides with the following Units:

Capital assets	Units
Land, buildings and fleet	Facilities Management
Library books and related material	Library
Information Technology	Information Technology Services
All "other capital assets"	Unit making the capital asset purchase

At a minimum, the identified Units with responsibility for maintaining capital asset records are expected to maintain the following information:

- A capital asset continuity schedule identifying capital assets in use at the beginning of the fiscal year, capital assets purchased and disposed of during the year, and capital assets in use at the end of the fiscal year
- The date of each capital asset purchase
- Projected date of replacement
- The individual with carriage of the capital asset
- The location of the capital asset
- The date of disposal, proceeds on disposal and how the asset was disposed (e.g. redeployed, donated, sold, scrapped)

### **Accounting**

Financial Services is responsible for the financial accounting of capital assets. Capital assets are to be accounted for in accordance with Canadian accounting standards for not-for-profit organizations.

### **Acquisition**

Purchased capital assets are recorded at cost. The cost of a capital asset includes the purchase price and other costs to get the asset ready for its intended use (e.g. installation costs, legal fees, survey costs, site preparation costs, freight charges, transportation costs and duties). Contributions of capital assets are capitalized at fair market value at the date of contribution. Construction costs are capitalized at cost as work progresses.

### **Pooling**

Pooling is the combination of similar capital assets within an asset classification. For the purpose of maintaining a general ledger amortization schedule capital assets other than land and building are pooled by classification type and by year for the purpose of creating a capital asset. Land and building capital assets are recorded on a componentized basis effective May 1, 2014. Pooled assets are amortized and later removed from the general ledger amortization schedule once fully amortized

unless notification of disposal is received prior to the pooled assets being full amortization.

### ***Amortization***

Amortization is a cost allocation method to recognize the purchase cost of capital assets over their useful life. It is not intended to represent fair or market value of a capital asset.

Capital assets purchased or constructed are amortized based on the date the asset is placed in service or the constructed asset being substantially complete. Capital assets are amortized on a straight line basis as follows:

<b>Capital Assets</b>	<b>Brock University Useful Life (Years)</b>	<b>Canada Games Park Useful Life (Years)*</b>
Land	NA	NA
Buildings and components	10 - 40	10 - 60
Furnishings and Equipment	3 - 10	5 - 10
Library books and related materials	5	NA
Work-in-process (Capital assets under construction)	NA	NA

\*The University has a 25% ownership in the Canada Games Park facility which is located on lands owned by the University. The facility is owned by multiple partners as part of a Consortium agreement. The University has adopted the Consortium's useful life estimate for the Canada Games Park assets, which in some cases, may differ from the useful lives noted above. The Canada Games Park capital assets are proportionately consolidated with those of the University.

### ***Interest***

Interest costs associated with capital assets under construction are expensed.

### ***Work of Art***

Contributed works of art are recorded as revenue and expense, at fair market value, at the date of contribution. If the fair market value is not determinable, the contribution is recorded at a nominal amount. Artwork purchases are expensed as acquired.

## Disposal

Those with carriage of a capital asset are responsible for communicating a request for disposition with the Unit responsible for record keeping once it has been determined that:

- there are no other potential users within the Unit with carriage of the capital asset;
- consultation has occurred with other Units that may also use the capital asset and want the capital asset;
- Asset Redeployment/Disposal form has been completed.

Reasons to request the disposition of a capital asset may include the capital asset being obsolete, broken, lost or stolen.

As per the Delegation of Authority the disposition of land and building requires Board of Trustee approval. In the event such a disposition is to occur, Financial Services is to be notified.

In the event that a capital asset can be redeployed, donated or sold, Information Technology Services (for information technology equipment) or Procurement Services (for any “other capital assets”) is to be notified for assistance. These Units will facilitate the redeployment, donation, sale or scrapping of the capital asset.

The Library will facilitate the disposal of library books and related materials.

The decision to redeploy or sell the capital asset is at the discretion of Information Technology Services, Procurement Services, and/or the Library. The decision and process used (e.g. trade-in, public auction, negotiations, etc.) must be made to maximize the benefit to the University.

Proceeds less any costs associated with the sale of a capital asset other than library books and materials will be credited to a global capital asset account to support future capital budgets unless restricted by an external funding agency. The proceeds less any costs associate with the sale of library books and materials will be reinvested in the Library’s acquisition budget unless restricted by an external funding agency.

A decision to donate or sell a capital asset to an employee (except if the capital asset is purchased through a public auction or other public means) requires the approval of the President or a Vice-President.

If a capital asset is purchased by an employee other than through a public auction or other public means and the proceeds are less than the fair market value, a taxable benefit will be assessed to the employee. In this situation Human Resources must be notified to complete the necessary tax filings.

## DEFINITIONS

In this Policy,

**“Amortization”** means the process of allocating the cost of a capital asset over the period of time that the asset will be used.

**“Approver”** means Immediate Supervisor (i.e. Dean or an individual who holds a position above the Immediate Supervisor in the University organization chart or an individual to whom the Immediate Supervisor delegates (i.e. Associate Deans or Financial Managers). If a Policy exception is requested, this would be the University President or a Vice-President;

**“Board”** means the Board of Trustees of the University;

**“Capital asset”** means tangible items with a useful life greater than one year and a value greater than \$5,000 or a repair or renovation that extends the useful life of an existing capital asset.

**“Carriage of capital assets”** means the person who purchased the capital asset and/or is using the capital asset. If no one person can be identified, responsibly is with the Unit head.

**“Including”** and **“includes”** when used herein means “including without limitation” and “includes without limitation”;

**“Land”** means real property, real estate, or immovable property or any interest therein and includes any subset of land that has been legally defined and the improvements to it made by human efforts including but not limited to buildings, machinery, and roads;

**“Policy”** means this policy dealing with capital assets;

**“Surplus Asset”** means an asset (excluding land) purchased by the University that is no longer being used. For greater certainty this includes assets purchased through the operating, capital, research, professional expense reimbursement accounts, start-up funds, project accounts, or any other source of funds that flows through the University, including but not limited to research grants; and

**“University”** means Brock University.

**COMPLIANCE  
AND REPORTING**

The Senior Administrative Council (SAC) member of each unit is responsible for maintaining compliance with this policy.

Approvers have a duty to report clear violations of the policy to their supervisor or the Vice- President, Administration.

Approvers are also reminded, to the extent that, in their view, such violations constitutes illegal or unethical behaviour, they should also report the matter to Internal Audit.

Employees (other than Approvers) are encouraged to report suspected improper activity through the Safe Disclosure Policy.

Policy Owner:	Vice-President, Administration
Policy Lead:	Associate Vice-President, Financial Services
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