PROCEDURE – PROCEEDS FROM THE SALE OF CAPITAL ASSETS ACQUIRED ORIGINALY FROM RESEARCH FUNDS

Relates to:  Policy 74 – Capital and Non-Capital Assets
Effective Date:  May 1, 2010
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PURPOSE
The university re-invests in research activity any proceeds of $50 or more from the sale of capital assets acquired originally from research funds. Capital asset is defined as equipment, furnishing or vehicle with an original cost equivalent to $5,000 CAD or more. This procedure describes the process to dispose of or trade-in any such capital asset.

PROCESS TO DISPOSE OF A CAPITAL ASSET ACQUIRED ORIGINALY FROM RESEARCH FUNDS

• The department which is disposing of the asset completes and authorizes an Asset Disposal form.
• The department submits the asset disposal form to the Office of Research if the asset was acquired originally from Research funds.
• The Vice-President, University Research (V-P, UR) or delegate confirms the asset disposal is in compliance with the terms of the funding agency. If so, the V-P, UR or delegate authorizes the asset disposal form and submits to Central Stores.
• Central Stores picks up the item and disposes of the item in one of three ways: 1) internally to another university department, 2) externally in a surplus sale or 3) by recycling the item. In the event that the item is sold externally, Central Stores notes the proceeds on the asset disposal form and submits to Finance.
• Finance retires the capital asset in the university’s fixed asset system and records the proceeds, if any.
• Finance processes a journal entry to allocate any proceeds of $50 or more to a specified Office of Research surplus disposal account.
• The department disposing of the asset may submit a request to the Office of Research to use the proceeds, where significant, for a specific research purpose. The V-P, UR or delegate reviews the request and approves it, if appropriate.
• The V-P, UR may accumulate the proceeds until such time as the proceeds are sufficient to fund or contribute to a research activity.

PROCESS TO TRADE-IN A CAPITAL ASSET ACQUIRED ORIGINALY FROM RESEARCH FUNDS

• The department which is trading-in the asset completes and authorizes an Asset Disposal form. In addition, the department prepares a purchase requisition for the purchase of the new item and indicates on the purchase requisition both the asset disposal number and the item being trade-in. It must be clear that the new item is to be used for research purposes.
• The department submits the asset disposal form, along with the purchase requisition for the new item, to the Office of Research if the asset was acquired originally from Research funds.
• The Vice-President, University Research (V-P, UR) or delegate confirms the asset disposal is in compliance with the terms of the funding agency and verifies the new item is for research purposes. If so, the V-P, UR or delegate authorizes the asset disposal form.
• The V-P, UR or delegate submits both the asset disposal form and purchase requisition to Procurement and Contract Services (P&CS) to order the new item and trade-in the capital asset.
- P&CS notes the purchase order number for the new item on the asset disposal form and submits to Finance.
- Finance retires the capital asset being traded-in in the university’s fixed asset system and records the trade-in value, if any, as proceeds. Finance ensures the new item is recorded at the gross value (i.e. payment amount plus trade-in) and processes a journal entry, where necessary.