

ST. JEROME'S UNIVERSITY



Capital Assets

Operations Manual

Approving Authority: President (Vice Chancellor)

Established: September 4, 2015

Date of Last Review/Revision: November 1, 2021

Office of Accountability: Executive Director, Finance and Administration

Administrative Responsibility: Finance and Accounting, Infrastructure, Facilities

Policy Statement

St. Jerome's University is responsible for all land, buildings, furnishings, and equipment to which it holds title. The purpose of this policy is to establish general requirements for safeguarding St. Jerome's University's assets through the implementation and maintenance of loss prevention practices by all departments. The tracking of capital assets by the Finance and Accounting department allows St.

Jerome's University to meet external financial reporting requirements, including the calculation of annual amortization cost and is important for insurance purposes.

Policy Scope

This Policy applies to all capital assets belonging to St. Jerome's University (e.g., but is not limited to all land, buildings, site work, equipment, software, teaching, research and academic-support equipment, and furnishings). Assets procured through grants are subject to individual grant conditions.

Classification of capital assets will follow the guidelines set by the Accounting Standards for Not for Profit sector (ASPE NFP) and the Canada Revenue Agency (CRA) rules on depreciable property as basis for standardized approach.

The Policy applies to all employees that have a responsibility in purchasing, maintaining, or disposing of the capital assets as well in recording and maintaining assets in the accounting systems.

General Principles

Responsibility for the care and custody of property rests with the employee at St. Jerome's University who secured the resources for the purchase of the asset, and/or the person responsible for the physical area where the asset is located. Generally, this responsibility rests with the department head.

Appendix A Asset Classification

Fixed Assets Identification

All land, buildings, improvements, software systems, network infrastructure equipment, computers, furnishings, and other equipment acquired or donated, and charged, or recorded to any operating, ancillary, endowment, or capital account are classified as capital assets.

Tangible capital assets are identifiable tangible assets that meet all of the following criteria:

- are held for use in the provision of services, for administrative purposes, for production of goods, or for the maintenance, repair, development, or construction of other tangible capital assets;
- have been acquired, constructed, or developed with the intention of being used on a continuing basis;
- are not intended for sale in the ordinary course of operations; and
- are not held as part of a collection.

In practice, St. Jerome's University employs additional criteria to identify assets:

- betterment of existing assets: service potential may be enhanced when there is an increase in the previously assessed service capacity, associated operating costs are lowered, the useful life is extended, or the quality of output is improved; and
- value & lifetime expectancy: items valued at minimum \$ 5,000 before HST and a life expectancy of at least 2 years.

Intangible assets are assets that are not physical in nature. Intellectual property (items such as patents, trademarks, copyrights, and business methodologies), goodwill and brand recognition, and software are all common intangible assets.

When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. The distinguishing factor to capitalize or expense software is the control of the software. If another entity (e.g., software provider) has control such that they can sell access to the same program, then the cost of the software should be expensed.

Conversely, to be capitalized, St. Jerome's University must have proprietary control over the asset (e.g., it's developed in house or specifically made for the University).

Appendix B Operating Process

Acquisition of Fixed Assets

All acquisition processes are subject to the current St. Jerome's University Procurement Policy and are conducted based on the capital budget which is approved through the budgeting process.

All approved capital purchases will be identified through the corresponding section in the Purchase Order Request Form and will be assigned an asset number or work-in-progress number (WIP) by the Finance and Accounting department. The department responsible for the asset(s) must refer all purchases on the same approved project to the assigned asset or WIP number.

The Finance and Accounting department is responsible for recording the fixed asset based on the information provided by the purchaser through the Purchase Order Request Form in the fixed assets ledger and for maintaining the records.

The department responsible for the asset(s) must notify the Finance and Accounting department in writing of the completion of the project within the calendar month that the asset has been put in service.

Depreciation starts the following calendar month.

Where there are significant disposal costs involved at the end of a fixed asset, the cost should be as much as possible determined and identified at the purchasing stage, estimated and accrued for and treated as part of the cost of the asset. After the retirement of the asset, these costs remain as a liability until disposal.

Disposal of Assets

Capital assets can be disposed of once they are no longer in service.

When a capital asset is fully depreciated, or no longer of use to the department, due to age, function, defect, wear and tear, or general interest, it may be eligible for disposal.

The Finance and Accounting department will identify all assets that become fully depreciated by the end of the fiscal year and inform the appropriate department. The Infrastructure and Facilities departments will provide Finance and Accounting a list of assets disposed during the year.

In the event where items not yet fully depreciated are identified as being no longer of use, the disposal process can be initiated using the Asset Disposal Form. Disposal of assets requires approval from the Executive Director, Finance and Administration, and the President.

The Directors, Infrastructure and Facilities, responsibility during the disposal process will be to:

- determine whether the asset can be re-deployed within the University, sold, donated to charity, recycled, or salvaged through e-waste programs, or disposed of;
- seek the President's approval when the book value of the asset is greater than \$5,000;
- inform the Finance and Accounting department of any surplus capital through the Asset Disposal Form; and
- submit all Asset Disposal Forms to the Finance and Accounting department in the month the disposal occurs.

If the Director, Infrastructure and/or the Director, Facilities determine the surplus asset is to be sold, they will identify the sale price, will conduct the sale process, and will inform the Finance and Accounting department, in writing, the details of the sale in the month the sale occurs. Sale items are offered "as is" and must be removed from the premises immediately.

Depreciation Categories

Depreciation is calculated using the straight line method based on the estimated useful life. The person who is responsible for the purchase is also responsible to provide information to the Finance and Accounting department regarding the asset's useful life span.

The categories used in classifying assets are:

Asset Categories and their Useful Life Spans

Audio Visual Equipment	5 - 10 years
Building	30 - 40 years
Building Improvements	10, 20, and 40 years
Computer Equipment	3 - 5 years, 3 years computers only
Computer Software	3 - 5 years
Equipment	5, 10, and 20 years
Furniture	10 years
Land Improvements	10 and 20 years
Library Books	7 years
Internet Projects	3 – 7 years

Accounting Practices of Fixed Assets

The accounting treatment and reporting of fixed assets will follow the ASPE Not-For-Profit guidelines.

Appendix C Support Documentation

The following support documents can be found on SharePoint within the Capital Assets Folder:

1. Asset Disposal Form