****

**College Owned Assets - Policy & Procedures**

Definition of an Asset

A tangible asset has physical substance (with the exception of capitalised software) and:

* is held by the College for use in the production or supply of goods and services, for rental to others, or for administrative purposes;
* is controlled by the College through custody or legal rights;
* has been acquired or constructed with the intention of being used on a continuing basis; and
* is not intended for sale in the ordinary course of business.

Tangible assets fall into the following categories:

* Land and buildings
* Equipment
* Fixtures & fittings
* IT systems
* Assets in the course of construction

Items with a value > £500 (including VAT)

Heads of Departments are responsible for the custody and security of all College assets within their department.

Departmental Inventories should be maintained for all items of plant and equipment with a cost price in excess of £500. There is no requirement to include furniture, unless the Head of Department considers it necessary. A template for recording department inventories is located on the Finance website.

Departments may wish to record assets which cost under £500. These may include ‘desirable’ assets such as laptops, iPads etc. which the department may wish to keep under review. Alternatively there could be assets of low monetary value which are of operational significance to the department, for example a collection of rocks which are essential for teaching a specific course.

The IT department logs all academic and administration computers paid for from central budgets. Other items purchased by IT on behalf of the departments including computers, ipads and central contract phones are also recorded by them and so do not also need to be recorded by the department.

A record should be maintained of inventory items on loan or removed temporarily from College premises.

Losses should be reported to the Director of Finance.

Items with a value > £10,000 (including VAT)

Assets with a value in excess of £10,000 are capitalised. This value includes the cost of purchase and other costs that are directly attributed to bringing the item into working condition for its intended use. These are included in the financial statements and must be recorded centrally by Finance as well as on the departmental inventory.

Each quarter the Senior Faculty Administrator or Finance Administrator for each department will be sent a list of potential new equipment assets which meet the value criteria (>£10K) for capitalisation. The department is expected to review and verify this information so that any new assets can be added to the register.

There may also be items whose invoices individually are less than £10,000 but collectively exceed this limit and meet the criteria for capitalisation. It is the responsibility of the Senior Faculty Administrator or Finance Administrator to notify the Capital Accountant of these items.

Each quarter, the fixed asset register will be checked with departments for verification of accuracy and completeness. For departments, this should be a simple exercise of checking against their departmental inventories.

Physical Inspection of Assets

Tangible assets should be physically verified on a periodic basis. This should be completed by an individual who is not responsible for the departmental inventory.

When selecting the sample for verification, the sample should be taken from the departmental inventory and traced back to the site holding the asset. Emphasis should be placed on high risk assets.

Any assets not found in the verification process should be investigated. For items logged on the fixed asset register in Finance, please notify the Capital Accountant so that the asset can be written-off and removed from the asset register.

Any assets on the fixed asset registry which are found but are not in use or are in a state of disrepair should be reviewed with the custodian and the Capital Accountant to ensure the appropriate accounting treatment.

An audit trail, plus results, should be retained for use by the College’s Internal and/or External Auditors. The date and results of each inspection should be recorded against each asset in the departmental inventory.

Finance will also be responsible for inspecting a selection of assets during the year. Departments will be given sufficient notice of an inspection and will be expected to assist in the process, e.g. in locating the asset.

Disposal or Sale of Assets

Where an asset recorded on the fixed asset register is disposed of to a member of staff (either for a price or at nil cost), is sold to a third party or is scrapped, this must be authorised on an Equipment Disposal Form. This form must be used by all departments. This form provides the authority for and should be completed prior to a disposal.

Before an item is scrapped, consideration should be given to whether it has a resale value.

Once a disposal form has been authorised, the item can be disposed of and the asset register updated.

Stores, furniture and equipment deemed surplus to requirements may be disposed of subject to the following:

1. Where the resale value is less than £1,000: the Equipment Disposal Form should be authorised by the budget holder and the Head of Department, who shall inform the Director of Finance.
2. Where the resale value is £1,000 or more and is less than £2,000: the Equipment Disposal Form should be authorised by the budget holder, the Head of Department and the Finance Director.
3. Where the resale value is £2,000 or more: the Equipment Disposal Form should be authorised by the budget holder, the Head of Department and the Finance Director with final authorisation from the Finance Committee.

Disposal forms should be retained in the department for at least two years after the end date of the financial year of disposal.

Equipment purchased using funds from external organisations may remain the property of that organisation. The advice of the Finance Office should be sought prior to making any arrangement for disposal of such property.

For any sale of equipment, once the disposal form has been approved, a sales order should be raised by the department. Sales of equipment items should be coded to the relevant subproject and account code 4710 should be used.

VAT may be chargeable on sales and advice should be sought from the Finance Office before disposal.

The College cannot exclude or avoid liability for personal injury if it sells second hand equipment. A judgement will have to be made in relation to any sale as to whether there is any real risk of the item causing injury. If so, the likely benefit to be gained by selling will need to be set against the risk.

Internal Transfer of an Asset

Where an asset recorded on the fixed asset register is transferred to another department within the College, this must be authorised on an Equipment Transfer Form. This form must be used by all departments. This form provides the authority for and should be completed prior to a transfer.